

Dueling for Trust in the Online Fantasy Sports Industry: Fame, Fortune, and Pride for the Winners

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Abstract. Trust is a necessary condition for many industries. However, trust may not be the most important factor driving participation in online fantasy sports gambling. In this research we examine how different classifications of gamblers (i.e., passive gamblers, problem gamblers, and pathological gamblers) perceive their participation in fantasy sports. We argue that trust is not commonly a primary consideration and that trust does not need to be present in these types of online transactions. To prove this relationship, a trust model is proposed to be tested in the context of online fantasy sports with a focus on the market leader in the industry: fanduel.com.

Keywords: Trust · Online gambling · Fantasy sports · Personal motivation

1 Introduction

Gambling and its associated behaviors and motivations have a rich history of study [1]. The legalization of gambling has only made the subject more of a pressing need for society to understand. The problems associated with gambling have only intensified with the advent of online gambling [2]. Ease of access and the ability to find many forms of gambling is online has removed significant barriers to participation, and popularity has soared [3]. The traditional sports book has been transformed through technology into a new industry of fantasy sports [4].

One form of gambling experiencing significant growth due to internet developments is the fantasy sports industry. Fueled by technology and easy accessibility, fantasy sports have enjoyed incredible growth and unprecedented popularity in the twenty-first century [5]. Fantasy sports have grown to become a global business with billions of dollars in revenue each year with participation in almost every major market in the world. The evolution of offering daily sports betting action online to anyone in any country has increased the appeal of participation [6, 7].

Yet participation is still not universal and little has been done in the literature to study the demographics of this emerging market and the drivers of people to participate. Are the participants of fantasy sports the same as those who sit in casinos all over the world or are they unique? Do they have the same motivations to participate in betting as those who favor a roulette wheel? Drawing on past literature on trust and pathological

gambling, the authors question the notion that trust plays a defining role in influencing participation in daily online fantasy sports. This study proposes a model of gambling intention more focused on intrinsic motivation (pride among peers) as a bigger determination of participation as opposed to other motivations seen in past studies. To validate this proposed model of gambling intention, a survey instrument will be developed and tested.

1.1 Online Fantasy Sports and Fanduel

Sports gambling as an industry, both legal and illegal, has existed for more than 100 years [7]. Online sports gambling promises to revolutionize the way people gamble because it opens up the possibility of immediate, individual, 24-hour access to gambling in every home with Internet or mobile access [8, 9]. This is especially true of online fantasy sports. In a traditional fantasy football league for example a participant acted as a “make believe” general manager who selected real Major League Baseball (MLB) or National Football League (NFL) players for his or her fantasy roster, made trades and other roster moves during the season, determined success from the input statistics generated by real MLB or NFL players in real games, and competed for pride and relatively small cash prizes awarded on a one-time basis at the end of the season.

However a new model of fantasy sports has emerged fueled by technology and demand in the industry: daily sports gambling. This type of gambling has been widely available in sports books at many casinos but required a physical presence in Nevada to operate. Now these are available online to anyone with internet access. The proliferation of daily fantasy sports has been categorized as a game of skill [10] and has such the web sites supporting the industry have grown. An online daily sports league involves selecting players and receiving a payout or winnings at the end of just one day of sports action [5]. Unlike the traditional fantasy sports model of delayed payout these leagues offer daily market action.

One of the most popular of these sports betting sites is Fanduel.com. Founded in 2009, Fanduel is a web-based sports fantasy game [11]. Fanduel offers various types of sports betting action ranging from traditional season based sports leagues to daily, weekly or monthly games of skill. This proposed study seeks to look at how participants in Fanduel approach their justification in participating in the “action” to test their skills.

2 Proposed Model of Gambling Intention

The conceptual background in this paper draws on the theory of reasoned action (TRA) [12]. This study seeks to extend trust formation and integrate the theory of reasoned action (TRA) in the context of participation in online fantasy sports. The proposed model of gambling intention can be found in Fig. 1 below. The concepts of gambling involvement, trust formation, and personal motivations are used to form the research model which seeks to examine how participants are motivated to use fantasy sports gambling systems such as Fanduel.com.

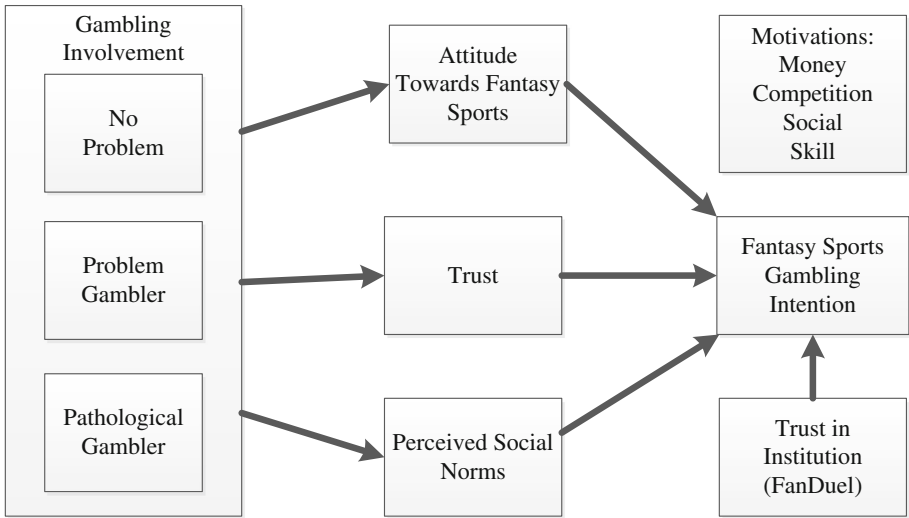


Fig. 1. Proposed model of gambling intention–fantasy sports

2.1 Gambling Involvement

Prior studies suggest that online gamblers, relative to others, are much more likely to be problem or pathological gamblers [13–15]. Factors driving the intention of these pathological gamblers may differ from more responsible gamblers. Many people gamble from time to time in their lives without any problems. However, some people exhibit what is called excessive gambling, i.e., problem or pathological gambling behavior which negatively influences their lives and the lives of significant others and creates major health costs for the community [16, 17]. The essential feature of pathological gambling is persistent and recurrent maladaptive gambling behavior that disrupts personal, family or vocational pursuits [16]. Problem gambling is often considered to be a less severe form of pathological gambling [18]. In this study we will consider problem and pathological gambling as two distinct categories of increasing severity. The study also seeks to look at how non-problem gamblers also are motivated to participate in fantasy sports.

Online gambling research has tended to focus on attempting to explain the motives and demographics behind online gambling. The primary reasons given for people engaging in Internet gambling include: (a) the relative convenience, comfort, and ease of Internet gambling; (b) an aversion to the atmosphere and clientele of land-based venues; (c) a preference for the pace and nature of online game-play; and (d) the potential for higher wins and lower overall expenditures when gambling online [15]. Research also has demonstrated that past gambling participation has a strong relationship with individual’s attitude formation and future behavioral intentions [10]. In particular, past success and use of online gambling influences attitude formation and modification towards the habit. This study is in line with past attitude and trust research and examines how different gamblers perceive their participation in online fantasy sports.

2.2 Gambling Intention

In addition to the factors discussed earlier, the fantasy sports gambler's gambling involvement represented by an individual's psychological gambling classification is expected to play a key role in the participant's intent. Another major deviation in the proposed study is how participants see their primary motivation. In traditional gambling there is normally a strong need for money and risk taking [13]. However, in the traditional fantasy football world these rewards are small (hundreds of dollars) and the fulfillment is delayed months (from the start of the season to the end of the season) [7, 10]. In these contexts the primary motivation of participation would not appear to be monetary but instead a demonstration of skill [13]. Instead pride of participation is seen as being more prominent in describing motivation to participate. This study seeks to see if this is also the case in the context of daily sports betting action.

2.3 Trust and Trust Antecedents

Trust, trust formation, and precursors of trust are well studied aspects of ecommerce in general in the IS field [19, 20]. TRA suggests that one's behavioral intention is a function of an individual's attitude towards the behavior and the individual's subjective norms [12]. In our research, we will incorporate the personal gambling involvement of the individual, where gambling involvement represents the online gambler's pathological gambling habits, to investigate what role an online gambler's pathological classification plays in the factors behind his/her online gambling intention. As online consumers begin to question the trustworthiness of online gambling, the usage statistics and apparent growth of the online gambling industry suggests that consumers are continuing to engage in online gambling at an increasing rate. This would appear contradictory to the traditional view that trust and e-commerce usage are critically linked to one another [21]. Thus, the online gamblers' trust in online sports gambling may not be a critical factor for online sports gambling usage and therefore requires further investigation.

An individual's attitude is represented by the degree to which the individual likes or dislikes an object in the context of fantasy sports [12]. In TRA research "object" typically represents a human behavior. The theory suggests that an individual's attitude towards a behavior involves the individual's belief that a particular behavior will lead to certain outcomes and the individual's evaluation of those outcomes. If the individual believes that the behavior's outcome will be relatively beneficial compared to alternatives, the individual is more likely to perform or intend to perform the behavior [22]. In this study we focus on an individual's intention to participate in online fantasy sports. Thus, the expected would be:

Hypothesis 1: Attitude toward fantasy sports is positively related to the intention to participate in fantasy sports online for all online gambler involvement classifications.

2.4 Subjective Norms

Subjective norms are an individual's beliefs about whether the people who are important to the individual will approve of a particular behavior under consideration [23].

Thus, when deciding whether to execute a particular behavior, people consider the normative expectations of others they view as important. People important to the individual typically include those in their social circle and peers. Examples include friends, coworkers and schoolmates. When a participant in fantasy sports thinks their peers are OK with participation they are more inclined to intend to participate. Similar to prior e-commerce findings the study expects that:

Hypothesis 2: Subjective norms are positively related to the intention to participate in fantasy sports online for all online gambler involvement classifications.

2.5 Trust and Gambling Involvement

Trust has been shown to play a significant role in website usage, particularly under uncertain conditions where high risk is involved [19]. Fantasy sports participants are considered similar to e-commerce consumers studied in past research. Research also shows that the growing popularity of online shopping comes with additional risk factors such as fear of fraud, security concerns, privacy and lack of trust that have dissuaded consumers to purchase online [24, 25]. Consumers are assumed to be vulnerable because they are dependent on the appropriate use of information by the website (Fanduel) when they participate in fantasy sports. In our research, the trustee will be represented by the online fantasy sports website and the trustor is the gambler participating online.

Participation in online fantasy sports involves a number of trusting behaviors. Fantasy sports participants provide personal information, such as a name, address and possibly a social security number when they register. As the fantasy sports participants attempt to gain real money online they have to believe that the games they play are not rigged against them. This context shows there are no face to face assurances to demonstrate the other competitors are real.

Online gambling and its related behaviors are fundamentally different from other forms of risk. General online gambling has increased in popularity even though the gamblers have not trusted the sites they patronize [26]. Online gamblers continue to hand over large sums of money to the online casinos even when they report not trusting online gambling. Given the past relationship with trust and general online gambling it would seem that trust would not play a key role in the fantasy sports gambling context. As such the following is proposed:

Hypothesis 3: Trust in Fanduel is not related to the intention to participate in fantasy sports online for all online gambler involvement classifications.

Participants in online fantasy sports are expected to follow similar demographic patterns of gambling involvement as past studies. Each of the classifications of gamblers represents a different way in which a participant become a problem gambler. This is similar to how other website adoption patterns vary by demographic profiles [27]. Those with no problem at all still participate in fantasy sports. Given the perception that fantasy sports are a skill game it is expected that a gambling involvement classifications will be involved in fantasy sports. Moreover, the different involvement profiles of the gamblers are expected to moderate the trust they have in the website and influence their future

intention to participate in online fantasy sports. Given that the classifications are psychological it is expected that each of them will impact all measures of perception in the study. As such the following is proposed:

Hypothesis 4a: Gambler involvement classification will influence a participant's attitude towards the online fantasy sports website.

Hypothesis 4b: Gambler involvement classification will influence a participant's perception of trust in the online fantasy sports website.

Hypothesis 4c: Gambler involvement classification will influence a participant's perception of social norms in the online fantasy sports website.

2.6 Institutional Trust

Institution based trust refers to the belief that the needed structural conditions are present in an institution, in this context Fanduel, to enhance the probability of achieving a successful outcome [19]. Perceptions of the structural characteristics of assurance in Fanduel, such as safety and security guarantees, can influence the trusting beliefs towards the website [28]. A participant may not trust Fanduel as a company, but he/she may trust the control systems that monitor its performance or other assurances provided by the site [29]. Participants of online fantasy sports with a high sense of trust in the Fanduel website would believe that the legal and technological security safeguards would protect one from loss when engaging in their gambling activity. These arguments suggest that:

Hypothesis 5: Institution based trust is positively related to the intention to participate in fantasy sports.

2.7 Gambling Individual Motivations

Specialized websites such as Fanduel should show differences in participation based on different user characteristics [30]. Given the probability that different fantasy sports games exhibit different payment outcomes this should attract persons to practice this "skill" based on a diverse set of motivations. Profiling the disparate characteristics of participants, both for no problem and pathological gamblers, will assist in understand how these individuals pursue their fantasy sports participation without reporting significant difficulty as a result [31]. A number of motivations to participate in fantasy sports are possible beyond money [32]. These other motivations include the desire to dominate a competitive event, a means to interact with friends or family, or a need to demonstrate a skill or strategy. The individual motivations are expected to influence perceptions of other aspects of the fantasy sports website.

Hypothesis 6: Individual motivations to participate in gambling will vary for the gambler involvement classifications and influence their intention to participate in fantasy sports.

3 Method

A survey will be conducted to evaluate the role of trust and psychological factors in explaining the online gambler's intent. Although our sample is expected to be large ($N = 100+$) and diverse, the sample is also self-selected to a degree. Thus, it is not possible to ensure that it is representative of the broader population of Internet gamblers. During the survey participants will be required to complete a profile questionnaire in order to control for the user's web experience, prior knowledge or use of online gambling. Participants will be given a definition of gambling ("Gambling is any activity that you play in which you are putting money, or something of monetary value, at risk since winning and/or losing is based at least partly on chance"), to keep in mind when responding to the instrument.

3.1 Subjects and Procedure

Subjects for this study will be focused on a single fantasy sports website: Fanduel.com. Online gambling message boards will be used to target potential participants, since the message board participants will have experience gambling online and are expected to be participating in online gambling.

3.2 Measures

The potential measures and their sources are shown in the appendix. These measures are consistent with how past studies have measured and analyzed both trust and online gambling.

4 Expected Contributions and Discussion

This study has the potential to validate how individuals approach the world of online fantasy sports. By systematically investigating fantasy sports participation we will extend the theoretical boundaries of the TRA with a focus on attitude formation in this domain. Each of the three classifications of gamblers - no problem, problem, or pathological - will each participate for different reasons. Moreover, trust is not expected to play a central part in the formation of their attitude towards participation. Trust is also not expected to influence the gambler types to continue to use Fanduel. Instead, each of the classifications will find other reasons to continue to use Fanduel. Some will continue to use Fanduel as a way to test their skills while others will be focused on fame and fortune.

Of course there is no single way for a person to justify how they choose to participate in fantasy sports. One of the keys to the long term success of the industry is to change their approach to marketing themselves and position the fantasy sports website to appeal to a large audience made up of different customer segments. This study seeks to support the assumption that the different gambler classifications each approach the participation

decision uniquely. Understanding how each customer type approaches this decision will be a key part of how Fanduel approaches the way they interact with each of them.

A future study might expand this work and look at how participants approach specific types of fantasy sports. For example, fantasy football or fantasy baseball both might vary in how participants are induced to participate. Another study might look at comparing online and direct (i.e. at a sports book in a casino) fantasy sports participation. Online versions of traditional gambling options are here to stay, but adoption on these games is not guaranteed to supplant the traditional ones. Another study might also look to compare the two biggest competitors in the fantasy sports market: Fanduel and Draftkings.

Appendix: Measurement Items

Pathological Gambling Diagnostic Criteria - Five (or more) of the following [33]:

1. Is preoccupied with gambling (e.g., preoccupation with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble.
2. Needs to gamble with increasing amounts of money in order to achieve the desired excitement.
3. Has repeated unsuccessful efforts to control, cut back, or stop gambling.
4. Is restless or irritable when attempting to cut down or stop gambling.
5. Gambles as a way of escaping from problems or of relieving a dysphoric mood (e.g., feelings of helplessness, guilt, anxiety, depression).
6. After losing money gambling, often returns another day to get even (“chasing” one’s losses).
7. Lies to family members, therapist, or others to conceal the extent of involvement with gambling.
8. Has committed illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling.
9. Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling.
10. Relies on others to provide money to relieve a desperate financial situation caused by gambling.

Behavioral intention to use Fanduel [34]

- I intend to use Fanduel in the next month.
- I predict I would use Fanduel in the next month.
- I plan to use Fanduel in the next months.

Attitude toward fantasy sports [34]

- Using Fanduel to participate in fantasy sports is a bad/good idea.
- Using Fanduel to participate in fantasy sports makes me happy.
- I like using Fanduel to participate in fantasy sports.

Subjective Norm [34]

The person’s perception that most people who are important to him think he should or should not perform the behavior in question.

- People who influence my behavior think that I should use Fanduel.
- People who are important to me think that I should use Fanduel.

Trust [35]

- Fanduel is trustworthy.
- Fanduel is one that keeps promises and commitments.
- I trust Fanduel because they keep my best interests in mind.

Individual Motivations [32]

Extent to which the subject agrees with the following statements.

- Money. I participate in fantasy sports to make or win money.
- Competition. I participate in fantasy sports to compete with others and beat them.
- Social. I participate in fantasy sports as a means of interacting with friends or family, or to meet new people.
- Skill. I participate in fantasy sports to develop and demonstrate my fantasy skills.

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