

Young Bettors: How The Illusion of Control Fuels Gambling in Newly Regulated Emerging Markets

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Abstract: This paper examines the multifaceted impact of sports betting regulation in Brazil, focusing on young adults as a vulnerable demographic. Sports betting, legalized in 2018 and regulated in 2023, has led to significant social, psychological, and economic consequences. Reports highlight financial distress, family conflicts, and suicides linked to gambling debts, with low-income populations disproportionately affected. Young adults, targeted by aggressive advertising emphasizing risk reduction and control illusions, face increased risks of addiction, anxiety, and isolation. Using in-depth interviews, this study explores behaviors, perceptions, and outcomes of gambling among young bettors, underscoring the urgent need for awareness campaigns, regulation, and support systems within emerging markets without experience in gambling and its effects.

Key Words: Consumer Vulnerability, Betting Behavior, Emerging Markets

Track: International Marketing & Marketing in Emerging Countries

1. Introduction

Sports betting was approved in Brazil in 2018 (Law 13.756) and regulated in 2023 (Law 14.790). The impact on the population's well-being has been problematic after regulating this market. Anecdotal evidence from news outlets informs us that some people have sold their houses and got divorced over betting debts (Alves, 2024), while others have lost their monthly salary in 2 days (Carvalho, 2024). Additionally, a report from the Brazilian Central Bank informed that recipients of low-income financial support had transferred more than 3 Billion Reais to sporting companies, which accounts for almost 21% of the government's financial support for low-income families (Barreira, 2024). Moreover, some have committed suicide over betting debts (Brandalise and Gentile, 2024; Seguin, 2024). These individuals were convinced that betting would be low-risk and could be a way out of poverty and financial problems.

These problems are exceptionally sensible for young adults, who represent the majority of bettors and are experiencing the adverse effects of gambling, such as increased anxiety, depression, and conflicts with family or friends (DataFolha, 2024). The adoption of gambling habits among young adults can be explained by two main advertising tactics: (1) focusing on reducing perceived risk by employing themes such as betting among friends, use of humor, offers of free money, and use of celebrities; (2) enhancing the perceived control on betting, focusing on themes such as masculinity and sports knowledge (Lopez-Gonzalez, Estévez, and Griffiths, 2017).

We argue that in newly regulated gambling markets (i.e., Brazil), individuals often lack comprehensive awareness of the associated harms due to limited historical exposure and societal discourse on gambling's negative impacts. The rapid legalization and proliferation of gambling opportunities can outpace public education efforts, leaving many unaware of potential risks such as addiction and financial distress. Conversely, in regions with a longstanding presence of legalized gambling, there tends to be greater public awareness of its potential harms. Over time, these societies accumulate knowledge through personal experiences, public health campaigns, and media coverage, fostering a more informed and cautious approach to gambling activities. This contrast underscores the importance of studying how young adults are entering this market and how they are behaving. Therefore, in this paper, we aim to explore the multifaceted impacts of gambling regulation in Brazil, focusing on the social, psychological, and economic effects on vulnerable populations, especially young adults.

2. Theoretical Background

2.1. Brazilian Context

In 2018, Brazil enacted legislation legalizing sports betting on December 29th, 2023 (Brazilian Government, 2024). Focused on the benefits of taxes and new jobs, the government shipped more exhaustive analysis of the impact of this phenomenon on the population. Respected research institute DataFolha collected data on this scenario and offers a glimpse of where Brazilians stand on this issue and how this industry is thriving in Brazil.

Table 1. Betting in Brazil - Main Characteristics

Category	Main Findings
Public Opinion	65% of Brazilians believe online sports betting should be prohibited; support for prohibition is higher among women (68%) compared to men (61%).
Betting Behavior	18% of respondents have placed bets online, with 6% continuing to do so regularly. Young adults (18–24 years) are the most active group, with 39% having engaged in betting.
Frequency of Betting	Among regular bettors, 13% bet daily, 35% weekly, and 17% monthly.
Financial Impact	The average monthly spending on bets is R\$216, with one-third of spending up to R\$30 per month.
Outcomes of Betting	59% of respondents reported more losses than gains; only 32% claimed more gains than losses.
Perception of Gambling Ads	71% of Brazilians oppose gambling advertisements, while 17% support them.
Negative Consequences	37% of individuals reported experiencing negative impacts from online betting, including increased anxiety (26%), depression (14%), and conflicts with family or friends (14%).
Means of Access	Social media is the leading channel for exposure to betting ads (32%), followed by television (11%) and websites (8%).
Economic Strain	22% have used savings or investments to gamble, and 15% have borrowed money or used credit cards to place bets.

Source: DataFolha, 2024

While the government introduced safeguards to address risks, such as age restrictions and advertising rules, the Brazilian Justice Department has promised to strike out the law if these measures are ineffective in protecting the public (Marques, 2024).

2.2. Advertising tactics in the betting industry

Gambling, marketed as harmless entertainment (Lopez-Gonzalez, Estévez, and Griffiths, 2017), poses significant risks to individuals and society. Digital platforms have made gambling widely accessible, normalizing it, particularly among young people and disadvantaged groups (Gordon et al., 2023; Cahill et al., 2024). Table 2 summarizes the main tactics used by gambling companies to position gambling within a positive context.

Table 2. Advertising tactics for gambling companies

Tactic	Description	Purpose/Impact
Humor	Using comedic elements in ads to present betting as lighthearted and fun.	Reduces perceived risk by framing betting as an enjoyable, low-stakes activity.
Celebrity Endorsements	Featuring well-known sports figures to endorse betting platforms.	Builds trust and credibility; associates betting with success and control portrayed by the celebrity.
Friendship and Camaraderie	Depicting betting as a social activity to be enjoyed with friends.	Normalizes gambling as safe and promotes peer bonding around betting activities.
Free Money Offers	Promotions like "money-back guarantees" or "free bets."	Lowers perceived risk, enticing users to try betting under the illusion of minimal financial loss.
Ease of Access	Highlighting how simple and quick it is to place bets using apps/sites	Encourages frequent betting by reducing barriers to entry and making the process seamless.
Gamification Features	Adding interactive elements: live tracking and custom betting options.	Enhances perceived control by creating a sense of active participation in the betting process.
Technological Integration	Promoting real-time updates, live streams, and intuitive interfaces.	Merges betting with sports engagement, fostering a sense of immediacy and control.
Masculinity Themes	Portraying betting as an expression of decisiveness and bravery, often targeted at male demographics.	Reinforces cultural ideals of masculinity, linking betting with empowerment and confidence.
Knowledge and Analysis	Providing data, statistics, and expert opinions to inform betting decisions.	Enhances the illusion of control by framing betting as a skill-based activity rather than chance-driven.
Ubiquity	Showing how betting can be done "anytime, anywhere."	Encourages habitual gambling by integrating it seamlessly into daily routines and mobile lifestyles.

Source: Lopez-Gonzalez, Estévez, and Griffiths (2017).

Financial harms include bankruptcy and misuse of essential resources, while psychological effects range from stress and depression to suicidal ideation (Wardle et al., 2024). Families and communities face additional impacts, such as domestic violence and relational breakdowns (Wardle et al., 2024; The Lancet Public Health Commissions, 2024). Aggressive marketing, gamification, and targeting of vulnerable groups amplify these harms. Young adults are especially at risk due to strategies that enhance perceived control and normalize betting as a social behavior. Digitalization and insufficient regulation magnify these risks (Gordon et al., 2023; The Lancet Public Health Commissions, 2024).

3. Method

A study was conducted to explore betting behavior among young adults using in-depth interviews (Miller, Thomas, and Robinson, 2018). Participants were initially selected from a college setting, and an initial pool of interviewees was invited to share their experiences and perspectives on gambling and sports betting. This method is chosen because one of the authors is a professor at the institution where the participants were selected for being bettors. After each interview, participants were asked to suggest potential additional interviewees, employing a snowball sampling approach. This iterative process resulted in 23 interviews. While not planned, our sampling technique generated an average pool of men aged 29 years, ranging from 18 to 44 years old.

The interview guide was developed based on prior research on gambling behavior, cognitive biases, and psychological and social effects (Lopez-Gonzalez, Estévez, and Griffiths, 2017; Gordon et al., 2023; Cahill et al., 2024). Existing studies provided a foundation for understanding common themes such as reactions to marketing strategies from betting companies, the illusion of control on gambling results, risk perception, and the normalization of betting through societal influences. Additionally, research on the psychological impacts of gambling, including addiction, anxiety, and financial stress, informed the structure and content of the guide (Russell, Hing, and Browne, 2019; Valenciano-Mendoza et al., 2023). This approach ensured the interviews were theoretically grounded and could elicit meaningful insights. Each interview was recorded with the consent of participants and transcribed verbatim to ensure the authenticity and accuracy of the data. The transcripts were then uploaded into Notebook LM, a qualitative data analysis tool, for systematic examination. The analysis followed a structured methodology inspired by Gioia's approach, focusing on categorizing first-order concepts (participant-centric terms and expressions) and second-order themes (researcher interpretations and theoretical constructs).

4. Analysis

Our analysis focused on how individuals move from novices in the gaming industry to situations where they feel that the habit is unhealthy and experience adverse outcomes that affect their financial, psychological, and social well-being. Bettors often face mounting losses, initially drawn by promises of easy rewards and reinforced by advertising that amplifies the illusion of control. This creates a cycle of frustration, attempts to recover losses, and emotional distress, straining relationships and fostering isolation. Understanding this

progression highlights the vulnerabilities of young bettors and underscores the need for targeted public health interventions and regulatory actions.

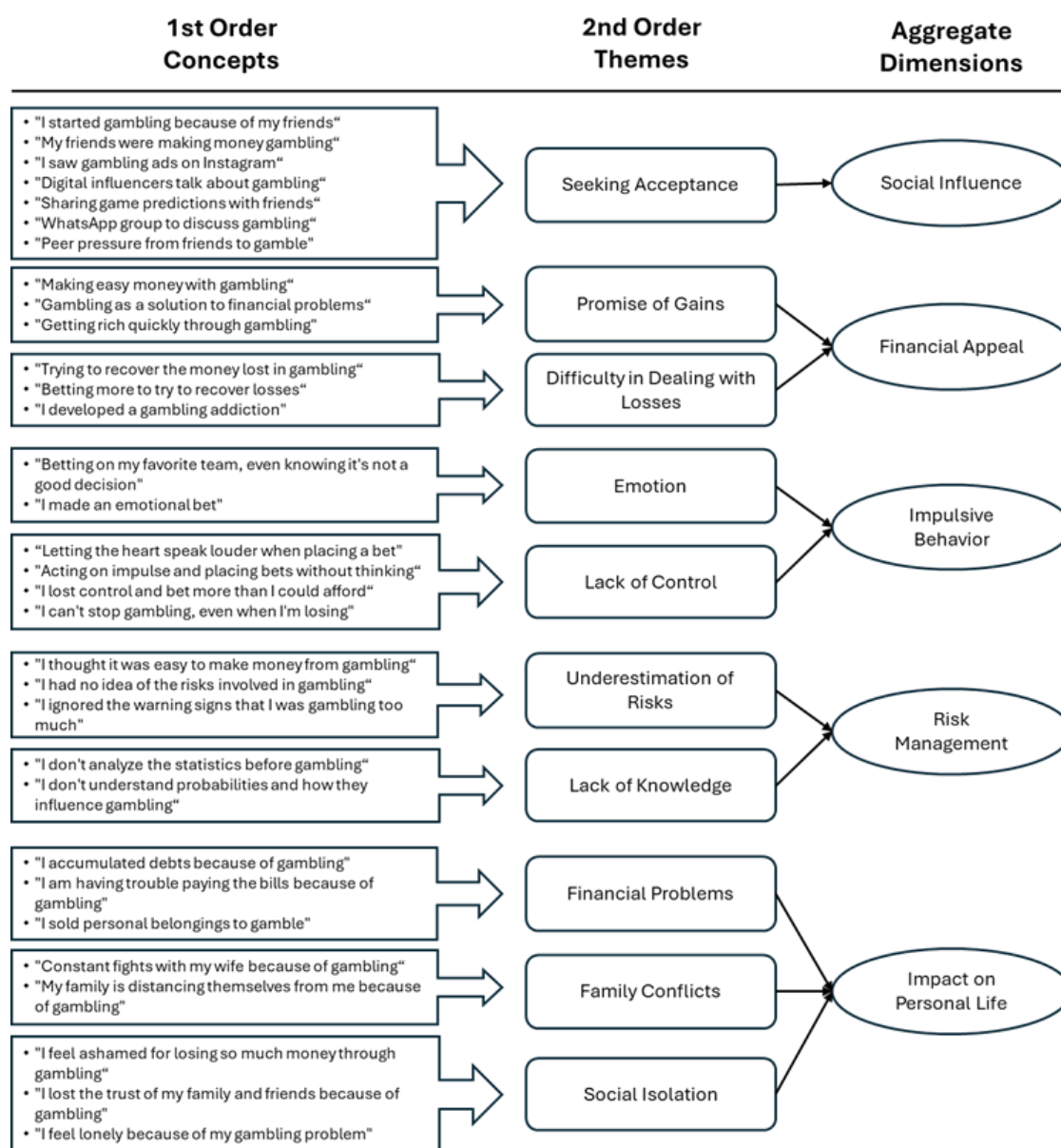


Figure 1. Betting Behavior

The impact of social context and influence on betting behavior is multifaceted. Individuals report “gambling due to the influence of my friends” (Malcon, 20) and by seeing friends “making money from gambling ” (Ademir, 42). This highlights how social interaction validates and normalizes the practice, creating an illusion that one would “make easy and quick money” (Marcio, 29). These gamblers, when suffering losses, report that “pressure from (...) friends” (Lucas, 20) can exacerbate risk-taking behavior while also generating higher levels of gambling. These findings underscore the role of social pressure in shaping gambling

behaviors, suggesting that such influences may contribute significantly to the normalization of gambling within certain social groups, thereby reinforcing engagement in risky behaviors.

Financially, sports betting relates to effortless gains and how to deal with losses. Individuals seek to "make easy and quick money through betting" (Adriano, 22) but eventually fall into negative aspects of betting. For instance, Ademir (42) reports that after losses, he felt so "frustrated that (he) almost uninstalled the app." This fuels an emotional turmoil that leads to more betting to recover from losses, resulting in more losses - "I lost almost everything I had set aside for gambling that month. I was devastated and even considered taking a break" (Eduardo, 40). Interestingly, both Ademir and Eduardo almost uninstalled apps or took breaks. These users feel urged to move away from this situation, but advertising efforts are always working towards reinforcing betting. Advertisements that depict ordinary individuals achieving substantial financial success perpetuate the illusion that betting is an accessible and uncomplicated path to wealth. Bonuses and promotions, as described by Gabriel, 21, encourage larger and more frequent bets. The ease of access to platforms through apps and websites normalizes the practice. It amplifies the financial appeal, creating a vicious cycle of illusion, frustration, and the pursuit of loss recovery.

This discussion elucidates how the rational-irrational duality manifests in the impulsive behavior of sports bettors. On one hand, a rational analysis of odds, statistics, and other objective data aims to minimize risk and maximize profits. On the other hand, emotions, team loyalty, and the pursuit of adrenaline drive irrational decisions, as highlighted by Eduardo (40). The difficulty in controlling emotions and impulsivity is pervasive, as individuals report getting "too excited and end up making bets that don't even make sense" (Ademir, 42). When betting involves a sports team that the individual is a fan of, things get even more complicated. André (22) exemplifies this situation by describing bets fueled by passion for his teams, disregarding logical analysis, which results in even more frustration and financial losses.

Betting companies systematically exploit this duality, capitalizing on users' vulnerabilities. Advertisements emphasizing emotional excitement and adrenaline, coupled with bonuses and promotions that encourage larger wagers, create an environment conducive to impulsive decision-making, as demonstrated by Gabriel, 21, who was swayed by the promise of "betting for free." The easy accessibility of platforms through apps and websites further amplifies this dynamic, normalizing the practice and perpetuating a cycle of illusion, frustration, and an unrelenting drive to recover losses.

Refrain from underestimating risks, and a lack of knowledge adversely affects risk management in sports betting. Many bettors, particularly novices, report that "everyone said it was easy" (Hélio, 27) and that this made them feel "excited" (Josué, 36). This illusion, fueled by success stories and a lack of experience, leads to a disregard for the inherent risks of the activity.

The absence of understanding regarding probabilities, strategies, and control mechanisms further contributes to inefficient risk management. Statements such as Julimar (40) - "I go with my gut feeling," and Marcio (29) - "most of the time, it's just based on feeling," illustrate this tendency to make decisions driven by intuition, increasing the likelihood of losses and subsequent frustrations. The drive to recover losses led them to use "money meant to pay bills" (Lucas, 20) and sometimes even more severe, such as Rogério (24), who "had to close (the) doors" of his small business.

The desperate pursuit of recovering financial losses, as demonstrated by individuals such as Valdelino (39), leads to impulsive and irrational decisions. This cycle heightens anxiety, frustration, and a sense of failure, further eroding self-worth and confidence. Concealing gambling from family members, driven by fear of judgment and disapproval, as reported by Valdelino (39), fosters an environment of mistrust and conflict, ultimately damaging familial relationships. The deceit and omissions deepen the emotional distance between the gambler and their loved ones, amplifying feelings of loneliness and isolation. The "shame and fear of social rejection" (Vinícius, 29) often leads to social withdrawal, compounding psychological distress and hindering the willingness to seek help. The gambler becomes increasingly isolated, withdrawing from friends and activities that once provided fulfillment, entrenching themselves in a cycle of solitude and despair. The repercussions of uncontrolled gambling extend well beyond financial losses, leaving profound and enduring scars on the social, familial, and emotional dimensions of an individual's life. These findings underscore the critical need for heightened awareness of the associated risks, the development of effective control strategies, and the pursuit of professional assistance to prevent gambling from evolving into a destructive and inescapable trap.

5. Conclusions

This paper sheds light on the multifaceted implications of gambling regulation in Brazil, mainly as it affects vulnerable populations like young adults. The findings underscore

the role of advertising tactics, social influences, and psychological biases—such as the illusion of control—in fostering an environment conducive to gambling addiction. These dynamics are further exacerbated in emerging markets like Brazil, where the regulatory landscape is still in its infancy, and awareness of gambling-related harms remains limited.

Young bettors, often lured by the promises of financial freedom and influenced by targeted advertising, are disproportionately vulnerable to the psychological and economic impacts of gambling. Public policy should prioritize comprehensive regulation and prevention measures to mitigate the harms of sports betting in Brazil. This includes enforcing stricter advertising restrictions to curb themes that reduce perceived risk or enhance control illusions, particularly among young adults. Mandatory inclusion of harm warnings on betting platforms, coupled with public awareness campaigns, can educate the population on the risks of gambling. Policies should also ensure accessible support systems for those affected by gambling addiction, including counseling and financial rehabilitation services.

Additionally, allocating a portion of gambling tax revenue to fund research and preventive measures can foster long-term societal resilience. Empirical evidence must inform effective measures, leveraging interdisciplinary research to balance economic incentives with public welfare. In addressing the gambling industry's rapid growth, Brazil can set a precedent for other emerging markets. By prioritizing public health and social equity in policy-making, the nation can curtail the adverse effects of gambling and safeguard its population, particularly its youth, from becoming casualties of this burgeoning industry.

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