



WEEK 15

FRIDAY 12 APR 2019

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THIS WEEK

- **Crown's Wynn Resorts talks fall through**
- **Ainsworth hires Novomatic exec as CEO**
- **Carl Icahn set to instate fourth Caesars board rep**
- **UltraPlay and SickOdds to speak at AffiliateCon Sofia**

GUEST COLUMNISTS:

Rubén Loeches, CMO, R. Franco Group

Darren Stepsky, Sales Director, Stannp.com

GRAND NATIONAL BETTING RECORDS BROKEN IN 2019



Playtech BGT Sports saw record turnover for the Grand National, coming from its self-service betting terminals (SSBT), while SG Digital also saw a high volume of activity at Aintree.

Playtech said it had more than doubled the number of bets taken compared to last year's Grand National, with turnover rising 135%. The average amount wagered on the race increased from £5.46 (\$7.13) in 2014 to £7.94 this year.

The supplier recently saw a 300% year-on-year increase in turnover for the Cheltenham Festival.

Playtech BGT Sports Senior Commercial Director, Lee Drabwell, said: "We are finding an increasing number of customers both old and new are enjoying horseracing on our SSBTs. Having good-quality data at their fingertips and a quick transaction means they don't have to worry about queues or missing the start of the race."

Meanwhile, SG Digital processed more than 37.4 million wagers through its OpenBet product suite on the overall Aintree Grand National Festival. A total of 14.5 million bets were placed on the Grand National race alone; bets per minute increased by 25% from 2018, reaching a high of 25,000.



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THIS WEEK IN NUMBERS



Seconds players can now choose to wait after Ladbrokes introduced a “turbo” option for its in-shop electronic roulette games in Great Britain (previously 14)

\$745m

The value in cash of VICI Properties and Hard Rock International’s definitive agreements to acquire Jack Cincinnati Casino

Years at Rank Group for Alan Morgan, who has resigned from the position of Managing Director Retail



\$28,750

Lost by Delaware Park’s sportsbook for February, with the state of Delaware as a whole only generating £22,151 in sports betting revenue



Drop in Nektan revenue for Q3 compared to Q2, although revenue did grow 6% year-on-year, to £5.4m (\$7m)

The recent Cheltenham Festival saw SG Digital’s sportsbook customers process more than 48.2 million bets across the four-day event, reaching a peak of 26,000 wagers per minute.

SG Digital’s customers include several major UK operators, such as William Hill, Sky Bet, Paddy Power Betfair and Ladbrokes Coral.

Keith O’Loughlin, SVP Sportsbook of SG Digital, said: “The Grand National consistently showcases the power and scale of the betting industry, as evidenced by the top-notch performance of our teams and technology.

“This is monumental scale in comparison to peaks seen by online retailers through key shopping events such as Black Friday and Cyber Monday. Our transactions outpaced the performance by the world’s leading online retailer on Cyber Monday, as reported by Hitwise, by more than twice – a testament to our solid technology platform.”

Operator Ladbrokes Coral announced record turnover on the Grand National, despite the favourite, Tiger Roll, romping home under a superb ride from Davy Russell.

Simon Clare, PR Director for Ladbrokes Coral, said: “It was an amazing Grand National, in terms of mass market betting appeal. Both the Ladbrokes and Coral digital channels saw really healthy growth in stakes, active customers and new customers compared to last year.

“While a winning favourite in the Grand National is never what the bookies hope for, Tiger Roll’s victory was nowhere near as bad as might have been expected.”

The 180-year-old race brought similar success to its domestic broadcaster, with one million more people tuning in to ITV Racing’s coverage compared to 2018.

Its peak audience reached 9.6 million, with an average of 5.4 million, accounting for a 39% share of the British terrestrial television market. Former Grand National winning jockey AP McCoy and Cheltenham Festival Ryanair Chase winning-jockey Bryony Frost both joined ITV’s coverage, helping to boost its audience.

Tiger Roll was the main attraction, becoming the first horse since Red Rum to win back-to-back Grand National titles for trainer Gordon Elliott. Tiger Roll won last year’s race at a price of 10/1. This year, he started the National at 4/1, one of the shortest prices the race has ever seen.

ITV was in competition with the BBC, which showed the FA Cup semi-final between Manchester City and Brighton & Hove Albion at the same time.

WYNN RESORTS TERMINATES CROWN RESORTS TALKS

Las Vegas-based casino operator Wynn Resorts has terminated “all discussions” with Crown Resorts over a potential takeover.

The operator was unhappy with Crown publicly revealing details of the early M & A talks. Australian casino operator Crown earlier confirmed it was in confidential discussions with Wynn Resorts regarding a potential merger.

Crown said talks were at a “preliminary stage” after Wynn Resorts proposed an offer combining cash and Wynn Resorts shares; the proposal valued Crown shares at A\$14.75 (US\$10.52) each. Goldman Sachs and UBS were used as Crown’s financial advisors, with Ashurst acting as legal advisor for the potential deal.

Within a matter of hours however, the US firm had terminated all discussions with Crown, referring to “premature disclosure” of the talks.

Crown did warn there was no certainty of a deal happening. But any agreement would have resulted in Australia’s biggest

M & A transaction this year, and the response must come as a disappointment for those who went public with the news at Crown.

When contacted by *Gambling Insider*, Wynn Resorts said in a statement: “Following the premature disclosure of preliminary discussions, Wynn Resorts has terminated all discussions with Crown Resorts concerning any transaction.”

Crown confirmed the development in a statement, which read: “Crown notes Wynn [Resorts] has announced it has terminated all discussions with Crown concerning any transaction.”

Crown had seen its share price jump from A\$11.72 to A\$14.06 in light of its earlier announcement. It has since fallen back to A\$13.11, although this is still higher than its previous valuation.

Wynn Resorts’ share price fell from US\$144.85 to US\$139.12 after Crown’s initial announcement, but the operator was up to US\$141.00 on Thursday.

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AINSWORTH APPOINTS LAWRENCE LEVY AS NEW CEO

Lawrence Levy will start as Ainsworth Game Technology's new CEO on 1 July, after being appointed as Danny Gladstone's successor.

Gladstone confirmed he will step down on 30 June back in September, following 11 years in the role, but will continue at the firm in a different capacity. The board says discussions are ongoing with Gladstone over a smooth transition process.

Levy has spent 37 years in the gaming industry and was most recently Vice President Global Sales at Novomatic AG Austria. Novomatic purchased 52% of Ainsworth in January 2018.

Levy's initial gross annual salary will be A\$700,000 (US\$500,000), with a short-term bonus of A\$300,000 achievable at the company and board's discretion. The appointment has no fixed term, but will be subject to an annual review and six-month probation period.

Graeme Campbell, Ainsworth Chairman, said: "Lawrence is a highly respected and experienced gaming executive and I am confident he will further assist the company achieve its strategies to become a leading provider of innovative gaming technology to the global market."

In its financial report for the half-year period ending 31 December, Ainsworth reported a 2% fall in revenue from ordinary activities to A\$118m, although profit was up 25% to A\$12.1m.

Ainsworth's share price has remained steady throughout 2019, starting the year at A\$0.79 and currently trading at A\$0.82. However, the supplier did trade at a price of above A\$1 throughout 2018, beginning last year at A\$2.15.

Levy will no doubt be tasked with bucking this trend during his leadership of the Australian company.



DRAGOMIR IVANOV
ESPORTS HEAD TRADER, ULTRAPLAY



TOM WADE
CO-FOUNDER, SICK ODDS



NICK PATEMAN
CO-FOUNDER, SICK ODDS

THE WEEK IN QUOTES

"Based on the discussions I've had, people think this is a crazy interpretation which doesn't understand technology; the Wire Act was created before the internet."

Speaking to *Gambling Insider*, Continent 8 CEO Michael Tobin is the latest industry expert to question the Department of Justice's reinterpretation of the Federal Wire Act

"Obviously, politics is a very complex process. But, from my short time dealing with all stakeholders in the US, there seems to be a willingness to work together. That's definitely what I've found in all the states I've been to so far."

SBTech CEO Richard Carter tells *Gambling Insider* about the unity within US sports wagering

"Imagine everything working 100 times faster than the average cellular connection and ten times the speed of the quickest home broadband. It is predicted 5G mobile could allow us to download a full film within 15 seconds, instead of up to an hour for slower connections."

ActiveWins Media Director Bernadette Kelly explains the limitless possibilities of 5G technology to *Gambling Insider*

CAESARS RESIGNATION PAVES WAY FOR CARL ICAHN

David Sambur has resigned from the board of directors at Caesars Entertainment, paving the way for Carl Icahn to instate a fourth representative on the board.

An update on the corporate governance situation at Caesars seemed overdue and, now that it has arrived, the news is hardly surprising. Sambur, a senior partner with Apollo Global Management, has stepped down to leave an 11-strong board.

Icahn currently has three representatives within the Caesars boardroom, but had agreed to be granted a fourth if a new CEO was not appointed within a specified timeframe. Mark Frissora is due to leave his role as President and CEO of the operator this month, but as a replacement has not been identified, Sambur's resignation all but confirms Icahn's fourth member.

In a filing with the Securities and Exchange Commission, Caesars said: "Mr Sambur's resignation was not the result of any disagreement with the

company on any matter relating to the company's operations, policies or practices."

Icahn, 83 and worth \$18.2bn, according to Forbes, is the largest individual shareholder at the company and is intent on Caesars pursuing a form of M & A. Last month, it was reported Eldorado Resorts and Caesars were in the early stages of merger discussions.

Recent speculation has linked Golden Nugget owner Tilman Fertitta to a second M & A attempt with the organisation, having had his first offer rejected in October. He has since bought shares in the company and reports suggest he has been invited by Caesars to conduct due diligence.

The operator's board is also reportedly set to officially approve a sales process next week.

Caesars' share price has fluctuated in April, starting the month at \$8.84 and ending Friday 5 April at \$9.19. It has since dropped to \$8.79 and risen back to \$9.05.

THIS WEEK'S WINNERS AND LOSERS

WINNERS

GVC Holdings – Reported an 8% pro forma year-on-year rise in Q1 net gaming revenue; digital revenue grew 17%

State lotteries – Could be exempt from the Wire Act, according to a new memo distributed by Deputy Attorney General Rod Rosenstein

Svenska Spel – The state-owned Swedish operator has fully ceased its online casino advertising for the rest of 2019

Atlantic City casinos – Saw gross operating profit fall by 15% to \$582m for 2018, despite a 7% increase in net revenue to \$2.9bn

Stride Gaming – Has warned net gaming revenue for the six-month period ending 28 February will be 5% lower than initially projected

LOSERS

AFFILIATECON SOFIA CONFIRMS THREE ESPORTS SPEAKERS

As AffiliateCon Sofia draws nearer, three key speakers have been confirmed for the premier gaming industry tradeshow.

UltraPlay's Dragomir Ivanov will be joined by SickOdds Co-founders Tom Wade and Nick Pateman for an insightful esports panel on Wednesday 15 May.

SickOdds is an esports betting comparison site which offers tips, free bets and the latest insights into the industry. Ultraplays, meanwhile, is an operator with a significant esports market offering.

Esports Head Trader Ivanov will utilise his extensive experience with the company and discuss how to engage with esports bettors. Joining him on stage will be Wade and Pateman, who founded SickOdds in 2016, envisaging a day betting revenue from the vertical would surpass that of traditional sports.

AffiliateCon Founder Julian Perry said: "There is no denying esports

is a very important part of gaming and we are delighted to welcome Dragomir, Tom and Nick as expert speakers on the subject. Affiliates and operators will learn plenty from the expertise on offer, as our speakers are extremely well placed within the esports sector."

How to engage with esports bettors is not the only panel lined up for AffiliateCon Sofia, with an SEO Expert Debate scheduled on both mornings of the event.

On 15 May, Gennadiy Vorobyov of Netpeak will be in discussion with Lyubomir Popov of SEM.bg. The following day, Serpact's Nikola Minkov will be on stage with Konversa Founder Stanislav Dimitrov.

Click here to book your tickets and network with the best affiliates Europe has to offer this summer, as well as enjoying AffiliateCon Sofia's unforgettable after party; the Mixology evening party has been confirmed to return after last year's inaugural success.



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IA HITS RECORD MONTH

Iowa gaming revenue rose 0.52% year-on-year to a record \$142.677m for March.

Results were led by Elite Casino Resorts, which benefitted from 10.42% growth at Rhythm City and 9.28% growth at Riverside.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Rhythm City (Elite)	\$7.304	+10.42
Riverside (Elite)	\$8.744	+9.28
Diamond Jo Dubuque (BYD)	\$6.950	+9.02
Catfish Bend	\$4.014	+7.09
Q casino	\$4.996	+6.90
Terrible's Lakeside (Affinity)	\$4.702	+3.56
Grand Falls (Elite)	\$5.793	+3.36
Diamond Jo Worth (BYD)	\$8.503	+3.27
Prairie Meadows	\$20.337	+2.71
Wild Rose - Clinton	\$2.956	-1.86
Isle Waterloo (ERI)	\$8.299	-2.70
Horseshoe (CZR)	\$16.510	-2.96
Wild Rose - Jefferson	\$2.911	-3.35
Ameristar (Penn)	\$15.966	-3.42
Isle Bettendorf (ERI)	\$6.342	-4.49
Wild Rose - Emmetsburg	\$2.459	-5.02
Harrah's (CZR)	\$6.408	-5.66
Hard Rock	\$7.400	-6.14
Casino Queen Marquette	\$2.083	-11.26
State total	\$142.677	+0.52

Both casinos led the state, in terms of growth.

March had an equal number of Fridays and Saturdays this year versus last year, with five Sundays this year versus four last.

MULTIPLE PROPERTY COMPANIES:

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Elite	\$21.840	+8.01
Boyd	\$15.453	+5.78
Wild Rose	\$8.326	-3.33
Eldorado Resorts	\$14.641	-3.48
Caesars	\$22.918	-3.73

MARKETS:

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
QUAD CITIES		
Rhythm City	\$7.304	+10.42
Jumer's Rock Island (Illinois)	\$6.644	+2.40
Isle Bettendorf (ERI)	\$6.342	-4.49
Total Quad Cities	\$20.290	+2.77
COUNCIL BLUFFS - OMAHA		
Horseshoe (CZR)	\$16.510	-2.96
Ameristar (Penn)	\$15.966	-3.42
Caesars (CZR)	\$6.408	-5.66
Total Council Bluffs	\$38.885	-3.60



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Mark P. Frissora,
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GUEST COLUMNIST



RUBÉN LOECHES
CMO – R. FRANCO GROUP

Loeches reports on the main talking points from this week's FADJA show in Bogota, Colombia

As another FADJA wraps up (Latin America's largest annual gaming conference),

it's a good time to take stock and

look back at a conference that may quite likely never be the same again.

Admittedly, we've been talking about it for years, but now that Buenos Aires is celebrating the beginnings of its regulated sports betting market, there has been a palpable sense of excitement in the air at FADJA this year. As the continent continues to open for business, we're now at a point in the adoption cycle where things are about to go mainstream.

Online gaming was always going to be big here. From the last few years alone, we've already seen the Latin American gaming industry grow into a multi-billion dollar market. Buenos Aires has now become part of this rapidly growing list of regulated online gaming markets on the continent, and we're very excited by the benefits we'll be able to offer our operator partners there.

Currently, around four fifths of online gaming revenue in Latin America is generated offshore by unlicensed operators. With official regulation now being enacted by national and regional governments, there is going to be a windfall for the multitude of European operators and suppliers who have been visiting FADJA this week.

Those who may feel it has taken longer than expected should not be surprised. Latin America is also a dynamic and complex region, where regulatory changes depend on political decisions sometimes subordinated to economic circumstances. While we anticipate a shift towards regulated markets, it can prove somewhat slower than many would like. Peru certainly looks to be taking steps in the right direction, and we hope to see concrete progress in that market over the coming months. Meanwhile, other jurisdictions

in the region continue to explore the possibilities of introducing online regulation, including Brazil.

With the continent now on the edge of going mainstream, it could perhaps be a good time to issue a word of warning. Operators and suppliers alike must be wary of treating the region as one homogenous territory. With an eye on wider strategic planning for Latin America as a whole, they need to operate on a flexible platform that can cater to the demands of players in different jurisdictions.

To integrate successfully, it is important for companies to tailor their operations, ensuring they engage local players and stay on the right side of relevant regulators. Carbon-copying previous business plans is not enough to win over today's bettors, who are savvier than ever before and have specific local needs. This can only be done through the utilisation of extensive local knowledge. It is only by knowing how players source their games, how and when they play them, and what they look for in each game's features, that operators will succeed across each individual country.

With competition greater than ever, approaching Latin America with a one-size-fits-all approach will come up short. Operators must learn from their customer bases and adapt their products accordingly. This not only increases engagement levels among players, but also allows for operators and suppliers alike to learn and develop new products which have the potential to be used elsewhere. For many, a strong land-based heritage means they will need a platform that can deliver a full omni-channel experience.

We have seen many operators learn this lesson the hard way in Europe. When Spain regulated its online market in 2012, those operators that tried to roll out products that had only been tested in mature markets, such as the UK and the Nordics, quickly saw this would not be enough to power sustainable growth, and those eyeing the market would do well to remember this.

Everything from tax rate, compliance and responsible gaming frameworks to even the permitted product verticals will likely be different – and those looking to scale their operations across the continent will need to ensure their approach to each market is tailored to the jurisdiction's requirements.

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GUEST COLUMNIST



DARREN STEPSKY

SALES DIRECTOR,
STANNP.COM

Stepsky discusses the resurgence of personalised direct mail in player retention activity

I had been working in the online gaming sector for around 20 years when a client asked me to manage a direct mail campaign for them. We tried using Stannp.com and I was so impressed with the results, I ended up buying 30% of the company!

In the five years since then, I've seen significant change in the landscape of player retention. Increasingly, the gaming sector is turning to direct mail as an effective cross-marketing channel, with additional benefits and less restrictions on data use than traditional telemarketing or email.

The proliferation of data privacy regulations worldwide (GDPR, CCPA, APEC CBPR, APA...) is changing the way gaming sector clients think about communication. Online gaming brands are rediscovering the power of putting something tangible in the hands of customers, rather than an easily deleted or ignored electronic message.

One of the advantages of direct mail over other forms of communication is even if the recipient intends to throw the mailing away, they've read it first. This provides a unique opportunity for the creative marketer to convert a recipient; a strong, well-targeted, well-presented offer will get results.

At Stannp.com, we are seeing numerous clients in the gaming sector increasing their use of personalised direct mail, particularly for retention activities.

Targeting lapsed customers and registered non-deposits with personalised offers through the post is an effective method of re-engaging players with your brand and online content, increasing the ROI of digital spend and improving user experience with consistent cross-channel content and branding.

One of the key features of intelligent direct mail is the ability to use API calls to integrate your

gaming management system into the direct mail provider's platform.

Using the API in this way allows you to drip feed player data in real time, triggering personalised mail pieces based on each individual player's status and behaviour.

This approach allows our gaming sector clients to automate activity for processes like VIP loyalty programmes, promotions for seasonal events, frequent player points, sign-up bonuses, free bets, user feedback mechanisms and much more.

Direct mail is a format with a uniquely long lifespan in the recipient's home. While the effects of an email campaign will drop off 24-48 hours after it is sent, direct mail is kept in the home for 17 days on average and referred to multiple times in that period.

Studies by both USPS and Royal Mail show that, while direct mail has a broad appeal across all age groups, it has particular appeal for 18 to 34-year olds - those likelier to respond to posted items quicker than any other age group. Of that demographic, 63% of those who respond go on to make a purchase within three months of receiving the mailing.

As a platform with worldwide reach, we are seeing these trends reflected internationally, with significant customer activity in the Nordics, Mainland Europe, Canada and Australia.

Direct mail is also a surprisingly cost-effective solution. For example, at Stannp.com, we charge around 30 to 40 pence (\$0.39-\$0.52) per item printed and posted. Our gaming customers tell us they see around a 2% response rate on their retention campaigns. This means for every 1,000 recipients, they expect to acquire 20 customers, at a cost of around £350, which is just £17.50 per customer.

With so much marketing activity in the gaming sector focusing on digital, switched-on marketers are backing up their digital marketing with targeted mailings; thus making their brands stand out and be heard in a currently under-used channel.

Going forward, we expect to see API-driven, personalised direct mail become an increasingly important player engagement and retention channel. This will be driven by continued growth in the gaming sector and ongoing player data acquisition.

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