



## REPORT ON FORUM 2013

**Jocelyn de Moubray**, consultant and journalist, moderated the morning sessions and announced topics: look at the frontiers of the Distribution channels and see what is available today and coming tomorrow on mobile and in classic points of sales.

**Philippe Germond**, Chairman and CEO of **PMU** and Chairman of **EPMA**, opened the Forum by stating: “I am a strong supporter and believer in the Forum on innovative topics – Innovation is paramount today for the racing and betting sector to keep up to the intense competition of other sports, other games, other ways of playing and betting as we will see today”.

The PMU is innovating in its communication and distribution following a work done inside the company this year to understand the world in 2020 and work on a credible plan for the future. By identifying main trends in the social and demographic changes, the regulatory environment and the gaming market, PMU is working on ambitious targets to revolution its physical and digital network.

### Session 1 – Second generation of mobile applications

Gambling on mobile should represent 30% of growth gaming turnover in 2015 (18,5% today) said H2 Gambling Capital. A survey made by e-Gambling Review beginning 2013 showed that nearly 60% of gambling operators intend to focus a subsequent part of their budget to develop new games and services on mobile.

As industry professionals obsessively brainstorm over new player acquisition and retention strategies, there is no doubt that mobile will be at the top of the industry agenda for some time to come. One of the main influencers in the growth of mobile are the devices themselves. As smartphone and tablet hardware, software and networks improve, mobile gambling revenues will inevitably follow. Investing in mobile technology and know-how is not only crucial, but the only way forward.

**Paul Lee**, Head of Technology and Media Research in **Deloitte** is making surveys and predictions on how mobile devices will continue to expand its influence:

Trends of smartphones and tablets - The capacity of these tools change every year. iPad is 3,5 years old and had the leadership on tablets during 2 years and the iPad users are still the one generating the most money. The market is today dominated by the small tablets.

Wi Fi is the standard connectivity, considered as cheaper, faster. 4G is not really available particularly in Europe: <http://www.deloitte.com/mobileconsumer#.Unj3sPkz12y>

**Riko Luiking**, CEO of **German Tote** and **Nate Simon**, President of **United Tote**, presented the latest applications on the German and US market and the impact on their customers.

German Tote App is 3 years old with already 3 improvements and 5000 downloads, the average bet is 7,76€ - 9€ on Internet – mobile is today 5% of GT revenues.

Even on racetracks, punters use mobile platforms particularly on important racing days when 3G is hardly available.

For Nate Simon, 95% of bets are cash in US but particularly today in the middle of the Racing industry crisis, mobile enable savings.

### **Session 2 – Revolution in point of sales**

Traditional punters are still in local point of sales (POS) and they represent the most important part of the betting operators revenues...are we innovating to satisfy them?

Traditional retail markets are proposing more services and are increasing the value of services for customers, using the technology: vending machines, touch screen systems and interactive tables.

Another objective is creating a seamless online and retail customer experience - new technology can provide solutions. Are point of sales transforming into electronic shops? Are customers “screen addicts”?

**Olivier Bailloux**, Director of strategic planning at **Publicis Dialog** explained what kind of revolution the retail market is operating. Today, “retail is detail”, it is the contrary of mass market of the 50’s. “Market is a mosaic” as we see Amazon selling all products even fresh products. In the betting sector, marketing promotions are too concentrated on the product; the need is to move to the customers, its habits, and its budget.

Many operators are linking customers’ online accounts to offline systems. A single wallet for use either in-shop or at home is another barrier removed from the customer journey to depositing cash.

**Paddy Power** (PP) has made moves to create a seamless experience from the high street to the desktop in recent times, giving its corporate identity a complete overhaul so branding and logos matched across the two. PP operates more than 320 retail outlets (in Ireland, in Northern Ireland and in the UK). **Dan Thomson**, head of Paddy Power’s retail in the UK described the recent moves there. PP penetrated UK market in 2002 and now owns 232 shops (2% of market shares on a highly competitive market). The brand gives a reason to the client to come:

- Money back operations
- Daily (1 hour) or monthly offers = Best Odd guaranteed
- Same offers in retail as on the net
- The brand is funny and disruptive also in retail
- Shops are clean and well equipped

PP sells entertainment for the price of a bet.

**PMU** is also implementing its strategy on the retail market, creating new POS and approaching new distribution areas such as petrol stations, Starbuck cafes, and restaurants. **Cyrille Giraudat**,

Marketing Manager showed that shops/café still represent 88% of PMU turnover in France and the risk of gap between a modern and attractive online PMU & an « old fashioned » offline PMU becomes bigger.

The situation of the PMU is complex as the operator does not won its 12 000 POS (multi-activities coffee shops and bars). The PMU is re-inventing the customer's journey:

- A loyalty card,
- touch screen in POS
- Betting tables for special events and on tracks.

PMU owned shop: 10 PMU City already in main cities centres in France, planning to open 16 more in a short period – already a turnover of €4 to € 5 million.

An important trend to notice is the increasing constraints on cash manipulation accelerating the shift towards players' card and machine equipment – **Pertti Koskenniemi**, Business Development Director of **Fintoto** explained how and why Finland is accelerating cash limitation.

The case of slot machines in Finland (Ray is the unique operator for slot machines):

- RAY has about 22.000 slot machines around Finland and has introduced card payments in recent years (Debit Cards and Visa Electron)
  - What has happened?
    - Bigger minimum stakes
    - Bigger dividends
- ⇒ More Gross Gaming Revenue: Last year €675 million

For Fintoto, 55% of turnover is made online but more and more payments are done with contactless cards (under € 25, easy, secured) and mobile payments - in 2 years, cash will be hardly used.

### Afternoon - Social media and social gaming

**Jason Brautigam** introduced the afternoon session by some significant figures of the social media world and its fast growing leaders:

- Facebook has 1.15 billion active accounts, 665 million active daily.
- Growth is exponential; there were 600m active Facebook accounts in December 2010 and only 200m users back in April 2009.
- Twitter now has over 400 million accounts, with 200m+ active monthly users sending on average around 500m tweets per day.
- Twitter had 100m active users in September 2011, this doubled in just fifteen months, with 70% of activity now outside of USA.
- 50% of adults on the Internet have a Facebook account; 21% of the global internet population use twitter actively on a monthly basis.
- UK now has over 15m Twitter users; a 50% increase since May 2012.

Access to social media is free and activity can be integrated seamlessly into traditional sales, marketing and PR campaigns. But does it really work for business?

Is this simply an opportunity to raise brand awareness and promote products/services – or can social media also build brand loyalty and enhance customer service?

Jason detailed the many advantages of social media:

- Ideal way to get your message out in real time; especially relevant for live racing and betting where events / odds change constantly.
- Immediacy of social media makes it the most dynamic, current and relevant channel available for sales, marketing and PR activity.
- Works seamlessly alongside traditional forms of advertising and promotions; now an essential part of communications strategy.
- Additional on-line presence; helps to drive additional business to your website and improve search engine optimisation.
- Organisations who do not participate in social media run the risk of being seen as outdated and out of touch with customers.

...particularly for sport:

- Breaking news first via Twitter and Facebook
- Sharing unique content not available elsewhere
- Building a community with fans and followers – 116 millions posts and comments on Facebook for London Olympics 2012
- Fan participation – in stadium, on-line and at home
- Adding value to fans via competitions, prize draws
- Integration within advertising and marketing activity

**Julien Cordoniou** Director of Partnership at **Facebook**, started his keynote speech by stating that Facebook was the largest gaming platform in the world:

- 15% of Facebook revenues come from gaming (in front of e-commerce)
- 260 million people play every month
- Facebook team for partnership in gaming is 35
- Real money games started one year ago
- Facebook newsfeed is made for sport and betting

Facebook is now a mobile company: 23% of the time spent on mobile is on Facebook.

**Benjamin Ampen** from **Twitter** France shared the strategy of his company:

- Twitter is about “now” moments
- Brands can talk thanks to Twitter
- Advertising tweets is not about buying space, it’s about amplification

*The panel debate gathered experts from the social media area and managers of racing & betting companies: Julien Cordoniou – Facebook, Benjamin Ampen – Twitter, Florence Amalou – Equidia, Paul Bittar – British Horseracing Authority, Tania Seif – Coral*

*Main comments during the debate:*

- *You can measure the interest on Twitter – it can globalize the sport and bring more content with “Twitter Amplify”*

- *Facebook is to be considered as a massive distribution platform (people in US spend more time on FB than on TV)*
- *BHA is pushing all its messages on FB and Twitter – the most effective way to communicate at the moment and issues can be dealt with instantly*
- *Equidia is creative in its way to communicate through social media, it means new fans. Equidia thinks about new media such as You Tube to reach a larger population.*
- *Coral communicates more and more with its fans (be careful not to only advertise) – social media is for fun*

### **Session 3 - Social Media and the image of racing and gambling**

One of the biggest changes in sport and sporting events has been the impact of social media. More than 80% of sports fans monitor social media sites while watching games on TV, and more than 60% do so while watching live events.

**Equidia**, the French Channel dedicated to Racing and Equestrian sports is now part of all French social networks – does it mean an increase in audience? Does it mean more racing fans? **Florence Amalou**, Marketing & Strategy Director of Equidia started her presentation by: social media open doors. Equidia has gained an increase of +10 to 30% audience and is creating a real fan community by offering gifts and organizing contests (photo). The engagement of fans is the most exciting opportunity of the social media.

Are there more racing fans on social media in US and UK?

**John Hartig** explained how he transformed the **Daily Racing Form** into a social media, useful for punters:

- Delivering more real-time news & information to players
- Technology-enabled reporters create “out-of-press box” experience
- Individual and aggregated Twitter handles
- Tens of thousands of fans across Twitter feeds
- Redesigned workflow prioritizes valuable information flow to players
- Real-time video & photography transports online players into key events

DRF digital platform has 300 000 viewers online. By publishing real-time photos and videos, audience was X3 in 24 months.

**Drew Sheinman**, explained how to increase attractiveness to the **Breeders Cup** by using social media and social gaming:

- Fantasy Games launched in 2012 such as Fantasy Capping (1 bet/week)
- Million Dollar Finish and Blazing Silks (Facebook Game) are games to get fans involved particularly younger fans
- Celebrities are also much more involved as we ask them to tweet on the event.

**Tania Seif**, Head of Social Marketing at **Coral** provided an insight into how social media has been embraced by a leading betting organisation to increase customer engagement and promote betting to a wider audience. It is communication, not selling and it needs to be completely in line with the news (60% of tweets posted by Coral are from issues on TV):

- Social fans increasingly bet with Coral across multiple channels
- Social fans bet with Coral more frequently month-on-month
- They like us more as a company since becoming fans
- Facebook page created for women

#### **Session 4 - Gambling in Social Media**

Social Gamers in Europe: Forecast 220 millions in 2015 (Social Gaming study made by a German Law firm and published in March 2013). In August 2012, Facebook launched its first real-money gambling app in the UK.

But **Bodugi.com**, a social betting site founded by former professional punter, Dave Nevison and **Michael Wilson** was already online in 2011. Michael told us how it all started and why he believes Bodugi is an innovation around a pool product. Bodugi uses the online poker model, where you can choose to play against your friends or other Bodugi players, rather than the bookmaker.

Social media influences the way we perceive games and therefore our betting habits, it makes fashionable “fantasy” games where the players makes up its own team and plays against its real or virtual friends, usually during a season. In Europe, Social media also influences the way we perceive entertainment and therefore our betting habits. The Expert is the community game imagined by **Rikstoto** in Norway, presented by **Harald Dorum**: “It a new wrapping in a social context.” The Experts facilitate the bets for the other punters. They generate 4% of the overall turnover on an event.

Bridging the gap between hardcore horse-betting and social gaming, New York-based **Derby Jackpot** is a social site that makes it easy to bet, watch and win real money on live horse racing. The site was launched early 2013 by the company founded by Tom, **Walter** and Billy **Hessert**. While DerbyJackpot might not be for horseplayers, it is, according to the Hesserts brothers, for game players, emphasizing that their desired audience comprises social gamers and other casual players (50% have never bet before). Walter gave us recent figures: \$10 million handles in 6 months, 95% of the marketing is done on Facebook.

**Rian de Plessis** main conclusions:

- We have to **innovate, simplify** racing and betting to be competitive and **diversify**
- We need to know our customers: the major issue for our business/ladies?
- Innovation can also means simplifying races and bets/ in South Africa, coupling has been taken away and it means a bigger pool!
- Reducing the amount of the bet can also mean more bets