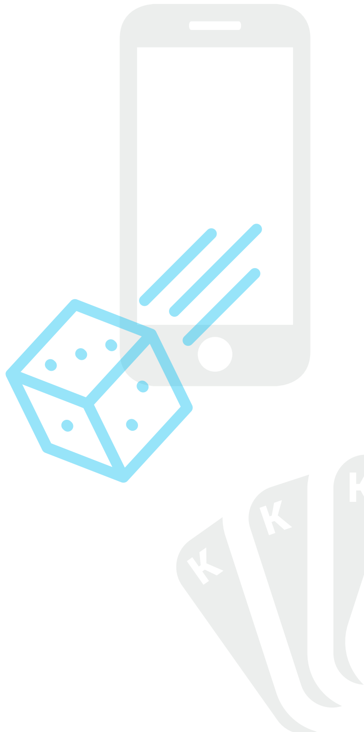
Gaming's not so quiet revolution

THE CHANGING FACE OF THE UK PUNTER

Opinium



FOREWORD

The UK is arguably the most competitive betting and gaming market in the world, yet it remains lucrative enough to continue attracting operators and suppliers looking to grab a slice with a new product, innovation or idea. What tends to separate the few that succeed from the many that fail is how effectively they understand and communicate with the Great British punter.

Over the past decade, Square in the Air has witnessed the stratospheric growth of the UK industry from a front row seat, working alongside many of the most successful brands and their providers on PR and marketing. Thanks to the insight we've gained, we recognise that the following research from award-wining insight agency Opinium shines a much-needed light on the changing face of the UK gaming sector.

There is no question that the landscape is changing rapidly, whether that be from a regulatory, competitor or, perhaps most importantly, consumer perspective. While today's operators and suppliers are in a position to draw unprecedented amounts of data from their players, the results tend to remain a fiercely guarded secret.

Opinium have sketched a portrait of 2017's sportsbook, casino and bingo customers, and in doing so provide the industry with an opportunity to reflect on exactly how we react to the challenges we face today. This is a top-level overview of the customers that comprise Europe's largest gaming jurisdiction, and will be followed by bespoke research into the sportsbook, casino and bingo sectors.

It is essential reading for any firm who realise that an understanding of how customers think, act and behave, is the key to success in an utterly unforgiving market.

Robin Hutchison // Director, Square in the Air

INTRODUCTION

The Opinium Sports & Leisure team have put the UK gaming industry under the spot light in a series of reports looking at the rapidly changing face of this popular past time. In future reports the team will look specifically at Sportsbook, Casino and online Bingo in turn to see what consumers want from the brands they use and which brand owners are successfully meeting these needs.

In this first part of the series we look at the category as a whole and see what the consumer profile looks like now in 2017 and how gamers interact with the plethora of options put in front of them.

THE CHANGING MARKETPLACE

Many things have changed in the gaming industry since the deregulation of TV advertising a decade ago. The number of betting ads on TV has rocketed during this period. Marketing budgets have ballooned as the competition in the sector has become fierce, with total category TV spend rising to a whopping £118.5m during 2015*.

Evolve or die has become the mantra of the old-school bookmaker. Betting shops now take much of their revenue from fixed-odds betting terminals or other self-service machines. They offer their customers the opportunity to bet across the channels, whether that be in a shop, or on a desktop, smartphone or even a wearable device.

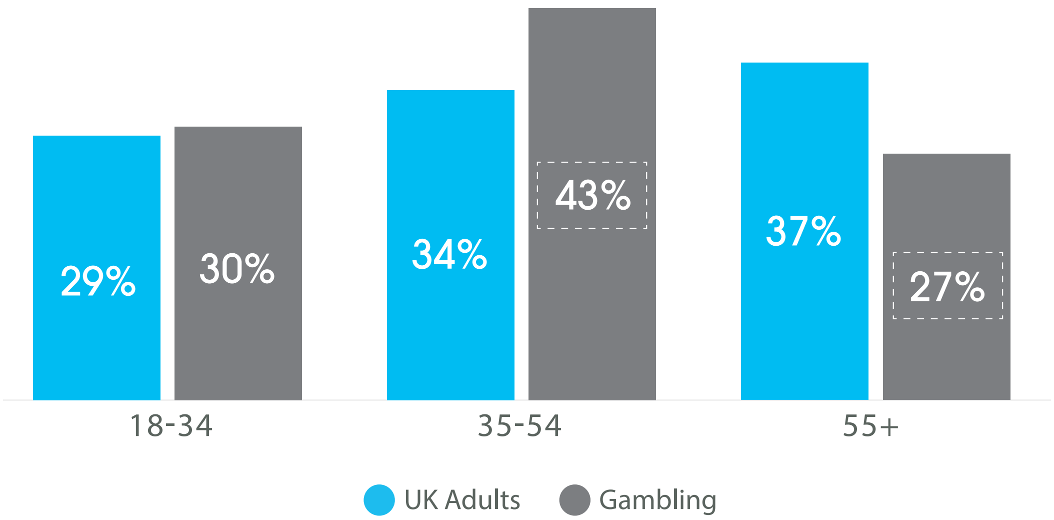
From online spread betting on shirt numbers to the world of "cash out", the industry is nearly unrecognisable to what it was 20 years ago.

But what about the punters? How have they reacted to the changing face of the gambling industry? To find out, the Opinium Sports & Leisure research team spoke to 1,500 punters to gain an insight into their habits and behaviours in the new digital world of gaming.

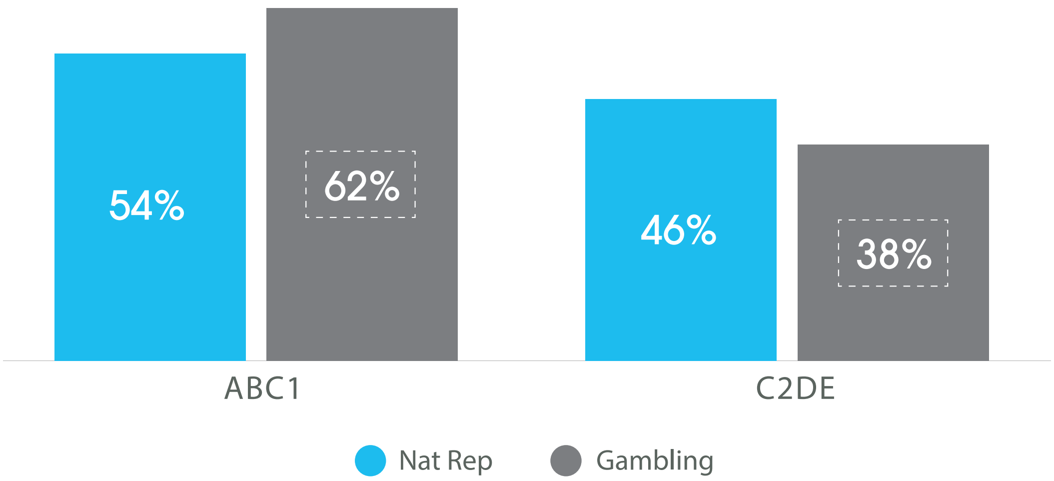
The digitised betting world tends to be for a younger, more upwardly mobile audience, although the sweet spot remains among 35-54-year-old ABC1 males, despite the significant marketing budgets aimed at the highly desirable and much targeted 18-34-year-olds.

*Source: Guardian 15th July 2016

Age breakdown of UK adults vs gamblers

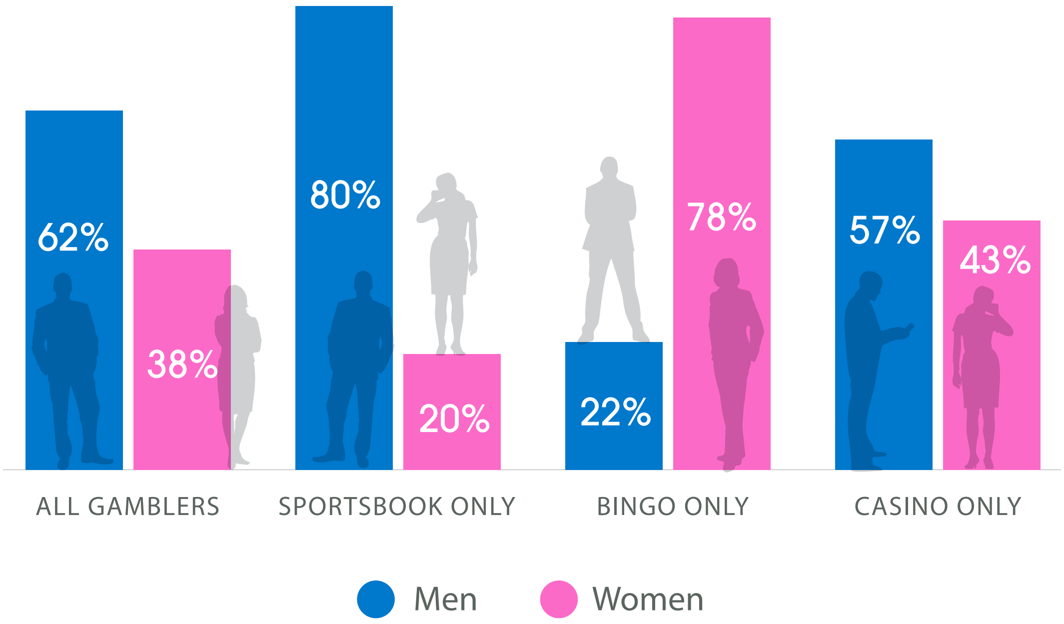


Social grade breakdown of UK adults vs gamblers



Source: The Opinium Gaming study - 1,500 gamblers who bet online at least once a month

Although sports betting is still more of a male domain, bingo remains a very much female-dominated vertical, while casino, perhaps surprisingly given a predominantly male-focused marketing focus, is not far from an even gender split.



Users defined as those who bet at least once a month across sportsbook, casino or bingo

Gender breakdown across category

Source: The Opinium Gaming study - 1,500 gamblers who bet online at least once a month

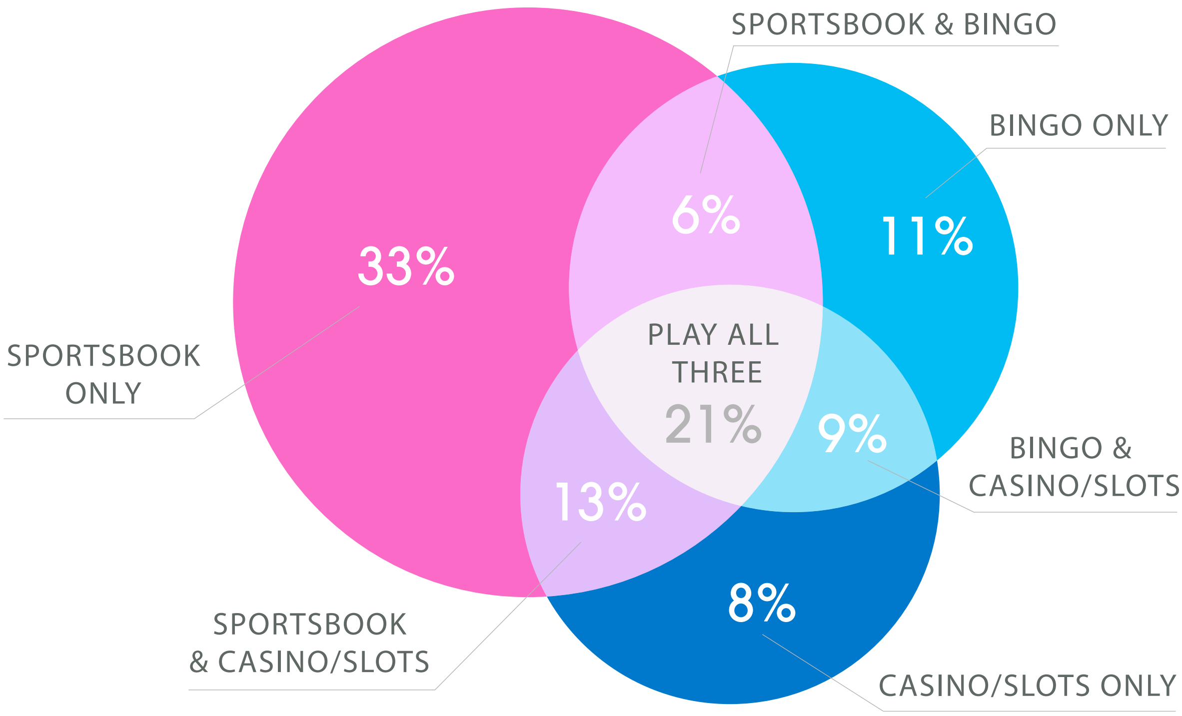
PROFILING THE SINGLE CHANNEL GAMER

Those who use online gaming sites are generally happy to move across betting channels, with 48% of punters participating in more than one online vertical, and 21% playing three.

Interestingly, when we look at the group of punters who just stick to one betting vertical, we see some distinct differences in the consumer profile.

Despite a concerted effort by the industry to cross-sell users into new verticals, 52% of users bet on a single vertical, with the majority of these (33%) sportsbook-only customers.

7 types of gambler



Source: The Opinium Gaming study - 1,500 gamblers who bet online at least once a month

Casino-only customers (41% are aged 18-34) are much younger than their sportsbook-only (39% aged 55+) and bingo-only (44% aged 55+) counterparts. Unsurprisingly, men are much more likely to only play sportsbook and women to only play online bingo.

Bingo-only customers tend to be less well off, with 41% having annual household income of less than £20K, and 51% being C2DE, compared to sportsbook and casino, who both have nearly 40% of their players having household income of over £40K.

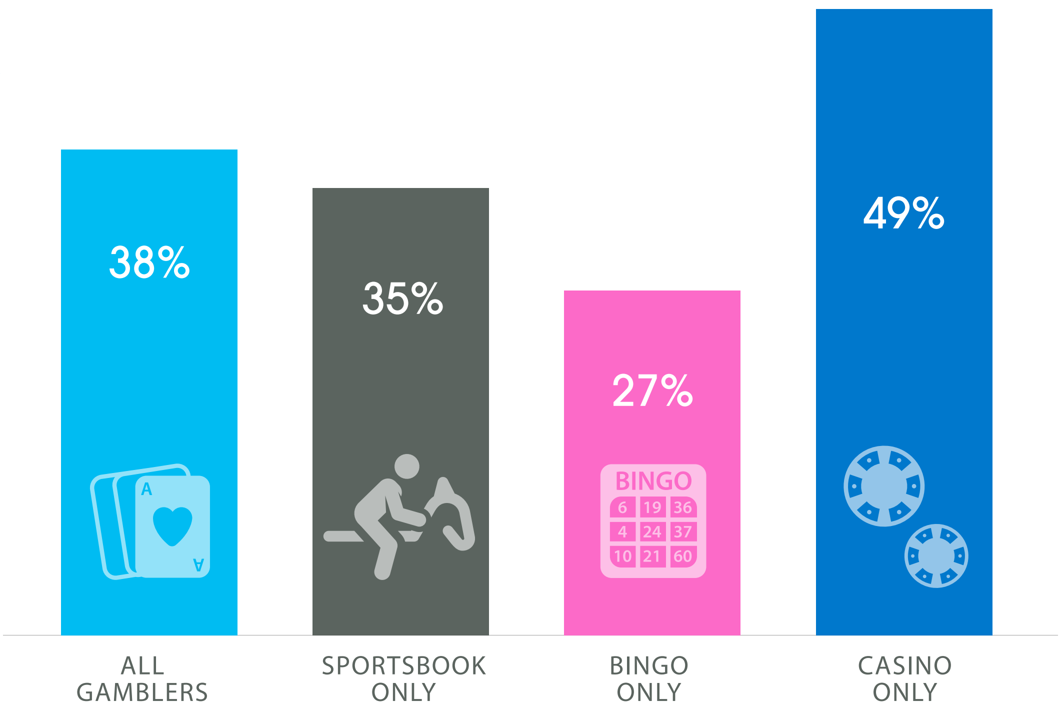
This is reflected in the average monthly spend on gaming, with sportsbook and casino-only punters gambling around £50 a month, compared to £25 for online bingo players.

Vertical preference also determines the likelihood of a player using a certain channel. Bingo is the least mobile, with 37% of bingo-only customers using mobile (smartphone / tablet) to play, compared to 52% of sportsbook-only punters. Desktop is the most used method of gaming for all three groups, with casino players being the biggest users – 81% of them choose to use their laptop / desktop.

SWITCHING IS BECOMING PART OF THE GAME

In recent years, competition between brands in the UK has grown in intensity, causing CPAs to rise sharply. As a result, much of the focus for marketers has been how best to retain existing customers. 38% of all gamers have switched from the brand they had used most often at least once. Bingo-only customers are the most loyal, with 27% having switched, while casino players are the most likely to switch at 49%.

Have you ever switched the brand you use most often?

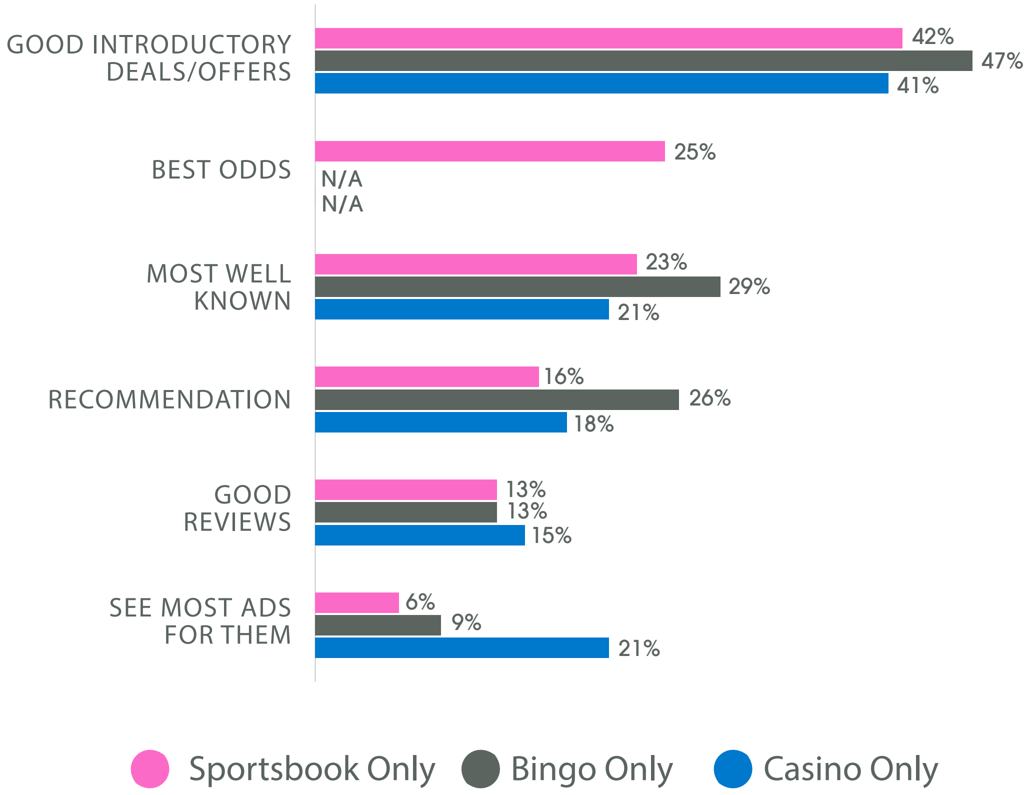


Source: The Opinium Gaming study - 1,500 gamblers who bet online at least once a month

This follows through into the number of accounts that customers have signed up for in the last 12 months. The majority of sportsbook and bingo players have signed up for one new account in the last 12 months, compared to the majority of casino-only players, who have signed up for between two and five accounts.

It appears that the battle over introductory bonusing is one worth fighting, as this is cited by all three customer types as being the most motivating factor for signing up with the brand they use most often.

Thinking about the brand you use most often, why did you sign up with them originally?



Source: The Opinium Gaming study - 1,500 gamblers who bet online at least once a month

Other key motivating factors for signing up are being well known, getting a recommendation and good reviews. Advertising clearly has a bigger impact in the casino category than for sportsbook, with word of mouth being more influential for bingo.

Things change a little when punters were asked what keeps them using their current brand, as ease of use is the number one factor across betting platforms. The offer itself plays a role in terms of odds for sportsbook, and the range of games in bingo.

THE FUTURE FOR BRAND OWNERS

Clearly the gaming landscape has changed from all sides of the market place. The increased competition means the balance of power has moved from the bookmaker to the consumer, and the consumer profile has become increasingly diverse. Therefore, the challenge for brand owners is now how to respond, across multiple channels and with multiple competitors. In forthcoming pieces, we will be looking specifically at the individual verticals of sportsbook, casino and bingo, to find out what drives usage within each category.

ABOUT US

Steve Looney // Research Director

Steve leads the Opinium Sports & Leisure team and has over 15 years of experience working in market and consumer research delivering insight across many areas of the business world from small start-ups through to iconic global brands.

Steve's experience comes from across the FMCG, retail, B2B & service categories dealing with many facets of marketing information such as: communication evaluation, concept testing, brand planning & strategy development, and customer satisfaction.

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Jordan Wood // Senior Research Executive

Jordan is a member of the Opinium Sports & Leisure team and is currently working for clients in the gaming & sports categories. His expertise lie in online research, both quantitative and qualitative, working predominantly in the thought leadership and brand and comms spaces in both the UK and overseas markets.

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What people think, feel and do.

About Opinium

OPINIUM is an award winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on the pulse of what people think, feel and do. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organisations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.

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