

Customer B first response to:

## LADBROKES / CORAL RESPONSE TO THE ISSUES STATEMENT AND OTHER DOCUMENTS CURRENTLY AVAILABLE

[https://assets.digital.cabinet-office.gov.uk/media/57050f6bed915d117a000049/Ladbrokes\\_Coral\\_resp\\_to\\_issues\\_statement.pdf](https://assets.digital.cabinet-office.gov.uk/media/57050f6bed915d117a000049/Ladbrokes_Coral_resp_to_issues_statement.pdf)

The following comments refer to 2.44 onwards distribution of stakes, overround etc.

They have constructed tables 1 and 2 to try to prove the overround is almost irrelevant. Unfortunately whoever constructed these tables rather lazily only went to one decimal place, so due to rounding some of the figures simply don't add up. For example: Table 1, the "expected" gross win is given as £3.60 each for home, away and draw. They total this as £10.70 when of course  $3.6 \times 3 = 10.8$  Table 2 example 3 has the same error, the GW is shown as 3.8 when the total is 3.9 One would have thought someone would have noticed this.

Ladbrokes/Coral claim 80-90% (quite a variance, do they not have accurate figures?) of football bets are on the favourite. However in table 2 the figure they use for the stake on the favourite is 90%, not 80% not the average 85%. Presumably to make the figures look worse than they actually are.

I have drawn up some tables which show results or various stakes and odds, and to more decimal places. All are self explanatory. Also at the end is a table showing the effect of the single profit margin on multiple bets. As discussed earlier most football bets are multiple bets not singles. This table attempts to show the profit margin on accumulators up to 6 selections at various single margins.

2.58 of the latest Ladbroke/Coral offering state the difference between online and retail is only 1%. Well it is if they fiddle the figures (presumably hoping nobody would be dull enough to bother checking) firstly they use an overround of 112. The Coral weekend coupon of 27/02/16 shows an average overround of 112.544. Secondly they use 90% as the stake ratio for the favourite even though they admit it could be 80%. In my example 1, the profit using 112.5 and 80% is 7.2%. So that's a 2.8 times bigger than their 1 ! (use 112.544 and the figure is 7.26%)

Some other observations:

2.3 Mentions Morgan Stanley predicting strong growth in online putting pressure on retail. It's a shame Morgan Stanley didn't predict the financial crisis, which it is said led to it losing 80% of its market value between 2007 and 2008. Even Ladbrokes haven't managed that.

2.35 Mentions SSBT's and these have been introduced to reproduce what people want online in the retail environment. No SSBT's have been introduced because they are fully automatic, they don't need staff to operate them, they don't make mistakes and are excellent at risk management.

2.78 Are they saying that most of their retail customers are significantly less intelligent than the online ones?

4.5 Mentions the Poundland takeover of 99p stores. Poundland had 547 shops. 99p had 250 shops. The CMA allowed the takeover and amongst other points, the fact that within this area there was massive competition from SSP's, LAD's, VGM's, small independent shops and the big supermarkets. None of this applies in the retail betting industry.

exp 1	true prob	OR	book %	odds	stakes £	PO £	gross win	Expected	GW %	
Home	60%	2.5%	62.50	1.6000	80	128.00	-28.00	-16.80		
Away	20%	5.0%	25.00	4.00	10	40.00	60.00	12.00	7.20	
Draw	20%	5.0%	25.00	4.00	10	40.00	60.00	12.00		
Total	100%	12.5%	112.50		100			7.20		
exp 2	true prob	OR	book %	odds	stakes £	PO £	gross win	Expected	GW %	
Home	60%	4.00%	64.00	1.56250	64	100.00	12.00	7.20		Perfect Book
Away	20%	4.00%	24.00	4.16667	24	100.00	12.00	2.40	10.71	
Draw	20%	4.00%	24.00	4.16667	24	100.00	12.00	2.40		
Total	100%	12.00%	112.00		112			12.00		
exp 3	true prob	OR	book %	odds	stakes £	PO £	gross win	Expected	GW %	old school odds
Home	60%	1.9%	61.90	1.61538	80	129.23	-29.23	-17.54		8/13
Away	20%	5.0%	25.00	4.00	10	40.00	60.00	12.00	6.46	3/1
Draw	20%	5.0%	25.00	4.00	10	40.00	60.00	12.00		3/1
Total	100%	11.9%	111.90		100			6.46		
Online	true prob	OR	book %	odds	stakes £	PO £	gross win	Expected	GW %	
Home	60%	2.0%	62.00	1.61290	80	129.03	-29.03	-17.42		
Away	20%	2.0%	22.00	4.55	10	45.45	54.55	10.91	4.40	
Draw	20%	2.0%	22.00	4.55	10	45.45	54.55	10.91		
Total	100%	6.0%	106.00		100			4.40		
Multiple Bets Profit Margines										
profit %	10.71	9	8	7.2	6.46	5.5	4.9	4.4	3.8	
selections										
Acc of 2	20.27	17.19	15.36	13.88	12.50	10.70	9.56	8.61	7.46	
Acc of 3	28.81	24.64	22.13	20.08	18.16	15.61	13.99	12.63	10.97	
Acc of 4	36.44	31.43	28.36	25.84	23.44	20.25	18.21	16.47	14.36	
Acc of 5	43.24	37.60	34.09	31.18	28.39	24.64	22.21	20.15	17.61	
Acc of 6	49.32	43.21	39.36	36.13	33.01	28.78	26.03	23.66	20.74	