

# Intelligent Business

## Spain's El Gordo lottery

### Gamblers united

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#### How an original business model got Spaniards hooked

IT IS called El Gordo ("the Fatty") because of the huge amount it pays out: €2.3 billion (\$3.3 billion) in this year's draw, to be held on December 22nd. Yet Spain's Christmas lottery is notable not just for the vast sums to be won, but also for its clever business model.

Spaniards are not especially big gamblers, with spending per head below the average for the European Union, according to a 2006 study by London Economics, a consultancy. Yet they spend about €12 billion a year on lottery tickets, over 1% of GDP—almost as much as the country spends on research and development. Roughly three-quarters of them participate in the Christmas lottery.

Loterías y Apuestas del Estado, the government agency that runs El Gordo and other lotteries during the year, encourages mass participation by dividing each €200 ticket into *décimos*, or tenths, which sell for €20. This, in turn, allows players to improve their odds by buying small shares in many tickets, often by forming syndicates with friends and colleagues. The lottery also offers enough smaller prizes in addition to its jackpots to give participants almost a one-in-six chance of winning something.

All this has transformed the lottery from a glorified tax on the poor, as it is in most countries, into part of the social fabric. Sharing tickets at Christmas has become a way to reinforce social ties, says Roberto Garvía, a visiting professor at Georgetown University. The practice of forming syndicates, which initially started in the 19th century when lottery tickets became too expensive for working-class folk, has become a tradition among all classes. As one banker says, "I don't want to be the only idiot who has to turn up to work if the office number wins." Even the Spanish Civil War did not succeed in shaking the lottery's grip: each side held its own Christmas draw.

The biggest winner is the Spanish government, which receives 30% of the revenue from ticket sales, less the running costs. But it need not feel too exploitative, argue Mr Garvía and Mauro Guillén of the Wharton School of Business, who have studied lottery syndicates along with Andrés Santana of the Fundación March: "There is some evidence that at Christmas time, syndicates lure into the lottery the relatively wealthy, which might make it less regressive."

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## A Before you read

### 1 Discuss: Who 'wins' in the national lottery? Discuss your ideas and experiences.

Do you buy tickets in the national lottery? How much do you spend? Have you ever won any money? How much money might the top prize winner win?

Do you buy your tickets as an individual or as a member of a group of people, sometimes called a 'syndicate'?

How much money does the government take from the national lottery? Is the national lottery a game, or just another form of government tax?

### 2 Look carefully at the words and phrases in *italics* in the sentences below. Choose a), b) or c) to complete the sentences.

- 1) The *draw* in a lottery is ...
  - a) the prize which is won by the winner.
  - b) the number of tickets which have been sold.
  - c) the selection of the winning ticket.
- 2) If something is *notable*, it is ...
  - a) interesting.
  - b) famous.
  - c) not expensive.
- 3) A *gambler* is someone who ...
  - a) works hard to earn money.
  - b) invests money, hoping to get more money.
  - c) plays games.
- 4) When we talk about the spending *per head*, we mean ...
  - a) the total amount of money spent.
  - b) the total amount of money won.
  - c) the total amount of money spent, divided by the number of people who are spending.
- 5) If you improve your *odds* of success, you ...
  - a) improve your chance of success.
  - b) improve your level of success.
  - c) reduce the money you spend.
- 6) If you win the *jackpot* in a lottery, you ...



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- a) win a small prize.
  - b) win the best prize.
  - c) lose your money.
- 7) A syndicate is ...
- a) a group of people who share the cost of a ticket and will share any prize.
  - b) a person who sells lottery tickets.
  - c) a group of people who organize lotteries.
- 8) A *tradition* is ...
- a) anything which is very old.
  - b) a pattern of behaviour which people have followed for a long time.
  - c) a legal limitation on what you are allowed to do.
- 9) An *idiot* is ...
- a) a person who is not very intelligent.
  - b) a person who is very intelligent.
  - c) a person with average intelligence.
- 10) If something *lures* you, it ...
- a) attracts you.
  - b) frightens you.
  - c) helps you.

## B First comprehension

3 Read the article quickly. Mark the statements below as [T] true, or [F] false.

- a) The Spanish lottery is called El Gordo because only fat people can win it. [T]/[F]
- b) El Gordo offers very big prizes. [T]/[F]
- c) Spanish people gamble much more than other nationalities. [T]/[F]
- d) About 75% of Spaniards participate in the Christmas lottery. [T]/[F]
- e) A single numbered ticket in the Spanish lottery costs €200. [T]/[F]
- f) You can also buy 10% of a numbered ticket for €20. [T]/[F]



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- g) Your chance of winning some money is improved because you can buy small parts of many different numbered tickets. [T]/[F]
- h) El Gordo offers small prizes as well as big prizes. [T]/[F]
- i) About 16% of people who participate in the lottery win some money. [T]/[F]
- j) The idea of sharing tickets started in the 19<sup>th</sup> century when only wealthy people could afford to buy a ticket. [T]/[F]
- k) Today, only poor people buy shares in lottery tickets. [T]/[F]
- l) The Spanish Government gets 30% of all the prizes. [T]/[F]

## C Detailed comprehension

4 Read the article carefully. Read the statements below and choose a), b) or c) to complete the statements correctly.

- 1) Spanish people ... other European countries on gambling.
  - a) spend more money than
  - b) spend less money than
  - c) win more money than
- 2) Spain spends ... €12 billion each year on research and development.
  - a) more than
  - b) less than
  - c) fewer than
- 3) The business model of the Spanish Lottery is good because ...
  - a) people can buy shares in a single ticket.
  - b) people spend more than €12 billion on tickets.
  - c) people get 30% of the revenue in prizes.
- 4) Another advantage is that ...
  - a) people are encouraged to get together in groups.
  - b) rich people can buy more tickets than poor people.
  - c) the lottery can offer large jackpot prizes.



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- 5) The Spanish Lottery is ...
- a) a glorified tax on the poor.
  - b) a way to reinforce social ties.
  - c) a tradition amongst all classes.
- 6) The Christmas lottery encourages ...
- a) poor people to spend their money on lottery tickets.
  - b) relatively wealthy people to join syndicates.
  - c) the Spanish Government to lure the syndicates.

## D Opinion

5 Read the article again. Try to interpret the journalist's attitude to El Gordo.

## E Vocabulary 2

6 Look at the adjectives below. Read the way in which they are used in the article. Are they POSITIVE or negative in their meaning?

regressive	exploitative	glorified
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## Key

- A1 Open answers
- A2 1c, 2a, 3b, 4c, 5a, 6b, 7a, 8b, 9a, 10a
- B3 aF, bT, cF, dT, eT, fT, gT, hT, iT, jT, kF, lF
- C4 1b, 2a, 3a, 4a, 5b, 5b,
- D5 Open answers
- E6 All three adjectives are negative.



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