



WEEK 17

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THIS WEEK

- 666Bet seeks answers
- PokerStars nears US entry
- Columnist: Dorothy Creaven on mobile churn
- Tweets of the week

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TOP STORY

LADBROKES CEO EYEING CHANGE

Mullen reacts to operator's EBIT decline



Ladbrokes CEO Jim Mullen

Ladbrokes CEO Jim Mullen is planning changes in the way the operator's business is run, following the announcement that its group EBIT decreased 22% year-on-year for the first quarter of this year. The EBIT total of £14.3m is down from £18.4m for the same period last year, although group net revenue increased 3%.

Despite net revenue from the UK bookmaker's online sportsbook dropping 32%, its 'gaming' operations have seen net revenue rise 13%. Digital net revenue was up 10%, while net revenue from UK retail operations improved 4%. Net revenue from Ladbrokes Australia surged 132%. The EBIT figure for Q1 2015 marks a 60% fall from £35.6m in the fourth quarter of last year.

"In Q1 many of our customer metrics are encouraging but results have favoured customers and profits are materially down. These results demonstrate the challenges we continue to face," Mullen said. "We need to change the way we run the business, build scale, primarily in digital, and respond faster to the customer and changes in the market place.

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"I will complete my review of the wider business quickly and I will present some of the principal changes that I intend to make, in June, earlier than planned. Shareholders should expect me to focus on how we will build an effective competitive position, develop scale and resilience over the medium-term."

Mullen took over the role of CEO earlier this month, replacing Richard Glynn, who it was announced in December would be stepping down from the position. Ladbrokes posted full-year pre-tax profit of £37.7m last year, down 44% from £67.6m in 2013.

Meanwhile operator William Hill has reported a 19% decrease in operating profit for Q1 2015. The figure, which covers the 13 weeks ended 31 March, includes a 38% drop in online operating profit. CEO James Henderson says results were impacted by the introduction of the point-of-consumption tax in December and the increase in the machine games duty (MGD) rate last month.

KEY POINTS

- New Ladbrokes CEO Jim Mullen planning changes to how business is run
- EBIT has fallen 22% for Q1 2015, while sportsbook revenue has declined 32%
- Meanwhile, William Hill announces 19% operating profit decline

UK

666BET LOOKS FOR ANSWERS

Suspended operator wants clarity from platform provider

666Bet is seeking clarification from a third party platform provider as to how it has gone about obtaining permission from the UK Gambling Commission



(UKGC) for the operator to pay its customers, following the suspension of the 666Bet operating licence last month.

An initial statement on 666Bet's Facebook page said that it could not pay its customers while it is not licensed to operate.

UKGC issued the following response to *Gambling Insider*: "At no point has Metro Play Limited [The name 666Bet's operating licence is held under] or its third party providers requested the Commission's approval."

A new 666Bet statement then read: "We were reliably and explicitly informed on several occasions by our potential third party platform provider that they were waiting for approval from the UKGC. The UKGC have now informed us that this is not the case. We have therefore asked the company who offered to provide us with the aforementioned platform to clarify their comments."

KEY POINTS

- 666Bet is seeking clarity from a platform provider which claims to have requested UKGC's approval for the operator to pay customers
- UKGC denies that any approach has been made

US

RESORTS OWNER SAYS POKERSTARS DEAL ALMOST DONE
Morris Bailey confirms operator is near to US return

Resorts Casino Hotel owner Morris Bailey has revealed that partner operator PokerStars is edging closer to being licensed in the New Jersey market.

Bailey was speaking at a press event announcing the opening of an online gaming lounge at the casino, and said that the process of gaining approval from the New Jersey Division of Gaming Enforcement "is coming to its conclusion".

He said: "When PokerStars is approved, we will be building a world class poker room and they will bring many of their worldwide tournaments to Atlantic City."

KEY POINT

- Morris Bailey, owner of Resorts Casino Hotel, says the deal for PokerStars to operate in New Jersey "is coming to its conclusion"



Tweets of the week

"Yahoo discloses in earnings call it is working on its own daily fantasy sports product to launch this summer. Bold step..."
SportsBusiness Journal writer Eric Fisher [@EricFisherSBJ]

"NJ DGE says that @PokerStars review is still ongoing and that there will be resolution. Playing cards close to vest. #gigse15" Poker Players Alliance [@ppapoker]

"If I was running a live poker room in today's environment, I would invest more into attracting new players than speeding up the tables"
Overlay Gaming Corp CEO Jon Friedberg [@JonFriedberg]

GUEST COLUMNIST

"CUTTING DOWN ON MOBILE CHURN"



by **Dorothy Creaven**
Co-founder
and CEO,
Element Wave

"The i-gaming industry's march towards mobile has been in full swing for some time now, and the opportunities for growth that its devices present are very exciting. Yet increased regulation and taxation changes such as point-of-consumption for UK-facing operators mean those opportunities come at an ever increasing cost.

Mobile player acquisition is not cheap either and, in a congested market, consumers are not short of introductory offers. Unfortunately, those offers, be they in sportsbook, casino, poker or bingo, often lead to very high churn rates that many companies can ill-afford.

But it needn't be like that if at least some of the focus switches from acquisition to retention, using the modern tools designed to engage with customers. Engagement really is the key here, not only at the account opening stage, but in the days and weeks that follow that initial activity.

When it comes to apps in particular, operators need to work out ways of making the experience more meaningful to their players. Many currently present generic content and an identikit user experience that does little or nothing to encourage them to hang around.

In order to prevent this, it is essential to track app usage in the first instance. There are plenty of analytics packages available these days, bringing in vast amounts of data. But the crucial thing is to utilise that data effectively to create targeted messaging campaigns.

Personalisation is all-important because players want to feel connected to a brand, even in the adversarial world of gambling. They want to feel that their operator is listening to them and cognisant of what they are interested in.

This can be achieved by creating specific, personalised push notifications and in-app messages triggered by analysis of previous activity. For instance, if a sportsbook customer has an average stake of £20 and bets routinely on Manchester United, it would be highly effective to send him a push notification reminding him when he last won money backing his team.

Operators can then take it one step further by sending him a push later on prompting him about their kick-off time, and even include a deep link to a pre-populated bet slip with a £20 stake.

As some companies are finding to their cost, there is little or no point sending irrelevant messages to customers on markets in which they have shown no interest in the past. Instead, it is all about context and making the experience more interactive.

The latest interactive notifications for Apple users on iOS8 are a case in point. Widgets for native apps in particular allow operators to send their customers the top bets of

the day as a call to action. But as much as anything operators need to see mobile campaigns in the overall context of customer relationship management.

As well as being encouraged to engage on mobile devices, those customers need support and time with emails and SMS, while the brand requires visibility on television and through on and off-line advertising. Alongside that, operators need to invest significantly in technology in order to create a seamless, in-app experience.

All of which costs money, of course. But slick app design and smart-tech marketing campaigns will generate a significantly higher turnover than their competitors. And in moving to decrease churn rates at least they will have the opportunity to hold on to more of that once they recruit their customers."

Dorothy Creaven is co-founder and CEO of Element Wave. Recognised as one of Ireland's top women in STEM by Silicon Republic and Technology Voice, she has spearheaded Element Wave's work with many major international brands, including Ericsson, RTE, Electric Ireland, Betsson and bwin.party

If you would like to be a guest columnist in a future *GI Friday*, email your ideas to: editor@gamblinginsider.com

OUT NOW: Look out for the March/April issue of Gambling Insider's print magazine, featuring a Retention Special as we gather expert advice on how to ensure customer loyalty and engagement across online, land-based and mobile gaming channels in an increasingly competitive environment



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