

Think you're an expert bettor? You're probably wrong

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If there's one thing you can bet on in horseracing, it's this: so-called successful bettors will always think that their little black books hold superior 'inside' knowledge that makes them experts. However, in the long run, the majority of horseracing punters will lose money at the track – and there will always be more losers than winners. Serious punters will often keep track of how well they are doing, in the fond hope of identifying a 'winning system.' So says Matthew Browne of CQ University in Australia, whose research group found that the amount of wins required to show that one is doing better than chance is extremely high. The results are published in Springer's *Journal of Gambling Studies*.

Gamblers who participate in skill-oriented games such as poker and sports betting are motivated to win over the long-term, and some monitor their betting outcomes to evaluate their performance and proficiency. To investigate what levels of sustained returns would really be required to establish evidence of skill or expertise, Browne's team modelled a random strategy to simulate so-called 'naïve' play, in which equal bets were placed on randomly selected horses using a representative sample of 211 weekend races.

The results showed surprising volatility, even after a large number of repeated bets. After adjusting for the house advantage, a gambler would have to place over 10,000 bets in individual races with net returns exceeding nine percent to be reasonably considered an expert bettor. This means that for the vast majority of players, their historic records or data provide surprisingly little information regarding their chances of

making a positive return in the future.

Browne says that even sophisticated and rational gamblers, assuming they have achieved moderately good returns over an extended period, are simply unable to recognize that their historical performance most likely occurred simply due to chance.

Browne explained, "Imagine you had bet on 1000 separate races, choosing horses carefully according to their merits, and were 'up' by 20 percent. It would be easy to conclude you had a winning system, or above-average skills. But counter to every intuition, you were probably just lucky." He ascribes such false beliefs among horseracing bettors to the combination of cognitive biases, and the strong volatility intrinsic to returns on race betting, labelling it a 'delusion of expertise.'

The findings have important implications for problem [gambling](#), as delusions of expertise are likely to be most prevalent in skill-oriented games and in serious, otherwise rational, performance-tracking gamblers. Browne and his team say that the development of such fallacies and biases are shared between race handicapping and other nominally expert pursuits such as chartist exchange-rate speculation and professional poker.

"In any game where returns are highly volatile, and there is a reasonable expectation that skill plays a role, delusions of expertise may come into play," comments Browne, who adds, "In horse betting in particular, it appears that a gambler may easily be misled into believing that an effective winning strategy had been identified, when in fact it was due to chance alone."

It seems that it is intrinsically difficult for people to objectively evaluate their own performance under these conditions. Browne concludes, "Unfortunately, it appears that historical performance at the track is

often either ambiguous, or positively misleading, for gamblers considering their own returns."

More information: *Journal of Gambling Studies*. [DOI: 10.1007/s10899-013-9420-7](https://doi.org/10.1007/s10899-013-9420-7)

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