



THE **3**radical GAMING INDUSTRY REPORT 2019

DISCOVER THE KEY TRENDS IN THE ONLINE GAMBLING MARKET

The experts

3radical has asked experts from across the gaming industry to provide detailed insights into the sector, covering a range of different topics.



Julian Borg-Barthet | Director of Business Development | **RISQ**

Julian Borg-Barthet works at RISQ, a risk management company that specialises in the gaming sector and enables operators to offer significant rewards to players without the need for a large amount of liquidity. RISQ delivers its services via its iGaming Insurance Platform (iGIP), which focuses on retention and scalability.



Alistair Boston-Smith | CSO | **Bede Gaming**

Alistair Boston-Smith has been in the gambling industry for more than a decade. Boston-Smith joined Bede Gaming three years ago, having previously worked at GVC. Bede Gaming is a digital platform specialist, and helps Lotteries and Land-based Casinos make the move online. Most recently, Bede won the contract to power the Ontario Lottery.



Peter Murray | Head of Gaming | **Alexemservices**

Having worked for data and identity specialists GBG for nearly a decade, Peter Murray dealt almost exclusively with the gambling sector, from dealing with strategic accounts, to then heading up the gambling division. Today Murray is an industry consultant, working with governments, operators and regulators around best practices globally.



Kim Eaglestone | Head of Operations | **Formerly of GVC group**

With a 10-year career in the gaming sector, Kim Eaglestone has worked with some of the world's best-known brands within the online gaming sector, including GVC, Betfair and 888. Eaglestone is passionate about product development, and she believes retention and data gathering are vital ingredients for an operator looking to cut through.



Mita Patel | Head of Gaming | **Mindera**

Mindera is a software consultancy, and builds products across a number of different sectors within the UK and beyond. Mita Patel heads up the Mindera Gaming side of the business, and is currently overseeing a number of new products, which rely heavily on an improved mobile experience, UI and UX. Mindera uses agile methods to deliver its products effectively.



Brendon Dorff | Chief Operating Officer | **Sports Hero Australia**

Having worked with a number of gambling operators in Australia, including Bet365, Brendon Dorff joined Dean Shannon in Brisbane to work at gambling start-up, Neds. In one year they developed the brand, and in 2018 it was purchased by GVC Holdings in a deal worth £52m. Today, Dorff is COO at Sports Hero Australia.



Jason "Wolf" Rosenberg | CEO | **American iGaming Solutions, LLC**

Jason "Wolf" Rosenberg began his gambling education as a pro poker player. Living in Las Vegas gave him an insight into how the industry was transforming. Rosenberg developed an affiliate partnership with a leading poker site, and he now consults with existing and prospective operators.



Simon Collins | Non-executive Director | **Gaming Realms**

Simon Collins founded Cashcade in 2001, which was a pioneer in introducing the concept of 'free bingo' to an online audience. In 2005, Cashcade launched the Foxy Bingo site. Following this, Collins went on to launch Gaming Realms, a bingo-based consumer proposition targeting mobile gaming via smartphone and tablet devices.



Tom Ustunel | Betting and Gaming Director | **News UK**

Following a Masters in Information System Design, Tom Ustunel worked at a number of tech companies before joining Rank, which ran Mecca Bingo, Grosvenor Casino and Blue Square Bet (which was acquired by Betfair in 2013). Following this Ustunel went on to join News UK, where he has run the company's flagship bingo product, Sun Bingo.



Savvas Fellas | Founder | **Lindar**

Having started in affiliate marketing, Savvas Fellas founded Lindar in 2014 with a vision to introduce a new disruptive bingo platform into the igaming market. Having only launched in August 2018, MrQ.com is already an award winning brand. In a previous life Savvas was an international DJ at the Ministry of Sound.



Daniel Lindsay | Online Consultant | **Aspers Casino**

Daniel Lindsay's career has included management, sales, development, commercial, operational, and marketing roles with global brand leaders in the gaming industry. Lindsay is now a consultant at Aspers Casino, where he is applying his expertise in live table gaming, electronic table gaming, gaming machines, online and content licensing.

WELCOME

With increasing regulator scrutiny, it's never been more important for operators and brands to consider areas such as UX, player care, retention and innovation

Since the Gambling Act fully came into force in the UK in 2007, the online gaming sector has experienced a decade of growth and unprecedented profits, and according to the Gambling Commission it now makes up 39% of all gambling in the UK.

In the twelve years since the Act came into force, the gross gambling yield for online operators has seen a five fold increase, and now sits at £5.6 billion, with Her Majesty's Exchequer receiving £844m.

However, with more than 2,500 licensed operators in the industry, there has never been more competition for share of wallet, and new regulations continue to target online operators through 2019. Now more than ever, companies need to be looking at new ways to differentiate and innovate.

Over the next 21 pages our experts scrutinise the current state of the online gambling sector. They outline how best to build your online gaming brand, examine how technology and innovation are driving the future of gaming, and reveal their key industry trends and predictions for 2020. ■



THE STATE OF THE GAMING NATION

Our expert panel discusses the current state of the online gambling sector, revealing what it takes to thrive in the UK and beyond

On May 7th 2019 the Gambling Commission introduced new rules surrounding online identity verification, and later this year the point of consumption tax will increase from 15% to 21%. These changes follow a number of amendments to the LCCP since 2015, which have focussed on social responsibility, crime, advertising, and the protection of children.

Whilst it is true that regulation has brought a number of challenges for existing operators and new companies

alike, both are undeterred by the challenge.

Increased regulation has resulted in an industry focus on the player journey. This has opened up an opportunity for operators to educate their customers on anything from new games and game types, to responsible gaming.

In this in-depth article, our panel of experts share their views on UX, technology, innovation, data, marketing and the market opportunities outside of the UK.

ON PLAYER ENTERTAINMENT & UX



Alistair Boston-Smith | CSO | Bede Gaming

Everyone recognises that the UK market is very challenging right now. There is a negative perception of online gaming from both the UK government and from the regulator. At Bede, we put player safety at the heart of our platform, and we work hand in hand with operators and regulators to develop products which are entertaining and fun, but which talk openly and honestly about playing safely.



Peter Murray | Head of Gaming | Alexemservices

The industry is beginning to focus on the whole user experience. We're starting to see roles come into the gambling sector, such as 'head of UI', 'head of UX', which are recognising the customer as an individual. Brands and operators need to have as seamless a customer journey as possible. Everybody is starting to realise the importance of the customer journey, which is about me feeling like a brand recognises that I am an individual, and that they don't put too many barriers in my way because the attention span of somebody online is very brief. To not only survive but thrive, you've got to be making the message fun, tailored, dynamic and relevant, all the time.



Tom Ustunel | Betting and Gaming Director | News UK

Customer experience is absolutely everything, and it's harder to do than it sounds. People just don't have the time for bad products or experience any more. The minute you have a bad app and the player has to reload it three times, they will give up really quickly.

Customer retention is really difficult, especially in the gaming industry when you have 50 other competitors offering your customer essentially the same service.



Julian Borg-Barthet | Director of Business Development | RISQ

It's good human nature to protect your players. One prominent CEO once told me, "If I look after my player, he's going to be betting with me for the next five years. If I don't protect him, he could gamble away his livelihood, and he could gamble

his life away." They don't want to see that ever happen to anybody. A, we're all human, and B, it's entertainment. We want them to entertain themselves. If they're not doing that, we want to make sure that we're looking out for them.



Tom Ustunel | Betting and Gaming Director | News UK

We're currently undergoing a programme of work around social responsibility and problem gaming, by creating videos that customers can watch about moderating their gaming. I agree 100% that we need to identify problem gamblers, not only from a regulation point of view, but from a personal point of view. In my personal opinion, gaming is entertainment and should not cause people harm in any way.



Jason "Wolf" Rosenberg | CEO | American iGaming Solutions, LLC

In the US casinos need to become entertainment venues. Unfortunately, I think we're going to see a lot of casinos go out of business around the US, because they simply will not adapt fast enough.

Summary

Everyone knows that the gaming market is challenging and the industry as a whole has a negative reputation that both the Gambling Commission and operators are looking to change. The industry is looking for ways to responsibly entertain and nurture players throughout the entire customer journey, and this has led to improvements in product, UX, innovation and technology.

Our experts see regulation as a force for innovation in the overall experience and are already putting the effort in to ensure the customer journey is streamlined, bespoke, and the player is engaged throughout. ▶

"Customer retention is really difficult, especially in the gaming industry."

ON TECH AND INNOVATION



Julian Borg-Barthet | Director of Business Development | RISQ

No matter how stringent regulation within any given market is, there is still an opportunity to provide us with enough flexibility to create innovative solutions. 3radical for example, is able to innovate without regulation holding them back. The platform is robust and gives us the ability to offer extra value to RISQ customers whilst also saying “Hey, why don’t you stop doing what everybody else is doing and offer your customers something unique, that you can’t get through a traditional white label platform”.



Kim Eaglestone | Head of Operations | Formerly of GVC group

In terms of your games, I still think that maths models and random number generators are where it’s at. But A.I is going to start coming into customer service. With A.I you can have as many chatbots as you need, which can initiate a conversation with the customer, and then pass it onto the right department, freeing up the amount of support agents needed at that initial stage. They can become specialists in your main areas of risk, compliance, or problem solving – anything that’s needed from the customer perspective. I think that’s where A.I’s really going to help us in the gambling sector.



Brendon Dorff | Chief Operating Officer | Sports Hero Australia

The operator that has the best innovations, as well as the best products, is the one that’s going to be leading the pack. In terms of innovation, yes, it’s great to be first to market, but it’s just as important to ensure you don’t miss out when these changes take place. Innovation can require a lot of tech investment in product and development, so if you don’t have pockets deep enough to innovate, you should be quick enough to replicate good ideas and put your brand’s spin on market leading products. For example Cashout evolved to Edit Bet.



Alistair Boston-Smith | CSO | Bede Gaming

In the last five years companies in the sector have seen many compliance and regulatory changes and this has largely swallowed up in-house development. Many of these operators are built on legacy technology that wasn’t designed to accommodate these types of changes. Bede’s modern architecture allows us to continue to innovate, whilst still adapting to local regulatory requirements and configurations.



Simon Collins | Non-executive Director | Gaming Realms

Good data collection and visualisation is imperative. Each firm should have a B.I function and department, and that team should be responsible for looking at all the data points from RTP [real-time personalisation] through to user engagement. I think the use of A.I in this area is very interesting. With the advancement in technology, we should be able to do a better job of segmenting our userbase, and getting access to really interesting user information. This allows us to reward people at the right time, and with the right incentive, to enable us to achieve the best results.



Mita Patel | Head of Gaming | Mindera

I think that the industry itself is ripe for innovation, new concepts, new ways of doing things, and new entertaining games, instead of the traditional slots and pokers. I think innovating and thinking differently is my advice for a new online game provider looking to enter the market.

“The operator that has the best innovations, as well as the best products, is the one that’s going to be leading the pack.”

Summary

Brands that are focusing on tech and innovation are differentiating themselves in the crowded gaming market. Our experts are using technologies such as A.I, player engagement platforms and data analytics to build their brand reputation. What is interesting is that we are seeing tech innovation at all stages of the customer life cycle, and even fast followers are reaping the benefits.

ON MOVING OUTSIDE THE UK



Kim Eaglestone | Head of Operations | Formerly of GVC group

For small operators the UK market is tough. Point of consumption tax is going up, and alongside that comes extra verification checks, validating source of funds, etc. And I know that some companies are now leaving the UK, and are looking towards external markets.

If you want to grow, the UK’s a very mature market, and to come in as a new player you’re going to struggle. There’s so many big names out there, and it’s very, very tough for a new operator.



Jason “Wolf” Rosenberg | CEO | American iGaming Solutions, LLC

All states in the US have a law that addresses unlicensed and unlawful gambling. Back in the day, before the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA), people would argue, “Well, there’s nothing that says it’s illegal as far as online gaming goes.”

So what they did with UIGEA is focus on banking. They went after transactions, and how they were completed. It basically says that if any unlawful gambling transactions take place, the executives of the bank will go to jail – but they don’t define what an unlawful gambling transaction is. They did it intentionally, so all the major executives of all banks would be scared stiff, and wouldn’t want to be involved in it at all. This has also affected what happens with offshore sites.

If you’re in a situation where you need to be involved in the US banking system, you have to comply with their anti-money laundering laws, and all of the compliance that they require. They’ve gone so far as to request that banks of a specific country, the central bank of a country, does not allow gambling transactions, or they’re simply not going to have access

“Regulations are stringent, but we believe that they give us enough flexibility to be able to do what we want to do, and to innovate as much as we would like to.”

to the US banking system. So, they wield a big stick, and it can be a very tricky market.



Brendon Dorff | Chief Operating Officer | Sports Hero Australia

In Australia the biggest piece of legislation that’s just come out is called the National Consumer Protection Framework (NDPF) and is focussed on providing greater protection for online gaming.

Usually, when something goes wrong we work directly with the customer to resolve the issue, rather than let it escalate to the regulatory body. For example, if the customer had fat fingers or made the wrong selection, if the bet is placed before the event we try and work with the customer to cancel the bet, reduce the bet or look at customer’s betting patterns to see what is reasonable. Hopefully this avoids less touch points to the regulator. We then work on the tech side to implement limits and make sure the customer knows how to set these limits and tools to help themselves, whilst making sure the regulators are aware of these initiatives. By working together with the regulator, we’re able to avoid the huge fines seen in the UK and Europe.



Julian Borg-Barthet | Director of Business Development | RISQ

The US is rampant with opportunity. The US Supreme Court’s repeal of the Professional and Amateur Sports Protection Act on May 14, 2018 means that the market is opening up, state by ▶

state. Companies such as Scientific Games are looking for real expertise in sports betting and are therefore identifying potential acquisition opportunities. We will see a lot of this type of activity as more companies look to acquisition as a strategy rather than developing internally. Every single conference I go to has a start-up session, where gaming companies are pitching their ideas and it's really exciting to observe.

Summary

The UK market is mature and has been leading the way globally for a while now. However, with the challenges facing operators in the UK, established companies are also looking at new, exciting, and hopefully lucrative, international markets. The US, based on the 2018 decision to allow sports betting, appears to be the current market of choice. However, that doesn't mean it's the easy option. Additionally the emerging markets of LatAm and Africa are on the rise.

ON DATA & MARKETING



Simon Collins | Non-executive Director | Gaming Realms

Just getting someone on your database and then constantly smashing them with offers is not a particularly smart use of data, is it? Companies have to try and come up with clever ways of giving people a reason to communicate with their brand. I think daily play formats is money well spent because it creates that two-way dialogue.



Peter Murray | Head of Gaming | Alexemservices

GDPR would seem to represent the exact opposite of what gambling companies want, which is more information. GDPR said "No, you're going to get less." whilst the regulator also

effectively said, "You can't use GDPR as a way of not knowing who your customer is." It's no longer enough to know that money is in an account; today you have to know that I can actually afford to gamble, because whatever your views on the sector are, gambling – from a political and media standpoint – has a toxicity about it. But most of us gamble in one form or another, and it's a very small percentage that go on to be problem gamblers (studies suggest 1.4%) which is a figure that has not changed over the recent years.



Tom Ustunel | Betting and Gaming Director | News UK

Oh my god, where do you start? It has made life a lot more difficult. I think there's a constant headwind at the moment, whether it's GDPR or regulation. Speaking for News UK, we're now looking at how we use our own internal media assets in a much better way.

The Sun has an audience of 30 million uniques, and you'll see more and more Sun Bingo adverts on our own assets, because it's a cheaper form of acquisition and retention for us. We are also going to be doing more around loyalty programmes, which The Sun has a number of, and which we hope to hook into.



Simon Collins | Non-executive Director | Gaming Realms

There's been a resurgence in direct mail, which, interestingly, gets read a lot more [according to the DMA direct mail open rates are 57%, versus 18% for email]. If you're getting tens of thousands of email messages a week, the chances you would ever look at them are remote, and spam filters are getting so good now that most people don't see them anyway. So using data to inform targeted direct marketing campaigns is an approach I expect to see happening more over the next 12 months.



Kim Eaglestone | Head of Operations | Formerly of GVC group

Little operators segment properly and offer their players bespoke promos. For me segmenting is about looking at how to really retain your customers because at the end of the day the games are the same from one platform to the next.

So what can you offer that's different? If you have automated life cycles you can see when a player

is slowing down and then offer an info mailer or push a new game that's coming out.



Savvas Fellas | Founder | Lindar

I think there will be more discussion around responsible gambling, which will fundamentally impact how you manage your data. How do you spot that someone has a gambling problem? How do you know someone is a genuine VIP? How do you sense that someone is just your average Joe, who's just doing it for entertainment? I think we're in a new age in the UK. We're maturing, but there are lessons to be learnt and a few bad apples may need to be snipped from the tree.

Sadly, I think one of the big issues with tighter regulation is that we'll forget about product, because everything becomes reactive as opposed to responsive. Everyone's just running around to patch up and fine tune their processes, but with only a cursory eye on the product and user journey side. So I think we'll see a decline in growth.



Daniel Lindsay | Online Consultant | Aspers Casino

We use data to better engage with our guests and continue to develop our single view of their experience with Aspers, meaning we can see both their retail and digital activity. This is critical from a compliance perspective but it also means that we can get a far better understanding of their preferences in order to guide our marketing; there is no point in promoting a new slot game to a table games guest account if he or she is not going to be interested.

We use CRM, coupled with data analytics, so we can establish more than just what our guests enjoy.

Summary

Acquiring players has become trickier - and ever more expensive - and verification even more complex. So, having a strong retention strategy is key. Once acquired, you must nurture the player relationship. To do this you need to deploy, and align, the full customer care, marketing and comms mix.

Building a relationship means creating a conversation between the player and yourself - a two-way exchange. Success in this new world doesn't come by pursuing a race to the marketing bottom by offering the biggest and longest promotions. The winners are building relationships and a fantastic player experience. They're concentrating on being better, not just cheaper. ■

Q&A THE GAMBLING COMMISSION

We put some questions to the UK's gambling regulator

Q What steps is the UK currently taking to ensure online gaming is safe for customers?

A Online gambling is a tightly regulated industry. We continue to do everything in our power to protect people, and constantly review and develop our regulations.

Here are some brief examples of what we've done in this area:

- Tracked play – asking operators to step in if problems are spotted
- We are in the midst of widespread regulatory action against the online casino sector which has so far resulted in £14m in penalties
- Last year operators paid out £28m in penalty packages for failing to protect consumers
- Operators must offer self-exclusion services
- In February we set out new rules which improve online age and identity checks and put free-to-play games behind paywalls. These rules will also help improve the online multi-operator self-exclusion scheme available.

Q How is the Gambling Commission addressing the growing issue of child gambling (do loot crates in games like Rocket League currently fall under the Gambling Commission)?

A In terms of loot boxes, a key factor in deciding if that line [between what is and is not gambling] has been crossed is whether in-game items acquired 'via a game of chance' can be considered money, or money's worth. In practical terms, this means that where in-game items obtained via loot boxes are confined for use within the game, and cannot be cashed out, it is unlikely to be caught as a licensable gambling activity. In those cases our legal

powers would not allow us to step in. However, many parents are not interested in whether an activity meets a legal definition of 'gambling'. Their main concern is whether there is a product out there that could present a risk to their children. We are concerned with the growth in examples where the line between video gaming and gambling is becoming increasingly blurred.

Q Beyond the UK, does the Gambling Commission work with other legislators around the world to try and establish some consistent best practice?

A We meet regularly with international colleagues and take an active role as members of international regulator groups – such as IAGR and GREF – to exchange views and information, and discuss policy issues, such as best practice. As an example, we collaborated on a declaration on the blurring of lines in between gambling and gaming. <https://www.gamblingcommission.gov.uk/PDF/International-gaming-and-gambling-declaration-2018.pdf>

Q What are the key focus areas for the Gambling Commission over the next 12 months?

A In April we launched the new National Strategy to Reduce Gambling Harms which is a three year strategy to drive and coordinate work to bring a lasting impact on reducing gambling harms. The framework has been designed to cover the broad spectrum of harms that can impact young people and the next phase of work will test some survey questions for measuring gambling harms. We have also recently asked for views on banning the use of credit cards and introducing gambling blocking software. Our initial views on these topics will be released over the coming months.

GAMBLING COMMISSION

“Little operators segment properly and offer their players bespoke promos.”



SHIFTING THE FOCUS TO RETENTION & LOYALTY

Here the panel shares their thoughts on the industry focus moving from acquisition to retention

As the cost per acquisition in online gaming continues to increase, brands and operators are looking beyond traditional methods to keep their customers happy.

You will still find incentives such as free bets, but it's a practice that's increasingly being viewed as a race to the bottom.

"These bonuses are dying across the industry,"

explains Julian Borg-Barthet, Director of Business Development at RISQ. "Brands are looking to differentiate themselves to their players and in the market"

In the light of increased regulatory scrutiny, anything viewed as driving more habitual play, and especially for large wagering amounts, is now viewed as irresponsible. "I think the whole industry now is aware

of that and is really clamping down on it, and is also taking a moment of self-reflection," says Tom Ustunel, Product Partnership Director at News UK. "We have more and more meetings on social responsibility nowadays, and I think it's a good thing. Fundamentally, we need to make sure that people gambling online are doing it as entertainment. I'd much rather have 10 customers playing at £10 each, than one customer playing at £100."



Kim Eaglestone | Head of Operations | Formerly of GVC group

It starts at the very first step of the funnel. You need to have the right acquisition in place, you need to be targeting the right markets.

Acquiring a customer is becoming more and more expensive, and you have to have a full marketing program in place. Your smaller operators, they cannot go above the line and do TV marketing. That's something only big players can do. So you need to have a good PPC person, and a good marketing CRO team behind you. Really understand how to get that customer. It comes down to a fantastic CRM cycle. This includes your welcome program, your onboarding, your retention, and your regular promotions on site.



Savvas Fellas | Founder | Lindar

We are big believers in that we will live and die by our product. Through our product we can achieve higher retention rates and lower acquisition costs through agile software development, little to no technical debt and no red tape.

Currently we are building a promotional engine to better engage our customers through actions and rewards. We know that the reality for larger operators is that it would take a lot of time to execute; it might never see the light of day for some.



Kim Eaglestone | Head of Operations | Formerly of GVC group

Once you've got your players on board, it's keeping them on the site that's important, because it's becoming a very challenging market within the UK and beyond. And if you do acquire a new customer, you've paid for that acquisition, so you want to keep them on your site and playing. That's probably the biggest challenge for every operator over

the next 12 months, because it's becoming such a competitive market.



Alistair Boston-Smith | CSO | Bede Gaming

Quite frankly there's still a shocking number of people who can't point beyond some very high-level metrics of how their conversion funnel works. As the cost of acquisition increases, you need to understand what your drop-offs are, and the levers you have to pull, and where your marketing money is best spent. You need to know how to combine and overlay different strategies.



Kim Eaglestone | Head of Operations | Formerly of GVC group

You've got to bring people in every day. For instance, at the previous company I worked with, we had a daily retention game. It was free to play. As long as they came in, they would be able to play it. Then once you've got them on site, and so long as you have enough enticing promotions, they will start playing, and that's how you really keep them engaged.

"If you do acquire a new customer you've paid for that acquisition, so you want to keep them on your site and playing."

“Anything that wraps around the game, which makes it feel more of an experience than a simple transaction, is going to help your retention.”



Alistair Boston-Smith | CSO | Bede Gaming

The likes of 3radical are helping to make content a more valuable commodity. Yes, you might get better odds on a sports bet, or a different number of free spins on a slot, but arguably you're still playing the same set of games. And what customers ultimately want is entertainment; so there needs to be a focus on keeping that process sticky. Whether it's gamification, game boards, leader boards, or tournaments. Anything that wraps around the game, which makes it feel more of an experience than a simple transaction, is going to help your retention.



Tom Ustunel | Betting and Gaming Director | News UK

The market is definitely shifting towards retention, and also the introduction of new requirements on the 7th of May, around age-verification, have obviously decreased conversions from registration to first deposit. This has then had an impact on CPA [cost per acquisition], so you'll notice that the cost of buying a customer has suddenly shot up.

We're now in a world of retention and retaining the customer, and doing it responsibly. In other words, encouraging them to play within their means, but



Alistair Boston-Smith | CSO | Bede Gaming

perhaps play more often, so you are extracting value out of the customer over a longer period. When Sir Terry Leahy was boss of Tesco (where I started out), his motto was always "the customer is king" – they've got choice, and they can choose where and when they want to spend their money. You need to understand customer need better than the next person, in order to capture their custom and build a relationship with them. That is true of pretty much every business the world over.



Brendon Dorff | Chief Operating Officer | Sports Hero Australia

Whatever improvements you make, I still think that, ultimately, there's no loyalty, especially in the areas I work in (sports betting and casinos). Most customers will have around three to four accounts, and despite customer experience being increasingly important, gamblers are still predominantly drawn to the places where you find the best promotions.



Alistair Boston-Smith | CSO | Bede Gaming

We're seeing a significant shift in philosophy. Where as the historical aim was to win share of wallet, and offer games with higher margin, now there is a realisation, that it is better to focus on entertainment, and to give customers a better experience. If customers win it is a good thing, as many will keep playing, and will share their positive experience with their friends, and brand advocacy is the most powerful acquisition tool in today's market.

Summary

Yes, acquisition is difficult but that doesn't mean retention strategies are any easier and operators are offering ever deeper discounts to continually bring a player back to their site. The focus is on offering players the best onsite experience to encourage daily visits, collect more player data and encourage two-way communication.

Get this right and brands will target the right player, with the right message, at the right time. In the meantime that brand will have built a strong player/brand relationship that will naturally increase (safe) time on site and improve player loyalty. ■



IMPROVING PLAYER CARE & EDUCATION

Harm minimisation. Player protection. Responsible gambling. Social responsibility. Whatever you call it, it's a vital ingredient in the make-up of any online gaming operator

Many brands and operators already work to deliver socially responsible gaming at the heart of their strategies. However in April 2019, The Gambling Commission launched the National Strategy to Reduce Gambling Harms - a three-year strategy with two key areas:

- Prevention and Education: making significant progress towards a clear public health prevention plan which includes the right mix of interventions
- Treatment and Support: delivering truly national treatment and support options that meet the needs of users

The Gambling Commission pulls no punches, claiming they are taking a "firm regulatory enforcement approach." According to William Moyes, chairman of the UK Gambling Commission: "We all need to better understand the harms that can be caused by gambling, moving away from simply counting problem gamblers."

But what does that mean for the players and operators in the industry? Some of the experts share their thoughts on player care and education, and how they are trying to address the problem.



IDENTIFYING PROBLEM GAMBLERS



Tom Ustunel | Betting and Gaming Director | News UK

I've stayed at The Sun for so long because one of our values is "on the side of the people". We've always had some of the lowest betting limits. Whenever I've gone to a customer service agent for a meeting, I've always said, even before the regulation came in, that if we see any sign of someone gambling beyond their limits, we identify them, have a chat, and stop them. But we've got a big corporation behind us. We're a tier one operator. It's probably easier for me to say that, than if you're a small guy, and you're making ends meet every month.



Alistair Boston-Smith | CSO | Bede Gaming

I think there's a huge need for transparency in order to build trust with players and regulators alike. This spans everything, from data, to product, to marketing. If operators can have an open, honest dialogue with players, explaining how they are using their information and the way they bet, in order to protect them, then we believe that in the medium term this will actually drive customer retention and brand advocacy.



Tom Ustunel | Betting and Gaming Director | News UK

One of the biggest tell-tale signs is someone going and repeatedly reloading their account during a losing session. In some circumstances we say to people: "You know what? We're going to suspend your account automatically, because

this is exhibiting signs of problem gambling." You might not even be a problem gambler, but you're exhibiting the signs. Then later, if you want to come back and deposit again, it's fine, because you're probably in control. But people need that intervention, to take them out of the moment for a little while.

THE CHALLENGE



Julian Borg-Barthet | Director of Business Development | RISQ

We need to work hard at changing the perception of those outside of our industry looking in thinking "Wow, these big companies are all out to get us. All they want is our money and they're going to cheat me every step of the way." We would never do anything to jeopardise our license and neither would an operator. When you're inside the industry and looking out, you see that these companies have worked insanely hard to build a brand, and the last thing they want to do is jeopardise that brand and also their license.



Alistair Boston-Smith | CSO | Bede Gaming

Responsible gaming, unlike fraud, is not black or white, it's a paradigm and inexact science. However with rich, real time data, operators can compare and analyse player behaviour versus historic norms and expectation. This can further be enhanced by machine learning. With the global media giants considering market entrance, responsible gambling will become an area of key focus across the globe, and technology and platform capability will drive this.



Savvas Fellas | Founder | Lindar

The impact gambling is having, especially with football betting, and how in our faces it is, is a real social issue. I believe the regulator is doing all the right things to address this, and we need to take it very seriously.



Peter Murray | Head of Gaming | Alexemservices

There is a core of gamblers, albeit small, that have a problem like any addiction, and the industry needs to show some responsibility in the way it engages with its customers and then make

sure – from a harm minimisation perspective – that they've got all the tools, awareness and messaging that's required to make sure that players are protected.

THE SOLUTION



Tom Ustunel | Betting and Gaming Director | News UK

Tombola has always had really low limits. You can't spend £200 on that site quickly. You just can't. You don't want to take more money than your customer can afford, more than they're comfortable with. It's their entertainment and we have to manage it in that context. It's all about transparency, and it's about giving customers that message, and making sure that you do this proactively.



Peter Murray | Head of Gaming | Alexemservices

Even though data and technology changes on a daily basis, the industry is often using systems that were set up 5 to 10 years ago and which have barely changed since. So, it's no wonder that we only catch a fraction of fraud globally. Now, over the last couple of years, that's starting to change with some pace, driven by the raft of new entrants and disrupters coming into this marketplace. Operators have to have a much better, real-time understanding of who their customer is. Much of this change has been driven by the focus on responsible gambling.



Tom Ustunel | Betting and Gaming Director | News UK

Transparency will build long-term loyalty, because customers will feel like they're being looked after. In the moment they might get annoyed, but they'll hopefully realise that we're looking out for them. They'll see that we could have taken more money, and didn't, which should build trust and loyalty.



Peter Murray | Head of Gaming | Alexemservices

If you're a big operator nowadays, what you've really got that differentiates you is your reputation. Nobody wants a problem gambler; nobody wants money laundering going

through their systems. This is where data and technology need to work together.



Daniel Lindsay | Online Consultant | Aspers Casino

At Aspers we pride ourselves in doing the right thing and this underpins our vision and values. Our aim is to be the respected leader in the field of corporate responsibility within the gambling industry. For responsible gambling measures to be effective, it is essential that they are integrated into our organisational culture and flow throughout the company. Safer gambling is crucial for us and one of our business priorities to ensure that we are the industry leader.

A lot of our marketing is based around us being far more than just a casino. We like to think of ourselves as a destinational venue where one can come to socialise, dine and enjoy an enhanced entertainment experience.

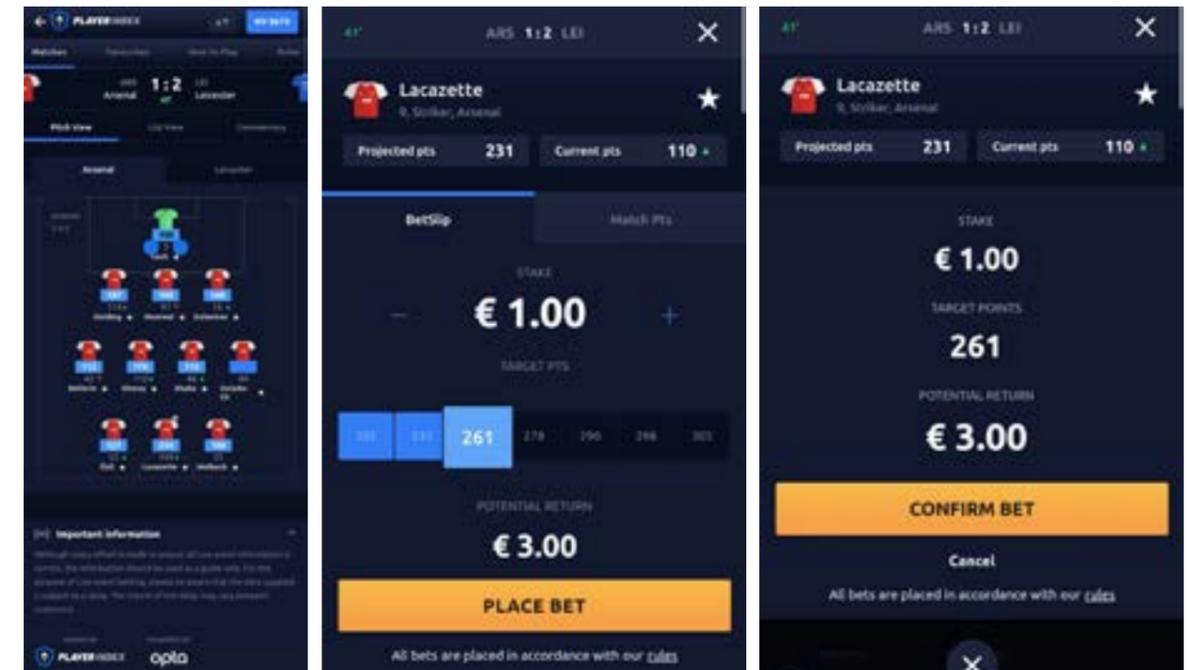
Summary

It seems the solution is clear - find innovative tech to improve player protection and build player (and regulator) trust. Brands are already looking to go beyond the current regulations when it comes to player care, and solutions exist that will engage players whilst protecting them.

Innovation is the future of player education in the gaming industry. After all, gaming is entertainment, and greater regulation and scrutiny is actually fuelling a focus from the industry on safer gambling, to ensure gaming remains just that - entertainment. Cared-for players become lifetime players. ■

“The last thing they want to do is jeopardise that brand.”

“Transparency will build long-term loyalty because customers will feel they are being looked after.”



With its Player Index app, Mindera keeps things simple, with clear calls to action, and a web-friendly interface.

10 WAYS TO BUILD YOUR BEST GAME

In today's increasingly competitive and homogeneous market building an engaging game is more important than ever

Large software providers such as NetEnt, Playtech, and Dragonfish provide the games for the majority of the online casinos, poker rooms, bingo sites, and sportsbooks operating in the UK today, but according to some, product innovation is being hit by an increased aversion to risk, as well as growing regulatory requirements.

"The more corporate these companies become, the more difficult innovation becomes," explains industry expert Kim Eaglestone. "It takes a lot of time and a lot

of effort to get to the point where senior management will buy into something new, because of the risks involved. The decision making process is much quicker in smaller organisations, which means they are able to innovate to stand out."

In an industry where acquisition is becoming too expensive, regulatory pressure is high, and the threat of high-level fines is ever present, the focus is shifting to retention and optimising the player experience.

Whilst innovation is never easy and can be viewed as

a risk, it is also vital for all companies within the gaming industry - new and established - to look for new ways to engage with their players.

More and more companies are offering their innovative solutions and ideas to the gaming industry, and are beginning to challenge the status quo.

Mindera, a software consultancy, is taking an innovative approach to game development and here Mita Patel reveals her top tips when it comes to building the best products for today's online gaming audiences.

01 EMPLOY USER RESEARCH

First we do one-to-one user testing. From that we do try and get a theme of questions. Sometimes if we're trying to ask big questions, we have an assumption that we're making. We'll come up with a pro-forma version of open questions that we want to ask. We'll then conduct the user research. After that we synthesise that data or find any patterns around it, and that then helps us with the decision making for any new features that we're developing.

Data can also help us dismiss our own assumptions, because sometimes you get so close to a product that you just don't see the obvious things. I think ongoing user research and the synthesis of the data from it ▶

"You must keep the information simplistic, because people's attention spans are obviously shorter these days."

is really, really important, as is being able to then measure that data against existing and desired outcomes.

02 SIMPLIFY ONBOARDING
 You must keep the information simplistic, because people's attention spans are obviously shorter these days. Onboard them quickly, but give them the information that they need, in a simplistic way. This isn't just good UX, but it will also help you when the Gambling Commission comes to test your games.

Having said this, for a game like Player Index, it was actually quite challenging to provide simple onboarding, because the game is so complex. There's so many facets to it. But you just have to make sure that rules are explicit, terms and conditions are visible to the end user, and that you're meeting the regulator's requirements.

03 IMPROVE RETENTION
 I think the key to retention is giving users a varied and stimulating user experience, with new and interesting gaming concepts to keep the user engaged. You need to be able to react quickly, and keep your product fresh.

So being able to re-skin it, therefore providing a totally different experience, is vital when it comes to customer retention.

04 USER EXPERIENCE
 I work in lots of other domains as well, and it always comes down to having the best possible user experience. Just having a good user experience goes a long way with retention, meaning you don't just have to rely on acquisition the whole time, via big bonuses and promo codes.

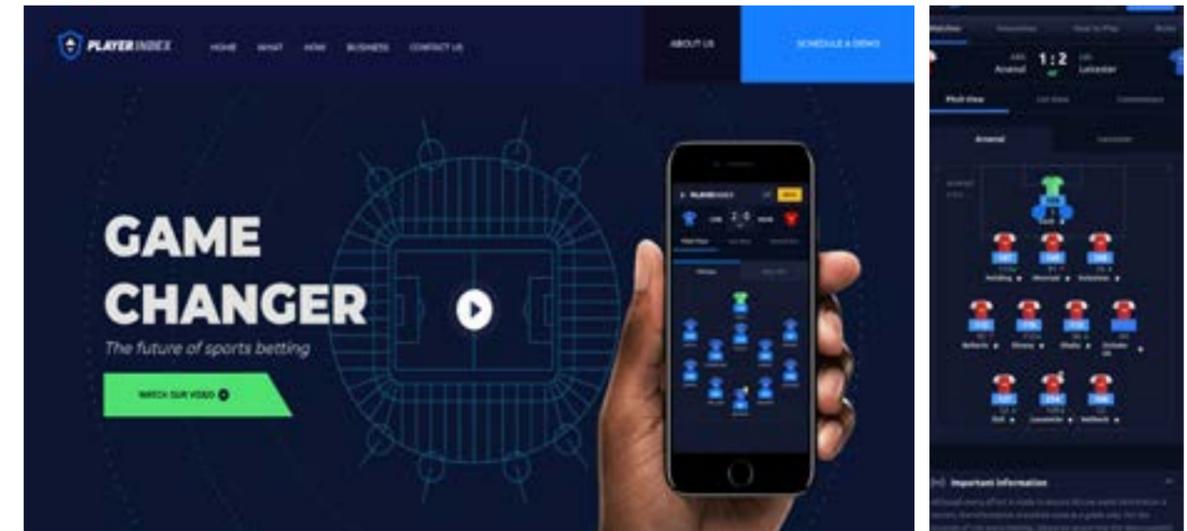
I think once people are in play, why wouldn't they have just as good an experience playing games as they would using any other application, or doing anything else on the internet?

05 STAY UP-TO-DATE WITH REGS
 It's a joint responsibility with the team, and obviously the guys that are doing the technical work, they need to be aware of what we need to implement. But from a business perspective, it is something that falls under all our responsibilities, to be aware of what our commitments are and what regulation we need to be following. When you look at the stats, they say that a very small percentage of people are affected by problem gambling, but at the same time the social responsibility should be there.

06 ROBUST PLATFORM
 Having a large amount of data is fine, but you need to ensure that it's either running across multiple on-premises back-up servers, or in a cloud environment that protects data, because if a server goes down you need to ensure that there's no loss of data, and you don't get hit with any downtime. All those things go into making sure you've got a scalable, robust application that's not going to fall over when you're dealing with bets.

Downtime is actually really, really important, arguably more important than making sure the U.I looks good, because it's going to be an instant hit to your bottom line. And as well as the volume of data, it's also important that customers can access it via APIs.

07 TEST, TEST, TEST
 We currently use a series of match repeaters to test our Player Index game. This runs previous games in real-time, so we can apply rigorous quality assurance (QA), with every single game stored in our database, so we can repeat any fixture at any time. Then our QA teams can repeat one game, or multiple matches, just to make sure everything's working correctly, and there's no regression, especially after each new version release.



You can find out more about the Player Index app at www.playerindexgambling.com

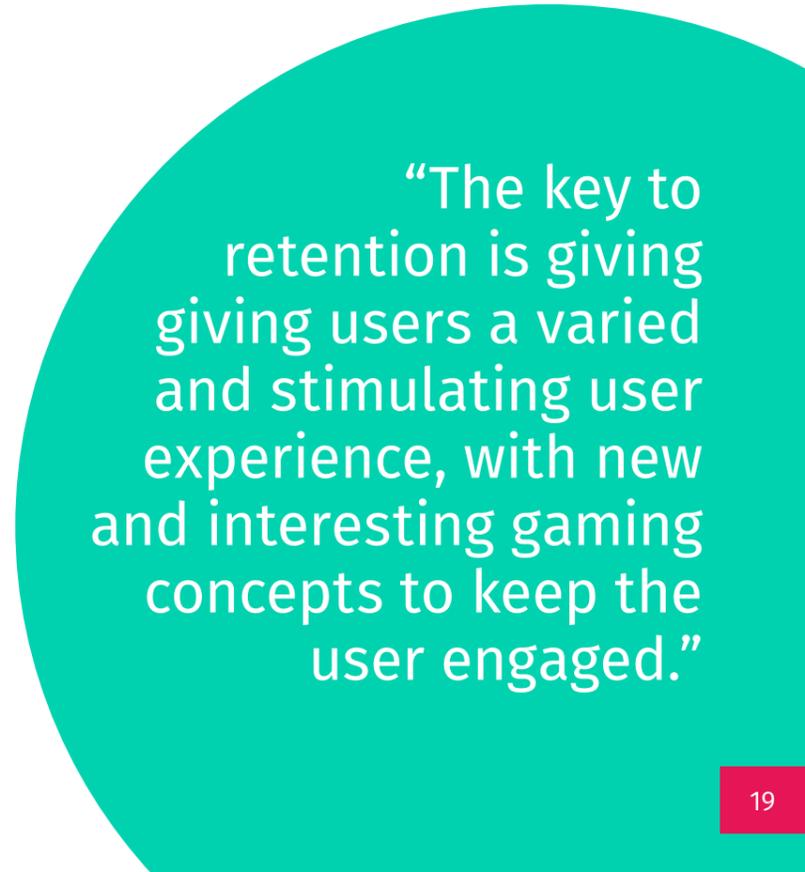
08 THINK CROSS PLATFORM
 We currently use React, a popular Javascript library for creating user interfaces. Maintained by Facebook, React is the latest front-end technology, and it helps you create much better user experiences across multiple browsers, and multiple platforms. A key benefit of React is its ability to create mobile apps via React Native, which means you're creating an app that will work in mobile browsers, but can also be easily compiled into an iOS or Android application.

So innovating with the tech that you're using is essential, because as you can imagine, trying to develop software these days for the multitude of mobile apps and tablet devices of different sizes is extremely challenging. We're trying to stay ahead and future-proof wherever possible.

09 USE EMERGING TECH
 For Player Index we use an algorithm to look at each player's statistics over the last five games. We feed in all these algorithms into the machine learning, as well as using our own maths modelling, and then predict what that player's scores are going to be. Customers can then place bets in a variety of ways, either pre-play or in-play, and we even provide the ability to cash out in-play, too.

10 ANALYSE YOUR DATA
 For us, it's all about Google Analytics. With all of our products, you can measure and

analyse data, and Google Analytics is the main tool we use to achieve this. Then from our acquired data, we do lots of querying or partitioning, so we're running reports around user stats, profit and loss on each player, and so on. We can delve into our own data to get those statistics, but it's much easier to use an out-of-the-box solution, and Google Analytics is our primary tool. ■



“The key to retention is giving giving users a varied and stimulating user experience, with new and interesting gaming concepts to keep the user engaged.”

“It always comes down to having the best possible user experience.”



KEY TRENDS & CHALLENGES FOR 2020

Here we take a look at the key areas that are set to shape the online gambling sector over the next 12 months – and beyond.

A word mentioned by a number of our experts when it came to online gaming trends over the next 12 months was ‘headwind’. There is a clear belief that regulatory pressures will continue to increase, and that gaming companies will need to navigate with care. But once you’ve got your house in order, there is huge opportunity as new markets open up, and as innovation and customer experience become a vital part of growing your brand and retaining your existing customers.

CHALLENGES FACING UK OPERATORS



Alistair Boston-Smith | CSO | Bede Gaming

The existing pressure points are probably the ones that are just going to be squeezed further. You’re going to see more taxation, and I think you’re also going to see more controls on marketing, certainly on limits, which may be difficult to enforce and pretty clunky to communicate. I think

the UK’s focus on source of funds will be rolled out in other markets, and as a result I expect that credit card payments will come under the spotlight.



Kim Eaglestone | Head of Operations | Formerly of GVC group

The key challenge in the UK over the next 12 months is legislation, and there is yet more coming our way. There’ll probably be more taxes. We’ve seen it with fixed odds betting terminals. Other markets are taxing players on their winnings; they see it as another way of earning money. And I can see that potentially coming in at some point within the UK over the next 12-24 months as well.



Daniel Lindsay | Online Consultant | Aspers Casino

We live in a world of instant gratification. So whatever we want, generally speaking we can get at any time. However, people’s discretionary spend, their disposable income, needs to be managed carefully. A major challenge is how we differentiate ourselves to get a share of this leisure disposable income.



Alistair Boston-Smith | CSO | Bede Gaming

The reality is that the economy’s not in a great position. You’ve got great uncertainty around Brexit, increased taxation, the increased cost of acquisition. So you’ve got a compressed margin, and an extremely competitive marketplace. And whilst there have been some fines, the regulator has stopped at suspending licences, but I expect that to change. As a result of this there is a huge focus on the US, and you’re seeing a lot of operators focus significant efforts there, in order to offset the lack of growth in the UK and Europe.



Mita Patel | Head of Gaming | Mindera

There will be more regulation. I don’t know how far that will be aimed towards games developers, but I think there will be a certain responsibility, even for companies like us to make sure we’re adhering to certain rules, regulations and standards. And even for the whole play for fun. I know they’ve already tightened it, and locked it down a bit more, but I think that will continue to happen.



Tom Ustunel | Betting and Gaming Director | News UK

The single biggest thing in gaming at the moment is regulation, and that’s being driven by the media. Every week there seems to be a new story, whether it’s in The Daily Mail, or even in our own publications, such as The Times, about problem gambling, about how gambling is the new curse of the UK population. And the Gambling Commission is reacting, and clamping down on the gaming industry.

TRENDS WE CAN EXPECT TO SEE



Daniel Lindsay | Online Consultant | Aspers Casino

There is clearly a strong focus on the US at the moment. It is such a big market with so much potential, and we will probably see more US States legislating and regulating sports betting in the future, however it will take time. Europe is well ahead of everyone else, because it has been regulated for so many years already. However, there is no doubt that the US will become a critical market where we will see future growth.



Simon Collins | Non-executive Director | Gaming Realms

It’s all about the user experience, and new technologies like 5G will have a huge impact, providing real-time, high speed web access ▶

“The single biggest thing in gaming at the moment is regulation, and that’s being driven by the media.”

on the go. Could we have a situation where we could have games that would operate on the tube? And if we can't deliver a real-play version, maybe we get someone like 3radical to build engagement tools, so that even when the customer is on the tube, they can play something. And it might just be for badges, or for achievements, or for non-financial things – because we can't have them connected to the approved, authorised, regulated server – but we can still keep them engaged, and give them objectives, goals, missions.



Tom Ustunel | Betting and Gaming Director | News UK

I think the trend is looking abroad to new territories for the operators. There's been a number of casualties recently, with companies such as 188BET shutting up their UK operations. There's quite a few that are now looking at the UK environment and saying, "You know what? It's probably not worth it any more there, because it's only going to get tougher." If the regulation doesn't get ridiculously stringent, and shut down everybody –

mirroring how industries such as tobacco have been targeted – I think you're going to end up at a point where there's probably about 10 big operators in the UK. And these operators will obviously be big, huge, because they will have soaked up all of the other smaller players that have closed down. These remaining operators will simply have to toe the line.



Alistair Boston-Smith | CSO | Bede Gaming

I think the long and short of it is that the industry has lacked true innovation. For many operators this meant all we saw was the addition of new content or new verticals. However the result is that most operators look the same. You are therefore starting to see innovation focus on the customer journey - on converting more players, on how to use technology and data to understand who players are, and what customers like to play in order to really drive customer retention and loyalty.



Simon Collins | Non-executive Director | Gaming Realms

I believe the opportunity moving forward is to focus on lower-stake game propositions and come up with formats that give players more time-on-device, and deliver longer sessions.

Companies like Sky have already restricted the high-end level of stake that you can place. Sky Vegas have restricted it to £100 per spin, which still sounds punchy, but it's much lower than most. I suspect they looked at how many people actually spin for £100 plus and realised it's not that many, so they synced what is happening with what the regulator wants. There's going to be a renewed attention and interest in sectors such as bingo and scratch cards, and lower-stake formats.

Summary

Thanks to the regulatory environment, the UK market is leading the way in tech and innovation. The customer life cycle is even more important, moving away from a purely acquisition based model and is beginning to focus on new ways to understand and retain players. The ones who use innovative tech to retain players in such a competitive market will be the ones who lead the way in 2020 and beyond. ■

SUMMARY

For anyone looking from the outside in, the gaming industry has a negative reputation and is not for the faint-hearted. However, whilst putting this report together it was interesting to see that companies in the gaming sector recognise the importance of regulation, and all believe player care and education is vital to the success of the industry as a whole. What is even more interesting is that they are motivated to improve the player experience, and see regulation and legislation as an opportunity for growth and change.

Ultimately we had one overarching takeaway from preparing this report - Retention and loyalty is the future of gaming, and here is why:

1 - It is a struggle to acquire and convert new players with tighter regulation. This means a shift of focus from all-out acquisition to retention by delivering an improved brand experience for verified players, so that once they're on-board with you, they stay on-board.

2 - Operators need to have a 360 degree view of their player. To successfully retain players companies need to understand and track player behaviour. Collect attitudinal data to help build conversational relationships with your players. Look after and educate those who choose to entertain themselves with you.

3 - Lessons can be learnt from the past. Discover different and more engaging ways of communicating and marketing to your players that maintain brand or game loyalty beyond waging to build better and more compliant relationships.

4 - Mitigate the impact of taxes, FOBT and POCT on your bottom line. Find innovative revenue streams, improve player profitability and give a great player experience that keeps them playing, and playing safely, for the long-term.

This report has shown that despite the many obstacles and hurdles, the leaders and innovators believe that this is driving, not curtailing, innovation. New operators, platforms and impressive technology solutions are appearing all the time. They feel, like us, that the future of the gaming industry is exciting and future success will be awarded to those focusing on player retention and loyalty, care and education, user experience and a commitment to continuous innovation.

Here at 3radical we are experts in player engagement and retention and have worked with top gaming companies including Daub Alderney and Aspers. Our gamification platform, Voco, enables operators to engage, acquire, retain and educate players throughout the player journey.

In the next stage of the 2019 Gaming Industry Report we discuss ways to improve player experience, encourage responsible repeat play, build brand loyalty through education and care, and highlight the innovative ways brands are marketing their products in the gaming market. ■

Find out more
www.3radical.com

Want to be involved in the next report? Get in touch.

“It's all about user experience, and new technologies like 5G will have a huge impact, providing real-time, high speed web access on the go.”