

Betting Sponsorships in Football: A Boon or a Bane? /Plight of Betting Companies in Football

Football industry has a long-standing relationship with betting companies when it comes to lucrative sponsorship deals. Over the years, clubs in Europe have seen a vast potential for commercial growth and the top 5 leagues have benefited financially from such sponsorship deals. Change of regulations has been proposed in England¹ and Spain², whereas implemented in Italy³ indicating that there has been a threat to public health and children through advertisement and visibility of betting sponsors on football jerseys. Regulations have been enacted to prohibit these partnerships which are an obstruction for commercial growth of clubs, especially the medium and small clubs. Investment of betting companies has increased exponentially on two fronts: - sponsorship and advertisement. The regulations tend to prohibit such partnerships seeing them as a long-term negative effect it may have on public health and children.

Betting companies have managed their way into the football ecosystem through shirt sponsorships, advertisements, stadium naming rights⁴, live broadcasting, streaming rights on their websites etc. From a club's perspective it has seen commercial growth which is of significant help specially during a phase when the whole world including the sports industry is impacted by the COVID-19 crisis⁵. Cash is crunch and a hindrance for the clubs on any front would be more damaging.

Betting advertisement, on one hand, has become a serious issue with visibility rooted to every game of football and the question is, does this have a negative effect on children and common public at large? Given that these questions have popped up, more often recently, countries like England, Spain and Italy have turned the tide by wanting to impose restrictions on betting companies from shirt sponsorship and advertisements to minimize visibility for the viewers, of course keeping families and children in mind.

¹ Gambling in football: Betting sponsorship on shirts should be banned – Lords report, bbc.com, 2 July 2020, last accessed 14 August 2020, <https://www.bbc.com/sport/football/53261364>.

² Bookmakers fall of soccer jerseys, elpais.com, 9 July 2020, last accessed 14 August 2020, <https://elpais.com/sociedad/2020-07-09/las-casas-de-apuestas-se-caen-de-las-camisetitas-de-futbol.html>.

³ All bets are off, as Italian Ministers are accused of gambling away the future financial security of Serie A?, sports.legal, 9 July 2018, last accessed 14 August 2020, <https://www.sports.legal/2018/07/all-bets-are-off-as-italian-ministers-are-accused-of-gambling-away-the-future-financial-security-of-serie-a/>.

⁴ Stoke City FC Strike bet365 Deal Over Stadium Naming Rights, stokecityfc.com, 21 April 2016, last accessed 13 August 2020, <https://www.stokecityfc.com/news/stoke-city-fc-strike-bet365-deal-over-stadium-naming-rights>.

⁵ Coronavirus and its impact on football- A Sports Law and Policy Centre and LawInSport Joint Survey – Version 3, lawinsport.com, 7 June 2020, last accessed 12 August 2020, <https://www.lawinsport.com/topics/covid19-impact/item/coronavirus-a-and-its-impact-on-football-a-sports-law-and-policy-centre-and-lawinsport-joint-survey-version-3>.

The scope of this article is to analyze the current regulations and the impact of prohibitions imposed by regulations on betting sponsorships and advertisements in England, Spain, and Italy.

Position in England

Clubs in English football have had a major financial boost through betting related ties, be it shirt sponsorships, stadium naming rights or advertising. A recent report of House of Lords⁶ has concluded that Premier League clubs should not be allowed to have betting companies on their shirts. The recommendation of the report is to phase out betting sponsorship on football jerseys by 2023 which is also applicable to other sports. Gambling-related harm needs to be prevented which requires a review of the Gambling Act, 2005 given that betting has become so common in football that it would lead to addiction⁷. Currently, half of the Premier League Clubs and 17 out of the 24 Championship clubs have sponsorship deals with betting companies⁸.

Effect of betting advertisement is probably at the centre of discussion as the report recommends that there should be no gambling related advertisements in or near any sports grounds or sports venues. Live broadcasting advertisement is identified as another problem where broadcasters sell a part of their broadcasting time to betting companies to advertise. The report specifically analyses the negative effect it would have on children, given the influence of football as a game and football players as role models.

English Football League ('EFL') in its response to the House of Lords report commented "*The association between football and the gambling sector is long-standing and the League firmly believes a collaborative, evidence-based approach to preventing gambling harms that is also sympathetic to the economic needs of sport will be of much greater benefit than the blunt instrument of blanket bans*"⁹. Clearly, such recommendations will not be met with any positive responses, more so, when they are coming during the pandemic when medium and small clubs would realize the importance of such partnerships with betting companies. It is a two-way relationship and a win-win situation where the Clubs get a financial boost and the betting

⁶ Select Committee on the Social and Economic Impact of the Gambling Industry, Report of Session 2019-2021, House of Lords, Gambling Harm- Time for Action, 2 July 2020, last accessed 14 August 2020, <https://publications.parliament.uk/pa/ld5801/ldselect/ldgamb/79/79.pdf>.

⁷ Department for Culture, Media and Sport, Gambling Review Body, Gambling Review Report, 2001, last accessed 10 August 2020, <http://www.nationalcasinoforum.co.uk/wp-content/uploads/2013/11/Gambling-Review-Budd-Report.pdf>.

⁸ Gambling in football: Betting sponsorship on shirts should be banned – Lords report, bbc.com, 2 July 2020, last accessed 14 August 2020, <https://www.bbc.com/sport/football/53261364>.

⁹ Betting Sponsors To Be Banned In Great Britain?, footyheadlines.com, 4 July 2020, last accessed 11 August 2020, <https://www.footyheadlines.com/2020/07/betting-sponsors-to-be-banned-in-great.html>.

companies extend their reach into the football market and eventually to fans and common public.

Football has been intertwined with betting over the last decade. Football Clubs have seen a gradual rise and link to betting companies. This visibility is exactly what the House of Lords report says can become a public health problem or if one were to argue, could be an issue of public morality at some stage. The gambling industry currently spends more than £1.5 billion a year on advertising. Most of such gambling marketing activity is online rather than television¹⁰. Sponsorship amounts have doubled from 2014 to 2017. Whilst these statistics would have benefited the football industry helping in monetization, it is clearly alarming for the law makers. Keeping gambling adverts away, especially from children, has become a key concern in this revolutionized and digital world.

Increase in advertising has been identified as one of the causes, perhaps the main cause of gambling-related harm¹¹. The co-relation established between gambling related harm and advertising cannot be dissected although betting regulations can be made stricter to keep this activity in check, aloof from children whilst avoiding blanket bans. Advertisement is seen as a mechanism of inducing betting or creating a sense of urgency¹². Restriction on such live broadcasting and advertisement on sports venues has been identified to bring down such gambling-related harm or in other words addiction to betting.

The time-limit of three years to phase out betting companies is an opportunity for the medium and small clubs who rely heavily on such sponsorships to find alternative sources of sponsorships so that they can manage their finances. Similarly, professional football clubs being an integral part of the towns and cities is not disputed, the fact that betting companies appear on jerseys, perimeter boards and programmes is seen as a challenge even if not specifically directed at children.

This position and the roadmap until 2023 do not look good for betting companies specially after enjoying such a long-standing relationship with football's top leagues. Eventually the

¹⁰ Gamble Aware, 'Press Release: Gambling companies spend £1.2 billion marketing online, five times more than on television ads, about.gambleaware.org, 24 November 2018, last accessed 13 August 2020, <https://about.gambleaware.org/media/1857/2018-11-24-gambling-marketing-online-five-times-tv-ad-spend.pdf>.

¹¹ Select Committee on the Social and Economic Impact of the Gambling Industry, House of Lords, Corrected oral evidence: Social and Economic Impact of the Gambling Industry, 25 February 2020, last accessed 14 August 2020, <https://committees.parliament.uk/oralevidence/100/html/>.

¹² Ipsos MORI on behalf of Gamble Aware, Final Synthesis Report: The effect of gambling marketing and advertising on children, young people and vulnerable adults, about.gambleaware.org, March 2020, last accessed 12 August 2020, https://about.gambleaware.org/media/2160/the-effect-of-gambling-marketing-and-advertising-synthesis-report_final.pdf.

betting companies may find alternate sources to keep running strong without football, it will be interesting to see how the medium and small clubs, heavily dependent on sponsorship from betting companies, cope up with this ban or ‘change’. The inter-dependence between sport and betting is a challenge even in Spain and Italy as identified in England.

Position in Spain

Eight clubs in La Liga- Valencia, Alaves, Leganes, Granada, Mallorca, Sevilla, Osasuna, and Levante featured a gambling company as their shirt sponsor during the 2019-20 season¹³. Recommendations in Spain are like in England. “*Royal Decree on Advertising*”¹⁴ is being implemented in Spain (pending for ratification and implementation in Brussels) which aims at introducing restriction on shirt sponsorship (also, betting sponsorships in general) and betting related advertisement. Once the decree is in effect, there will be an absolute ban on shirt sponsorships by betting companies and only a four-hour window will be given for advertisement during the wee hours of the night.

It is to be seen whether these restrictions would be imposed at the beginning of the 2020-21 La Liga season or not. Nevertheless, as contrary to the English situation, clubs will not have a three-year window to find alternative sources of sponsorships or manage their finances. It impacts small clubs immensely during this ongoing coronavirus pandemic to replace its biggest sponsor in such a short span of time having the same or higher value as against the previous sponsorship deal. Enforcement of these measures without having sufficient buffer period like England seems to be draconian, but the concern is again attributed to the gambling-related harm and the effect it has on families and children. Given the differential treatment between the public and private operators¹⁵, some industry reactions include a direct attack on the freedom of business, a fundamental right expressly recognized in Article 38 of the Spanish Constitution and in the European Charter of Fundamental Rights¹⁶.

Article 12 of the Royal Decree relating to sponsorship activities specifically states that “*Sponsorship on sports jerseys or kits will not be admissible*”. A blanket ban is being

¹³SPAIN BANS GAMBLING SHIRT SPONSORSHIPS, sbcnews.co.uk, 9 July 2020, last accessed 10 August 2020, <https://sbcnews.co.uk/sportsbook/2020/07/09/spain-bans-gambling-shirt-sponsorships/>.

¹⁴ Full text available at <https://gaminginspain.com/wp-content/uploads/2020/07/PROYECTOPUBLICIDAD.pdf>, last accessed 10 August 2020.

¹⁵ Online Gambling is a legal activity in Spain which is governed by model regulations regarding access and activity control, and protection of vulnerable groups- measures from which the public and semi-public gambling operators are exempt.

¹⁶ Gaming in Spain Newsletter – Spanish government proposes near blanket ban on gambling advertising, gaminginspain.com, July 2020, last accessed 13 August 2020, <https://gaminginspain.com/category/todays-news/>.

implemented to eradicate any sort of visibility for the viewers. The rationale is same as indicated by House of Lords that even if it is not intended directly for families or children, the possibility of them seeing betting companies on football jerseys and getting influenced cannot be ruled out. Moreover, Articles 18 and 19 of the Royal Decree permits only a four-hour window between 01:00am to 05:00am for advertisements related to gambling¹⁷. Any sort of commercial communication in advertising blocks is prohibited immediately before or after programs specifically aimed at children.

Thus, through the Royal Decree the aim of the Spanish Government aligns with the position in England that ‘accesses’ to any content relating to gambling must be avoided or rather eliminated, especially for children. It will be interesting to see the objections to this Royal Decree and whether there will be any modifications before it is passed and implemented.

Position in Italy

Starting July 2019, betting sponsorship deals have been banned in Italy. In January 2019, all the Italian clubs were informed that they could honour their sponsorship deals until July 2019. Afterwards, sponsorship ties with betting companies had to be cut off in conformity with the “Dignity Decree”¹⁸. Impact of such blanket ban has been severe, and the situation will be no different in England and Spain once the regulations are implemented. At the time of the decree, it was estimated that Italian gambling operators spent around €120 million (\$138 million) a year on sponsoring sports teams and leagues.

Serie A, in a statement, expressed its concern over such a blanket ban given they will be at a competitive disadvantage from their other European counterparts highlighting negative consequences in turnover and employment due to introduction of such measures¹⁹. Betting and gambling providers have also been prohibited from carrying out any advertising in publications or on billboards within Italian territory. Financial penalties have been increased from 5% to

¹⁷ La Liga Live: No more sponsorships from betting companies for La Liga clubs, insidesport.co, 9 July 2020, last accessed 14 August 2020, <https://www.insidesport.co/la-liga-live-no-more-sponsorships-from-betting-companies-for-la-liga-clubs/>.

¹⁸ Serie A gambling sponsor ban delayed until July, sportspromedia.com, 15 January 2019, last accessed 10 August 2020, <https://www.sportspromedia.com/news/serie-a-gambling-sponsor-ban>.

¹⁹ Serie A clubs told betting sponsorships can run until July but no later, sportcal.com, 11 January 2019, last accessed 10 August 2020, <https://www.sportcal.com/News/FeaturedNews/123845>.

20% for non-compliance with these regulations. At the time of enactment of the Decree, 11 out of the 20 clubs competing in Serie A had sponsorship deals in place with betting companies²⁰.

To better understand the impact of the new ban, between 2008 and 2017 the total amount of investment into football by gambling companies amounted to \$633 million USD²¹ (Nielsen Sports World Football Report 2018). A study carried out by the European Gaming and Betting Association further showed that, every year, betting contributed around €120 million EUR to sponsor the Italian sports industry. Thus, the effect this ban will have on the stakeholders and clubs is huge. Nevertheless, the argument with respect to its implementation remains the same that gambling-related harm needs to be nullified and with betting sponsorships and advertisements, addiction to betting was only on the rise with kids aged 11 succumbing to betting on a daily basis²².

The impact of the coronavirus pandemic has been so severe that the top football league in Italy is requesting the government to relax the rules on gambling sponsorships and advertisements at least for a year so that the clubs can have some financial security and recover from the losses caused due to the coronavirus pandemic²³. The sponsorship bans alone, which took effect last summer, is projected to cost Serie A teams around €100m in lost revenue on an annual basis²⁴. Surely, the loss caused due to such blanket bans seems impossible to overcome now (especially when the industry is battling with the effects of the pandemic) and it looks unlikely that the government will accept any such requests to relax the blanket ban imposed a year ago.. Allowing the betting companies to sponsor again (even if it is to recover from the financial setback caused by the pandemic) would be in contradiction to the Dignity Decree and would defeat the very purpose of implementation of such a ban in the first place. **Drawing a Parallel from Bans on Tobacco and Alcohol Advertising**

The ban being imposed on betting companies is following a similar path to that of ‘tobacco’ and ‘alcohol’. Back in 1990s and 2000s a similar ban was imposed on ‘tobacco’²⁵ and

²⁰ The implications of Italy’s ban on gambling advertisements, withersworldwide.com, 3 September 2018, last accessed 10 August 2020, <https://www.withersworldwide.com/en-gb/insight/the-implications-of-italy-s-ban-on-gambling-advertisements>.

²¹ Nielsen Sports, World Football Report 2018, 6 November 2018, last accessed 14 August 2020, https://niensports.com/wp-content/uploads/2014/12/Nielsen_World-Football-2018-6.11.18.pdf.

²² London School of Hygiene & Tropical Medicine, *Trends in Children’s Gambling 2011-2017*, last accessed 10 August 2020, <https://www.rgsb.org.uk/PDF/Trends-in-childrens-gambling-2011-2017.pdf>.

²³ Italian sport leaders unite in attempt to restore betting advertising, insidesport.com, 6 April 2020, last accessed 10 August 2020, <https://insidersport.com/2020/04/06/italian-sport-leaders-unite-in-attempt-to-restore-betting-advertising/>.

²⁴ Italy’s Serie A pushes gov’t to drop gambling ad, sponsorship ban, calvinayre.com, 19 March 2020, last accessed 10 August 2020, <https://calvinayre.com/2020/03/19/sports/serie-a-pushes-italy-drop-gambling-sponsorship-ban/>.

²⁵ Tobacco advertising ban takes effect 31 July, 27 July 2005, last accessed 24 August 2020, https://ec.europa.eu/commission/presscorner/detail/en/IP_05_1013.

‘alcohol’²⁶ advertising on television keeping in mind the negative effect these products have on public at large, as consumption has been on rise ever since. ‘Tobacco’ advertisement was a common and established feature in motor sports²⁷ and the implementation of advertising laws curtailed this partnership in Spain. The reason to ban advertisement of tobacco and alcohol was the same as that of betting companies now, the harmful effect these products have which affect public health on a large scale, especially the children.

According to a World Bank Report on economics of tobacco control²⁸, advertising bans could help reduce smoking prevalence up to seven percent. Studies showed that partial cigarette advertising bans have little or no effect on smoking. Moreover, it was estimated that around 650,000 people die each year (when the Report was released) in the EU from smoking related diseases which would have seen a substantial increase till 2020. Hence, a blanket ban on tobacco advertising was seen as a most effective way of reducing smoking²⁹ and even a small decrease in smoking prevalence would save thousands of lives. A similar parallel could be drawn for the situation surrounding the betting companies, since the main aim is to reduce the influence of betting companies on families and children whilst addressing the addiction problem, as was or has been the case of tobacco and alcohol.

Do these blanket bans mean the end of the road? Definitely not. Tobacco companies managed to carve out a way to circumvent these bans and found innovative ways to team up with sport companies to project a positive notion. One such example is controversy caused at the beginning of 2019 Formula One season when Ferrari and McLaren came under the radar for a possible breach of tobacco advertising³⁰. What Ferrari did was ‘ghost’ sponsorship having “Mission Winnow” (read “Win now”) as their slogan which camouflaged the Philip Morris advertising. The argument in defence was that such sponsorship relates to motivational messages and were non-nicotine advertisements with no relation to tobacco³¹. Similarly, it will

²⁶ Tobacco and alcohol advertising is still present on television, although it is prohibited by the Advertising Law, elpais.com, 10 January 1990, last accessed 24 August 2020, https://elpais.com/diario/1990/01/10/sociedad/631926006_850215.html.

²⁷ Spain bans tobacco advertising in motor sports, elperiodico.com, 13 January 2007, last accessed 24 August 2020, <https://www.elperiodico.com/es/sociedad/20070113/espana-prohibe-la-publicidad-de-tabaco-en-los-deportes-de-motor-5419391>.

²⁸ World Bank Report on the Economics of Tobacco Control, May 1999, last accessed 24 August 2020, <http://documents1.worldbank.org/curated/en/914041468176678949/pdf/multi-page.pdf>.

²⁹ A study of 22 high-income countries based on data from 1970 to 1992 concluded that comprehensive bans on cigarette advertising and promotion can reduce smoking, but more limited partial bans have little or no effect. World Bank Report on the Economics of Tobacco Control, May 1999 at page 50.

³⁰ Ferrari and McLaren, under the magnifying glass of the EU for ‘smoking’, lavanguardia.com, 13 February 2019, last accessed 24 August 2020, <https://www.lavanguardia.com/deportes/formula-1/20190213/46445348425/f-1-tabaco-publicidad-ferrari-mclaren-ue-automovilismo.html>.

³¹ How tobacco brands are returning to F1 by the back door, racefans.net, 13 February, 2019, last accessed 25 August 2020, <https://www.racefans.net/2019/02/13/how-tobacco-brands-are-returning-to-f1-by-the-back-door/>.

be very interesting to see if the betting companies can come up with such innovative ways to circumvent the blanket bans (if, and once, they are implemented) and manage any association with football world thereby outliving their wings like Ferrari and McLaren.

The logic behind blanket bans on all three- tobacco, advertising and betting remain the same (public health) and the legislators seek to prevent a long-term harm caused by such products as they enjoy heavy exposure through sport which tends to increase urgency ultimately resulting in influencing people. It will always be debatable to what extent such bans really help in reducing the effect, as tobacco bans have yielded positive results suggested by the World Bank report. The House of Lords report predicts and aligns its reasoning along the similar lines. The next question is, is there a middle way out in this battle?

Balancing Interests – Stakeholders v Legislators: Is there a middle way out?

Ban on shirt sponsorships and advertisements affects football clubs as well as the betting companies. On one hand, medium and small clubs lose a large chunk of their financial income which hampers their chances to attract players and offer the same money as their counterparts thereby, impacting their overall growth because the substitution deal is not likely to give them the same financial return. Similarly, for the betting companies, despite compliance with existing laws in place, this additional blanket ban drives them out of the football market to a large extent, if not completely.

This not only affects the clubs but the club competitions as well where in the context of the UEFA Champions League, clubs must comply both with the applicable legislations of the venue and UEFA's regulations. Clubs from countries where such deals are allowed may be forced to remove betting sponsors for their respective games when they play in England, Spain, and Italy. The ban also increases the financial gap of such countries where the ban exists with those countries where betting sponsorships are permitted.

The main question is: Does imposing such a ban on sponsorship and advertisement help in reduction of the addiction problem? The gambling industry will argue negatively whilst the government in each country aims to reduce the reach and access by banning it from public display. The argument with respect to having a harmful effect on children and leading to a possible addiction is understandable although stricter laws governing and regulating betting in each country can be imposed to tackle such a problem. A blanket ban does not necessarily rule

out the addiction problem rather can also give rise to more illegal sources. An individual addicted to betting would not really be affected if it is taken out from the online advertisements. A bet can be placed on a single click or touch of a mobile device and access to websites and apps is easy given majority are smartphone users. A very good example to tackle such addiction is the “Responsible Gambling”³² section of bet365 which sets deposit limits, session time limits, gives reality check etc. for a user to stay in control of the activity i.e. bets he or she is placing. In principle, how often such measures are resorted to by a user is a different proposition.

Thus, stricter rules and regulations can be imposed for those willing to bet whilst not hampering the long-standing relationship of betting and sport. blanket bans may be a bane for the football industry; however, the legislators clearly think that it benefits the public health at large. But is betting against public health and public morals? No, for had it been the case it would not have been legal in the first place.

Conclusion

Blanket bans may be beneficial for the public health of a country as they minimize the exposure whilst hampering freedom of business or imposing an anti-competitive practice in some cases. In the time to come, it will be interesting to see if any of these regulations undergo a change, specifically based on objections relating to freedom of trade, financial aspects etc. and whether football and betting are reunited, like they were before. Unfortunately, as it stands many top leagues will have to move ahead without any financial help from betting companies in the form of sponsorships and advertisements which could turn out to be a daunting task especially when there is a financial setback caused by the pandemic, globally. Arguments pertaining to public morality, if raised, could again prove to be vital, since reduction in visibility does not necessarily eradicate the ever-present bad practice albeit giving rise to illegal practices.

If the legislations are passed in England and Spain, like in Italy, the coming years could see betting companies flout or circumvent such bans and come up with innovative ideas to sponsor and be a part of the sports industry. Such innovations might require betting companies to come up with new products or tweak their existing policies given the long-term benefit they derive when partnering the sporting world. Overall, if the legislators and the betting companies can

³² <https://juegoresponsable.bet365.es/>, last accessed 14 August 2020.

come to a middle ground, then it would be interesting to see how the present recommendations are revised before implementation.