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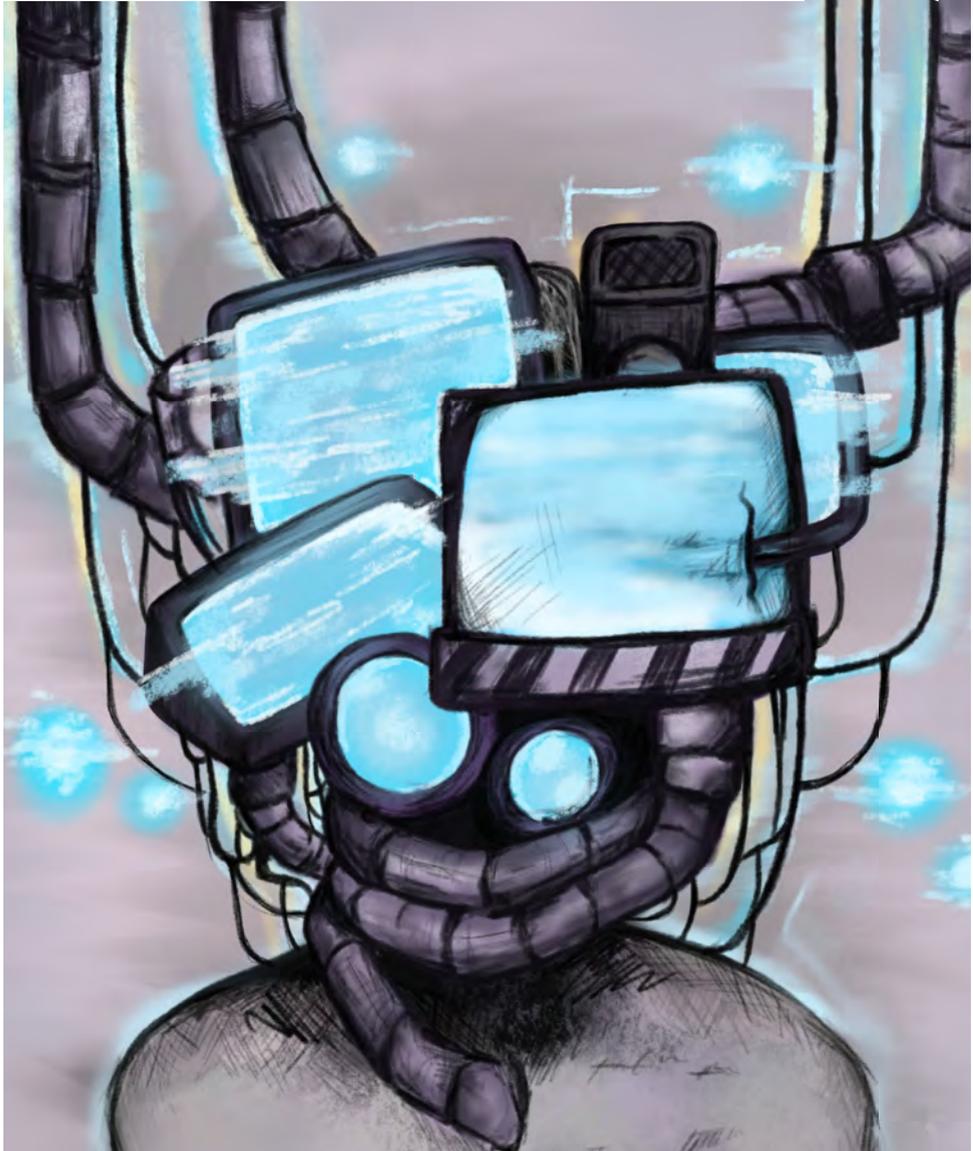
AFFILIATE FOCUS BY GAMBLING INSIDER

APRIL 2018

INSIDE

- **AFFILIATECON SOFIA: WHO IS GOING TO BE THERE?**
- **THE ROLE OF AFFILIATE MARKETING IN CRYPTO GAMING**
- **INCOME ACCESS' STATE OF PLAY REPORT ANALYSED**
- **APEX-AFFILIATES Q&A**
- **NAVIGATING THE REGULATORY MINEFIELD**

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ARE YOU READY FOR GDPR?

Everything you need to know as the regulation comes into view

XL MEDIA POSTS RECORD-BREAKING FINANCIAL RESULTS FOR 2017



Updating its investors, XLMedia has published its full-year 2017 financial results, posting another record-breaking set of figures.

The affiliate marketing firm's revenues increased by a whopping 33% to \$137.6m in comparison to the year prior, with gross profit rising to \$73.1m, up 37% from 2016.

In a statement accompanying the results, Ory Weihs, Chief Executive Officer of XLMedia, commented: "We are delighted to have delivered another record performance for the Group, underpinned by our clear strategic vision.

"Our recent entry into the personal finance sector is already delivering tangible benefits with potential for further upside, while the core activities continue to deliver solid growth."

Company profits before tax jumped to \$39.3m in 2017 from a 2016 high of \$31m, while adjusted EBITDA increased 36% year-on-year from \$34.6m generated during 2016 to \$47.1m in 2017.

In 2017, the company concluded two high profile personal finance website acquisitions which have since been fully integrated into the business, while also acquiring US cyber security comparison website Securethoughts.

Furthermore, the company continued to focus on its presence in the growing Romanian market after it completed the acquisition of a Romanian portfolio of publishing assets.

Weihs adds: "Elsewhere, core markets continue to perform well, and alongside the acquisitions and ongoing investment in technology, we are confident these will generate significant returns.

"Further to the fundraising completed in January, we believe we will be able to capitalise on our acquisition pipeline in addition to growing the business organically. The Board remains focused on continuing to deliver further progress and shareholder value."

CATENA MEDIA DETAILS FINANCIAL SERVICES EXPANSION

As part of its forthcoming drive to expand into the financial services sector during 2018, Catena Media have announced the appointment of Nigel Frith, former global general manager of FXcompared.com as the head of this new department.

Catena has confirmed that its new expansion strategy into financial services will be built through a combination of owned and operated brands, starting with its most recent acquisition, the Maltese firm Beyondbits Media Ltd.

Announcing the appointment of Frith, Henrik Persson Ekdahl, acting CEO of Catena Media said: "This new business vertical is a key component of Catena Media's long-term strategic plan. We are pleased to have Nigel join us to lead

the global growth of this business."

Frith has a background in performance marketing and finance-related operations, having previously worked as marketing director for Inspire Digital, and has held C-level positions throughout the affiliate sector.

Speaking about his new appointment, Nigel Frith said: "I look forward joining the Catena Media team. The industry is rapidly changing, and I am convinced that Catena Media is extremely well-positioned to introduce its expertise, services and products to the financial services sector."

Frith will take up his new position on 23 April 2018 and will primarily be based at the Catena Media UK headquarters in London, reporting to Catena's COO Johannes Bergh.

MMIG COMMENCES REFERRAL PARTNERSHIP WITH INCOME ACCESS

Frankfurt headquartered marketing consultancy, MMIG, has announced the commencement of a referral partnership with Paysafe's marketing technology and services provider, Income Access.

Under the terms of the agreement, MMIG will formally recommend Income Access' affiliate platform to its online gambling partners.

A newcomer to the affiliate sector, MMIG supports the growth of online gaming brand affiliate programs through its MMIG Connector search engine product, which aims to help affiliate managers to streamline recruitment by searching within a database of over 3,000 publishers from Central and Eastern Europe, Latin America, Scandinavia and Asia.

Companies can segment searches according to multiple criteria, including geo focus, traffic volumes, vertical and first-time depositor (FTD) status with each affiliate integrated with the Connector also receives an individual rating, based on traffic, FTD status and location.

As part of the relationship, the Income Access affiliate management team will also be able to use MMIG's Connector tool to facilitate affiliate recruitment.

Announcing the partnership, Maximilian Solz, CEO of MMIG, said: "We chose to partner with Income Access because of its reputation as a market leader in affiliate tracking solutions. As more operators expand into emerging markets around the world and increasingly leverage the affiliate channel, we see the Income Access software and our MMIG Connector as complementary products. We look forward to developing more product and business synergies in the future."

Lorenzo Pellegrino, CEO of Income Access and Digital Wallets at Paysafe, added: "We're excited to partner with MMIG. The company's sophisticated Connector tool provides an impactful solution to affiliate management teams. We look forward to working together to optimise the iGaming affiliate channel for brands in multiple verticals."





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THE DIGITS

Trafficology has partnered with data experts Casino City Press to bring you an invaluable insight into website and traffic trends across the gaming industry. This month we rank the top 20 Asian and European affiliate programs, and how their polling positions have changed in the past six months based on the traffic in those regions to the online gaming sites they represent

ASIAN AFFILIATE PROGRAMS

EUROPEAN AFFILIATE PROGRAMS

Last Six Months Rank	Change in Rank	Name	iGaming Sites	Last Six Months Rank	Change in Rank	Name	iGaming Sites
1	1 ▲	<i>IQ Option Affiliate</i>	2	1	-	<i>bet365 Affiliates</i>	10
2	1 ▼	<i>bet365 Affiliates</i>	10	2	1 ▲	<i>Kindred Affiliates</i>	30
3	5 ▲	<i>eToro Partners</i>	1	3	10 ▲	<i>eToro Partners</i>	1
4	2 ▲	<i>Binary.com Affiliate Program</i>	1	4	2	<i>Betfair Partnerships</i>	8
5	1 ▼	<i>Asianconnect</i>	6	5	1 ▲	<i>Tipico Affiliate Program</i>	3
6	1 ▲	<i>M88 Affiliate</i>	1	6	2	<i>Pari-Match Affiliates</i>	1
7	2 ▼	<i>NextBet Affiliates</i>	1	7	2 ▲	<i>Fortuna Affiliates</i>	5
8	5 ▲	<i>1xBET Partners</i>	2	8	2 ▲	<i>FDJ Affiliate Program</i>	2
9	-	<i>Marathon Bet Affiliate</i>	5	9	2 ▲	<i>Tipsport Partners</i>	2
10	7 ▼	<i>BinPartner</i>	1	10	5 ▼	<i>Stoiximan.gr Affiliates</i>	1
11	1 ▲	<i>XM Partners</i>	1	11	4 ▼	<i>William Hill Affiliates</i>	11
12	1 ▼	<i>Olymp Trade Affiliate Program</i>	1	12	3 ▲	<i>1xBET Partners</i>	2
13	3 ▼	<i>SBOBET Affiliate Program</i>	1	13	3 ▲	<i>PMU.fr Partners</i>	2
14	4 ▲	<i>IG Markets Partners</i>	1	14	6 ▼	<i>Marathon Bet Affiliate</i>	5
15	-	<i>Income88</i>	2	15	1 ▼	<i>Affiliate Hub</i>	5
16	2 ▼	<i>Betfair Partnerships</i>	8	16	12 ▲	<i>The Plus500 Affiliate Program</i>	1
17	-	<i>PokerStars Partners</i>	22	17	-	<i>Almor Affiliates</i>	2
18	1 ▲	<i>William Hill Affiliates</i>	11	18	2 ▲	<i>bet.pt Affiliados</i>	1
19	3 ▼	<i>Dafabet Affiliates</i>	1	19	1 ▼	<i>bwin.party Partners</i>	16
20	1 ▲	<i>Pinnacle Affiliates</i>	1	20	1 ▼	<i>Betsson Group Affiliates</i>	21

Rankings are estimated using statistical data and should not be considered absolute ranking values. Over 20 complementary top lists are available on the iGamingDirectory.com website operated by Casino City Press.





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AFFILIATECON SOFIA PREVIEW: MEET THE EXHIBITORS

With the first AffiliateCon Sofia Expo only a month away, *Trafficology* caught up with four of the featured exhibitors to discover what they are hoping to achieve at the show



ROGER KATZ

ROGER KATZ, HEAD OF AFFILIATES, GOWILD AFFILIATES

Thank you for having us. We are so very proud of GoWild and its growth. AffiliateCon Sofia will be such a great opportunity to build new affiliate clientele and to meet our existing business partners. On top of this, our team can also tick off another new city off their lists.

What can attending affiliates expect to see at your stand?

First of all, you'll see the most enthusiastic and professional affiliate team in the industry, so my advice would definitely be to come and check us out. There's also a lot of new things from the GoWild side that we have to share.

As most people know, our new platform went live in early 2017 and the uptake so far has been quite profound. We welcome any affiliate that is not yet working with us, or haven't seen our products yet, to pass by and make sure that they get a thorough briefing about them, and see how we can generate more business for them.

Do you have any new product launches or special events planned for AffiliateCon Sofia?

We don't have any special events planned for AffiliateCon Sofia. The last six months we've had so many new features and new markets added to our portfolio that we feel no matter how big or small the affiliate, no matter how he or she is promoting casino operators, we are the right stop for them to grow their revenue.

Nevertheless, our development, innovation and diversification efforts are non-stop, therefore you can expect more product launches and improvements in 2018 than ever before.

Which of the speaker sessions on offer appeals to you most and why?

There are quite a few interesting ones for both affiliates and operators. To only mention a few: *Legal Trends*, *Keeping yourself compliant* and *What's hot, what's not*. This being said, we are equally excited that we'll be able to take a lot of new information home with us, and that our partners will be able to hone their marketing skills further and subsequently improving the quality and volumes they are able to drive to our brands.

Who are you looking to meet with at the event?

We'd like to meet anybody that can send us healthy traffic or would be interested in building any other kind of meaningful partnership. Obviously we are also looking forward to catch up with all our existing affiliate business partners that will attend.

IAIN MACLEOD, SALES DEVELOPMENT LEAD, LEOVEGAS

What are you most looking forward to about AffiliateCon Sofia?

We are most looking forward to spending some quality time with some of our key affiliates, as well as meeting new partners who we can build lasting relationships with in order to continue taking the LeoVegas Affiliate Program from strength to strength.

As this is an exciting new conference on the circuit we are looking forward to meeting affiliates who may not have travelled to meet us at other events and the chance to promote LeoVegas to a new audience.

What are some of the main topics you think will be discussed by attendees at AffiliateCon Sofia?

We are very much looking forward to hearing from industry experts during the keynote speeches and sharing information with like-



IAIN MACLEOD



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minded people within the industry on topics such as changes in regulation/legal issues, social media marketing, SEO and future trends within the industry.

What appealed most to you about AffiliateCon Sofia format?

We like the fact that the event looks to have a relatively laid-back, relaxed atmosphere where we can meet with a lot of interesting affiliates over the two days.

In addition, we like the idea of the more informal educational 'huddles' which will take place at various locations in the venue. We see these as an ideal opportunity to share industry knowledge and gain valuable insights into key matters currently affecting the affiliate industry.

What sort of business will you be looking to do at the show?

As we pride ourselves in being the industry leader in mobile gaming and one of the highest converting operators around, as always, we will be looking to establish, build on and strengthen the partnerships which make LeoVegas Affiliate Program number one in the industry.

As with other events we attend, we will be looking for partners who we can grow long-term, mutually beneficial partnerships with across our Casino, Live Casino and Sports verticals.

NATALIE MERRISON, AFFILIATE DIRECTOR, ACTIVEWINS

Why will you be attending this year's AffiliateCon Sofia show?

It is important that ActiveWins show support for the affiliate community where and when we can. We're excited about AffiliateCon Sofia because it's a new conference with a VIP feel, and we wanted to be a part of the first show. The idea of treating guests as VIP's is great because we see our affiliates as business partners.

There is always something new to discuss with the webmasters that we work with, especially with more compliance regulations to contend with. Industry regulations are particularly problematic for smaller affiliate sites that don't have someone helping them along the way. Our team has spent a great deal of time over the past 12 months working with our partners and helping them understand the impact of these changes.

Why do you think affiliates should want to meet with you at the show?

The ActiveWins offering is fluid, and we're always looking for ways to improve what we offer. It is what sets us apart from other programs in the gaming industry.

AffiliateCon Sofia seems to be the perfect opportunity to spend quality time speaking to affiliate partners about their pain points and work together to develop solutions. It's part of our ethos of 'good business with a personal touch'. That isn't just a slogan to us; it's how we operate.

Why are new events like AffiliateCon Sofia so important for the affiliate industry?

We thoroughly enjoy the three main iGB conferences each year, and new conferences can bring new opportunity. We look at it as another chance for our team to develop new partnerships. The location is intriguing because we can meet affiliates that may not be able to make it to the other events.

Which of the conference sessions are you most excited about?

Any occasion to meet up with partners and find new acquisition channels is always exciting to the ActiveWins team. We are keen to see what this new, more intimate conference setting has to offer. 2018 is a very exciting year for us, as ActiveWins is celebrating five years in the industry. When we began, we had a team of three people representing Betfred.

Today, we employ 130 digital experts and manage the affiliate program for multiple brands, and a new rebrand and website will be launching soon. Our affiliate partners have been with us every step of the way. So aside from the many insightful sessions at the conference, we plan to do a little celebrating as well!

NORBERT ARPAD VARGA, HEAD OF ACQUISITION, LV BET PARTNERS

What can affiliates visiting the LV BET stand at AffiliateCon Sofia expect?

For starters, it will be the perfect opportunity to meet our friendly, dedicated team, in-person. Furthermore, we will be presenting our exciting World Cup plan, including our incredible new sportsbook and all of the associated updates, as well as covering the important changes coming up to ensure compliance with the new UKGC regulations.

We will also be talking about the future challenges, facing both the casino and sportsbook, and looking at possible solutions. Plus, we will be introducing interested partners to the LV BET.pl affiliate scheme – an efficient way to harness the power of one of the few successful brands in the regulated Polish market.

What drew you into attending the AffiliateCon Sofia event?

As a new conference, located in the heart of a rapidly developing region, we see it as a great opportunity to increase our exposure and establish exciting new relationships. Also, the hospitality package offered to partners, adds real value, and proves how committed the AffiliateCon Sofia organisers are. In terms of the conference schedule, the list of speakers and subjects reflects the concerns and interests we are focused on right now, especially regarding the future direction of the industry.

What can the affiliate industry as a whole learn from these types of events?

To maintain success when faced with increasing regulation is requiring ever higher professional standards, on both sides of affiliate partnerships. Given that, it is more critical than ever to establish and maintain the clearest and most effective channels



NORBERT VARGA

of communication. Events like AffiliateCon Sofia, are truly the best way for all parties to meet, learn and understand from each other, especially when grasping increasingly complex issues.

What types of affiliates are you aiming to meet at the event?

We are looking forward to meeting both casino and sports affiliates, especially those focusing on regulated markets. In particular, we are keen to meet sports website owners who are looking for ways to optimise their monetisation of Polish gambling traffic - because after recent legal changes, LV BET affiliation could well be the most rewarding option available.

GDPR: IT'S TIME TO FACE THE TRUTH

With less than 50 days to GDPR compliance, affiliates that don't already have their house in order need to start paying attention, and fast

Six months to go. 100 day countdown. Ten weeks left. It seems as though we have been crashing through GDPR implementation date deadlines weekly, if not daily, over the past couple of months.

So the warning signs have been there for a while, and hopefully they have been heeded. But for those who have ignored them to this point, there's some bad news to share.

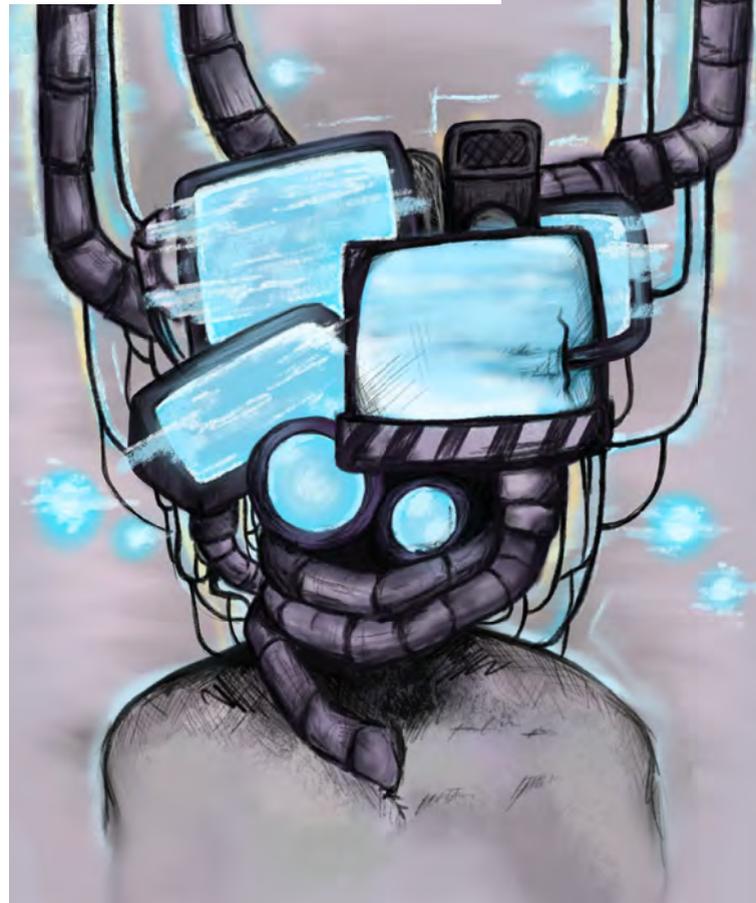
We hate to be the ones to break it to you, but here it is: GDPR is happening whether you like it or not, and it is going to affect your business. So wake up and smell the coffee.

At *Trafficology* we have been harping on about GDPR compliance for months now, and with good reason. Despite all the warnings, and the coverage both in the media and at industry conference and events, there is still a sense in some quarters that GDPR is not something that needs to be taken seriously. "I'm a processor, not a controller so this won't affect me"; "the regulator has got bigger fish to fry than me"; "GDPR can't be enforced properly in any case". These are just a handful of examples of comments we have heard from affiliates with their heads firmly buried in the sand when it comes to compliance.

So let us spell it out for you one last time; 1) it's going to be almost impossible for affiliate marketers to use the 'processor not a controller' shield that it was possible to employ under the old data protection regulations – processors and controllers will be held similarly accountable for the manner in which they manage data; 2) with the fines capable of being imposed (up to 4% of turnover or €20m in the most severe data breach circumstances) skyrocketing under the new regulation, the stakes are too high to be playing roulette on where the regulator is going to focus its attention, and ; 3) reliance on the regulator not being able to immediately enforce GDPR is another gamble, and one with extremely limited rewards.

Because no matter how long it takes the GDPR compliance train to pull out of the station, it will gather speed quickly once the momentum builds. At that point putting off tomorrow what you could have done today will seem incredibly foolish, because it will be the businesses that understand the requirements of GDPR and adjust their business models accordingly at the earliest opportunity that have the best chance of success in a post-GDPR world. Those trying to adapt on the fly are destined for disaster.

It's not just affiliates who have been slow to react to GDPR legislation of course, or no knowing which direction to turn in next. You can find examples from across industries already where there is acknowledgment compliance will be a struggle, and that is before the legislation has even been implemented and it be revealed how it will be enforced. JD Wetherspoons is just one noteworthy example



of a huge national corporation holding valuable data that has taken the decision to throw every scrap of personal information on its clients in the bin rather than cope with the massive headache that is GDPR. If a company with the financial resources JD Wetherspoons has at its disposal is publicly declaring that compliance is unmanageable or too costly, that is a pretty clear notice for other companies to pay attention.

Of course, the difference between affiliates and a company like JD Wetherspoons is that for a pub chain customer data is a value added (albeit very valuable) commodity, but it is not the heart of the business. They sell beer. That isn't the case for affiliates – any

operation dependant on data capture for activities such as email marketing is completely reliant on being able to hold and process information about customers, so for affiliates washing your hands of the problem by moving away from data collection, or dumping all your existing data (which will require a resubmission of consent from user to remain GDPR compliant) and starting again isn't an option.

So, with that all being said, do we have a firm understanding of what GDPR is asking businesses to do? On one level the answer to that is no, because there is already a degree of uncertainty with how any legislation is going to be interpreted and actioned upon by the regulator before an implementation date. But we do know the high-level expectations the legislation is demanding; for affiliates who are yet to formulate a concise GDPR plan it is these guiding principles that need to be considered:

NOTIFICATION OF BREACH

Perhaps the most important of this list, because it carries the more severe punishments for non-compliance. With the value of data soaring in recent years, and the sophistication of cybercrime equally surging, data breaches are now an everyday concern for any sized business with a degree of digital presence. Affiliates need to firstly strongly consider their data security set-up as a priority under GDPR, but also put into place a mechanism to be able to monitor if and when a personal data is breached, and also inform every user whose data security has been compromised of the situation within 72 hours.

DOUBLE OPT-IN/OPT OUT

This is where affiliates may struggle the most, because it will have a huge impact on both the user experience of the site and also how acquired data can be used. Customers are already familiar with the concept of consenting to cookie acceptance, but indications are required consent under GDPR will be more onerous than this. Affiliates may also require permission every time they wish to share a customer's data with a commercial partner, rather than one single catch-all permission to share data. Opt-out must also be a simple, hassle free process which is currently rare in the industry.

RIGHT TO BE FORGOTTEN

Similar to opt-out, a general principle of GDPR is the right to be forgotten. If a user wishes to remove their entire data history from the company records, this must be adhered to. This is increasingly complicated the more interconnected the data silos a company holds are, as this doesn't just mean their personal file, it includes all and any record of their interaction with the company.

DATA PORTABILITY

Another huge issue for affiliates to overcome because of the associated costs involved, any company holding personal must disclose exactly what information they have on a customer if the customer asks for it. This information must also be presented in a timely and easily legible (machine readable) format. The technology required to maintain concise and accurate records of customer data, and produce readable records potentially on a large scale is a cost affiliates simply do not employ currently, it is to be determined how many affiliates will no longer be profitable once this cost is factored into their bottom line.

DISCLOSURE OF COLLECTION PRACTICES

For upstanding affiliates, disclosing precisely how data on customers is acquired should be one of the simpler obligations imposed by GDPR. It is important to note, however, that the legislation does put special emphasis on this point of ensuring companies are upfront with clients on how data harvesting is being carried out.

RELEVANCE OF DATA

Affiliates can no longer hold personal data forever. When a user is no longer interacting with the affiliate for a prolonged period (e.g. has not read a newsletter or a piece of email marketing for a year) the data must be erased. In essence, affiliates need to keep personal record databases clean and up to date, and only hold data on their actual users.

Over the past few months, several industry commentators have given us their opinions of GDPR. We would encourage you to go back and read all of our coverage, but here are some key takeaways:

STUART MCMASTER, PARTNER, MISHCON DE REYA

The GDPR makes it somewhat harder for affiliates to rely on consent as the lawful basis for their processing activities. First, the end-user must be readily given the ability to withdraw their consent at any time. Secondly, the GDPR indicates that pre-ticked consent boxes will no longer satisfy as legislation compliance. If affiliates have previously relied on pre-ticked consent boxes, it may become necessary for them to obtain fresh consents which the end-user actively ticks. This may lead to a decline in the number of end-users who choose to opt-in.

Another key principle of the GDPR is that end-users must be told in explicit terms how their personal data will be used, and it must not be used for any other purpose. Where an affiliate controls personal data and makes decisions about how that data will be used, it must publish a privacy policy to inform end-users about what the affiliate plans to do with their personal data. Privacy policies will need to be more detailed than before when the GDPR comes into force

In the UK, the maximum possible fine will increase from £500k up to €20m (or, if higher, 4% of global annual turnover). It is safe to say that compliance with data protection laws will be an ever-increasing focus for affiliates and operators.

JAMES BARRETT, EUROPEAN OPERATIONS DIRECTOR, ENDACE

When a breach occurs, businesses will have a maximum of 72 hours to identify which customers they must inform about the data loss. In the context of the competitiveness of the market, this means gaming companies are walking a tightrope. If they tell too many people, and overestimate the impact to be sure they are covered under GDPR, they risk massive reputational damage, customer loss and potentially irreparable negative brand perception. If they tell too few, they could be fined a lot of money and their reputation will still take a hit.

GAVIN MOORE, HEAD OF BRAND AND TRAFFIC, BETTER COLLECTIVE

When GDPR kicks in, our consent requests must be separate from the generic terms and conditions page. If a user signs up for one of our services, but does not wish to receive any marketing emails that are not directly to do with that service, it will be 100% their prerogative regarding what information they want from us. One thing we are preparing already to address that is to give granular options to consent separately for different types of communications wherever appropriate. Essentially, we are giving the user a "my subscription page" that they can manage freely. Additionally, the GDPR's "The Right To Be Forgotten" means that we also have to be ready to make it just as easy for users to withdraw as it was for them to give consent (e.g. giving instant consent for cookies!). This means we'll work on having more simple and effective withdrawal mechanisms in place that are not found by default today. We are also currently running the rule over our current (and any new potential) martech partners who may hold some data on our behalf. This is done to ensure that they are also making all necessary steps to become GDPR compliant.

FREDERICO SIMONI, DIRECTOR, CASINO BONUS CLUB

Our activities and our overall affiliate channels don't really interfere with any type of such regulation, and never did. Our traffic relies solely on organic SEO, all our websites bring players from search engines, solid referrals and social media, we don't engage in activities such as selling/buying databases nor do we exchange players lists. We've always aimed to respect our users, so we're only sending newsletters to members subscribing via our website. Do we applaud the initiative and welcome the process? Most definitely, we agree there was a universal need of better regulation in terms of data protection. Considering how much information we provide online or how much it's being retrieved, often without our consent or knowledge, we need to feel protected and we believe the new changes and data subject rights will bring back the right to privacy and will help the user feel less discovered in front of unknown media agencies.

BIG QUESTION

How important a role will affiliate marketing play in the crypto gambling sector?



TOBY LYNAS

Head of Operations, Peerplays
Blockchain Standards Association

“The emergence of crypto gambling operators presents operators with a major opportunity to innovate within a high-growth segment of the industry”

Affiliates have had a hard time of things of late. There is a strong sense within the community that they have been mistreated by operators and that year-by-year conditions are getting tougher. In the UK, the decision by several major operators to bring affiliate networks entirely in-house was sudden and unexpected. While a small minority of affiliates were certainly acting irresponsibly, it is those who have played by the rules that have suffered most.

Regulatory headwinds in certain markets, particularly the UK, have compounded other ongoing pressures. We have reached a period where many affiliates look back fondly to five or more years ago to a period when the sector was booming and the outlook was optimistic. Margins have been squeezed, and affiliates are no longer commanding as big a share of the revenues they deliver to operators. Supposedly lifetime revenue share deals have been torn up.

Changes to Google's algorithms have meant affiliates have had to constantly adapt to remain relevant. And consolidation in the affiliate sector, which has led to the creation of a number of so-called 'super affiliates', has made it increasingly difficult for smaller outfits to compete. Against this backdrop, the emergence of crypto gambling operators presents operators with a major opportunity to innovate within a high-growth segment of the industry.

The crypto gambling sector is still young. While a handful of bitcoin operators have built a degree of scale, it still lags behind traditional offerings, particularly in terms of product. That will change over the next 12 months, with several exciting product launches that apply the traditional expertise of fiat operators with the innovative approach seen in crypto.

The question is where this new breed of crypto operators acquires their players from. Generally speaking, they will not have the marketing budgets to compete with Tier One operators in the fiat space. Accordingly, affiliation will likely be a key acquisition channel. And crypto operators have several tools they can use to make themselves an appealing proposition to affiliates versus fiat operators.

Blockchain technology can be used to create a fully automated, transparent and verifiable operator-affiliate

relationship. The benefits of this are multiple. A much-heard grumble amongst affiliates, for instance, is that they fear they are being short-changed by their operator partners.

By moving an affiliate program onto the blockchain, every transaction is fully verifiable on an immutable public ledger. If there is a dispute over a payment, it becomes very easy to independently determine whether a payment is correct. Similarly, affiliates often complain about long delays with payment. Even when operators claim to make regular monthly payments to affiliates, it is not uncommon to see these payments delayed.

The blockchain can fully automate the affiliate payment process, linking it directly to new sign-ups. With low transaction fees, it is even conceivable that the future of affiliate payments sees regular, daily or weekly transfers, instead of the traditional monthly payment.

For smaller affiliates, crypto also provides an interesting point of differentiation. Competition for traffic across the main casino and sportsbook verticals has become intense.

Without the resources of a major 'super affiliate', it is unrealistic for smaller affiliates to compete on the most popular key words. But many smaller affiliates are already using crypto to steal a march on larger rivals.

As a result, we will likely see affiliation become a key acquisition channel for emerging crypto operators, like the soon-to-launch decentralised betting exchange, Bookie.

The affiliate model has already proved successful for crypto trading exchanges. I'd expect the same to happen as more crypto gambling operators launch in the coming months. The channel should provide an initial wave of cheap acquisitions for a sector that will not, initially at least, be in a position to engage in more traditional forms of advertising.

If crypto operators can show affiliates that the transparent, automated approach to affiliation will benefit them in the long run, I can also see many affiliates switching focus from fiat to crypto gaming. With affiliates feeling unloved by major operators, it is an opportunity that should not be missed.



JOE MCCALLUM

Director of Sportsbook, Sportsbet.io

“It’s hard to quantify, but there’s certainly some credit to the view that those using crypto betting sites are more in-tune with their wagering requirements”

Fundamentally, the crypto-gambling sector is no different to its fiat currency counterpart. Sportsbooks share similar content, use the same channels and offer customers comparable bonus mechanisms. At present, the major difference between the two areas is maturity, with traditional sportsbooks having developed their brands and platforms over years, earning a strong, loyal customer base in the process.

The crypto sector is arguably still playing catch up. This is not to say some of the first mover bitcoin operators haven’t developed equal, if not better, user experiences and offerings than the tier one bookmakers. But more that there has been a flood of entrants into a relatively new industry which has dragged the median quality down.

Many saw the bitcoin hype of late last year as an easy money-making scheme, with white-label sportsbooks and casinos arriving on the scene but with little in the way of a premium product that would help cryptocurrency betting and gaming into the mainstream. With this, we’ve seen affiliates gain a more prominent position via premium crypto operators, as well as the more opportunistic start-up hoping for a quick return.

Affiliate marketing is big business across the whole industry and major fiat operators have gone about utilising the area to drive new business in what is becoming an increasingly competitive marketplace. The concept is simple, scalable and lucrative for both operator and affiliate, provided it’s executed effectively within ever-tighter regulatory controls.

The approach is no different in the crypto industry. However, with the maturity of crypto gaming and affiliate provision at differing stages from country to country, we look at the sector on a more local level. It’s not efficient to commit to a blanket affiliate strategy across all our regions, so instead we value each potential partner on its own merits and value to our organisation.

It’s hard to quantify, but there’s certainly some credit to the view that those using crypto betting sites are more in-tune with their wagering requirements. They tend to be more price savvy, open to look around for better sign-up bonuses and generally more vigilant in looking for the best deals on the market. They’ve overcome the barriers to use cryptocurrencies as a means of transaction, which are far

higher than cash, and so they’ll likely be less willing to jump aboard the first affiliate promotion that comes their way.

This may only be the case for now, and with cryptocurrency becoming increasingly accessible, the crypto betting and gaming demographic may resemble what we see within the more traditional industry. If this is the case, then I see no reason why affiliate marketing shouldn’t play a key part in the future of crypto sports betting.

Much of our major marketing activities recently at Sportsbet.io have revolved around the wider quality of the product in time for major acquisition opportunities such as the World Cup this summer. In recent months we’ve rebranded our entire group, with a major focus on the Sportsbet.io brand and website to bring it in line with the increasing expectations of sports bettors, while also making it far easier to bet for new users and therefore improving the user experience all round.

This has meant a complete restructuring of our platform, ensuring a seamless user experience, the addition of products such as live streaming, which we are unique in the crypto sector for offering, and a more powerful logo and brand proposition which fits with our core values of a fun, fast and fair betting experience. The culmination of these improvements and complete rebrand has led to Sportsbet.io becoming as competitive in its offering as any other sportsbook on the market.

We see this as the key to driving sports betting growth in the crypto space. Driving crypto sports betting into the mainstream will only be feasible if the products out there, and the marketing campaigns that align with them, are of a quality that bettors expect of the industry. A rushed, white-label sportsbook with poor market offering will not only be passed over by a keen fiat currency bettor expecting a seamless experience, but it could also damage the wider crypto reputation as either immature or worse, illegitimate.

A successful product is critical in engaging new bettors, whether converting them from cash-based sites or acquiring them from other verticals in the crypto space. Only then, once a brand has been positioned correctly and a product offering made available to a high level, can we start to truly harness the marketing opportunities that affiliate marketing can provide across all our active territories.

DO YOU HAVE A BURNING QUESTION YOU WANT TO ASK?

If so, contact us at trafficology@gamblinginsider.com



BEHIND THE NUMBERS: DELVING DEEPER INTO AFFILIATE MARKETING

Sarafina Wolde Gabriel, VP of Strategy for Income Access, examines the findings of the company's first report into the state of affiliate marketing

In March, we released a survey report entitled **State of Play: iGaming's Affiliate Marketing Industry**, which presents the results of an affiliate survey that concluded in Q4 2017. Using feedback sourced from our network of affiliates, Income Access was able to identify several key trends reflecting both change and consistency within the online gaming affiliate industry.

Mobile traffic and optimisation

One example of this consistency concerned mobile traffic and how much the industry has come to rely on innovation in this area. A resounding 86% of respondents said they have mobile-optimised site, while 15% of them indicated that they also run an accompanying app.

The importance of being mobile-savvy was further highlighted by the 39% of affiliates who said that more than 50% of their traffic came from mobile devices. This marked a 97% increase from a 2015 Mobile Acquisition Survey conducted by Income Access, in which only 20% of affiliates said that more than 50% of traffic originated from a mobile device.

For the 2017 survey, the most popular selection of scale came from the 23% of affiliates who said that between 41% and 50% of their traffic is mobile.

When looking at app downloads, across all respondents currently equipped with one, the survey showed that about 31% average at least 76 new installs per month. At the other end of the spectrum, 44% of affiliates said they average 25 or fewer installs each month.

Target markets and verticals of focus

While being optimised for mobile has become a near-universal practice in online gaming, it has not diminished the equally important task of having a clear brand voice and understanding which audience/markets are most likely to respond to that voice. The survey respondents offered a glimpse at which established markets are likely to maintain their place at top and which emerging markets seem poised for growth through 2018 and beyond.

In the case of regional markets, the UK and Europe were predictably among the top selections for affiliates when identifying their current markets of operation. The UK was the clear favourite among respondents, with 65% of affiliates having some presence in the market. Western Europe (excluding Scandinavia) was the second-most popular choice at 37%. The United States (33%), Eastern Europe (25%) and Australia (25%) rounded out the top five choices.

Affiliates displayed comparable preferences when asked which markets they were most interested in pursuing through 2018. The UK was again at the top with 43%, staying ahead of the US (33%) and Australia (22%). Other regions that had similar results in terms of current and future initiatives included Africa, Latin America, Scandinavia and Eastern Europe, as each had a variance of 4% or less.

When comparing current markets of operation to future affiliate interests, Asia enjoyed the largest jump, going from

14% of respondents to 23%. The next biggest increase belonged to Scandinavia, which is a current focus for 14% of respondents and an area of future interest for 16%.

A similar mindset was visible when looking at affiliates' current promotional focuses for verticals, where long-standing leaders held strong and up-and-comers made their presence felt. The "big four" of Casino (75%), Sportsbook (42%), Bingo (40%) and Poker (38%) lead the way while Lottery, the next most popular choice, was selected by 15% of affiliates.

Financial, US regulated gaming (i.e. casino and poker) and Social Gaming, each of which appeared in 11% of affiliates' current strategies, saw an uptick when affiliates were asked about future promotional considerations for verticals. US regulated gaming tied with Bingo as the fourth most popular choice at 27%, while Financial (19%), Social Gaming (21%), Lottery (21%) and eSports (25%) all had strong results. Casino (44%), Sportsbook (36%) and Poker (31%) filled the top slots for future promotional focuses.

Promotional focuses and marketing activities

Results from our questions on markets and verticals confirmed certain assumptions regarding marketing practices as well as gave an idea of which trends should be more closely monitored moving forward. Our subsequent questions aimed to highlight popular tactics used by affiliates to promote acquisition growth in those markets and verticals.

When asked to describe their promotional focuses, 77% of affiliates selected content (e.g. online site reviews, sports/poker news, etc.) as one of their key strategies. Incorporating banner adverts with sign-up offers was the second most popular choice with 55%.

Leveraging social media accounts with trackable links to operator sites had varying levels of popularity with affiliates. Twitter (30%) and Facebook (28%) remain firmly at the top when it comes to the channels which attract the most focus from affiliates, while YouTube (19%) and Instagram (11%) had fewer proponents. The use of guest blog posts also had its share of supporters, finishing with 19%.

Looking at social media in more general terms, Facebook was the most popular channel at the time of the survey, as it was chosen by 79% of affiliates. It was followed by Twitter (66%), YouTube (36%) and Instagram (21%). Snapchat finished as the least popular channel when evaluating both current and future promotional activities with 13% for each.

Instagram (28%) had the distinction of being the only social media channel to have more affiliates select it as a bigger focus for 2018 than it was at the time of the survey. Facebook (62%) and Twitter (49%) were again the top two selections while YouTube was chosen by 23% as a major focus moving forward.

Apart from promotional focuses, the survey endeavoured to acquire more insights on what affiliates considered to be their most important marketing activities heading into 2018. The enduring importance of SEO was reflected in the 38% of respondents who chose an evolving SEO strategy as their most valuable initiative for 2018. The other top choices were website redesign (25%) and a revamped content marketing strategy (21%), which finished ahead of several other initiatives, including reputation management (2%).

Partnership questions and advertising models

In addition to promotional focuses and marketing initiatives, our survey sought to gain insight on affiliates' partnership preferences with merchants and brands they promote. To explore this, we asked affiliates what their most important questions were for prospective partners.

30% of respondents indicated that compensation schemes were a major factor in partnering with a brand. Similarly, a brand's exposure/profile in the industry was selected a key factor (24%) as well as being optimised for mobile (15%). Far fewer affiliates selected a focus on gamification (2%) or are using predictive learning (4%) as being influencing factors to partnering with a brand.

In what is a reflection of the diverse set of considerations prior to entering a partnership, 19% of affiliates provided



SARAFINA WOLDE GABRIEL

separate write-in responses that covered a range of diverse topics. Most of these concerned the conversion rate of promotional offers, reliability of payments, investing in relationships and the long-term outlook for the brand itself.

With commissions being such an important question for affiliates and their partnerships, we also asked on what advertising models they currently operate as well as what model they would run on if given the choice.

Revenue share (77%) was the overwhelming leader for advertising models on which affiliates currently earn commissions. CPA (43%) and hybrid (i.e. revenue share + CPA) (38%) also proved to be popular partnership models, with flat fee/preferred placement ads (19%) rounding out the top four choices.

When comparing these results to a survey Income Access conducted in 2016, we found that CPA had the most consistent year-on-year results with 42%, while revenue share (92%) and hybrid (58%) each dropped considerably. Based on our 2017 survey, these differences can be partly explained by an increasingly diverse set of models, which includes media buy deals, cost-per-click and cost-per-install.

Identifying their preferred advertising models (i.e. not necessarily those on which they currently earn commissions) affiliates made revenue share the most popular selection with 55%. Hybrid (30%) and CPA (19%) each received a decidedly smaller percentage than on the question of current commission models. In fact, the only advertising model that saw a higher figure as a preferred affiliate option was media buy deals (6%), which only 2% identified as a current model of earning commissions.

Conclusion

Through the survey, we were able to corroborate some of our working theories heading into the project and uncover previous unknowns. While mobile has been top-of-mind for years, it's nonetheless impressive to see just how omnipresent it has become. The same applies to the "big four" of casino, sportsbook, poker and bingo, which have proven to have varying levels of staying power. One example of an unexpected but welcome result was the 25% of respondents who said they are considering promoting eSports in the future.

We anticipate 2018 being an eventful year in online gaming and one in which a new set of questions will come to the fore, concerning emerging markets, evolving regulatory landscapes and the technology used to navigate new challenges and opportunities. We look forward to exploring those questions in a similar manner as we did for this survey.



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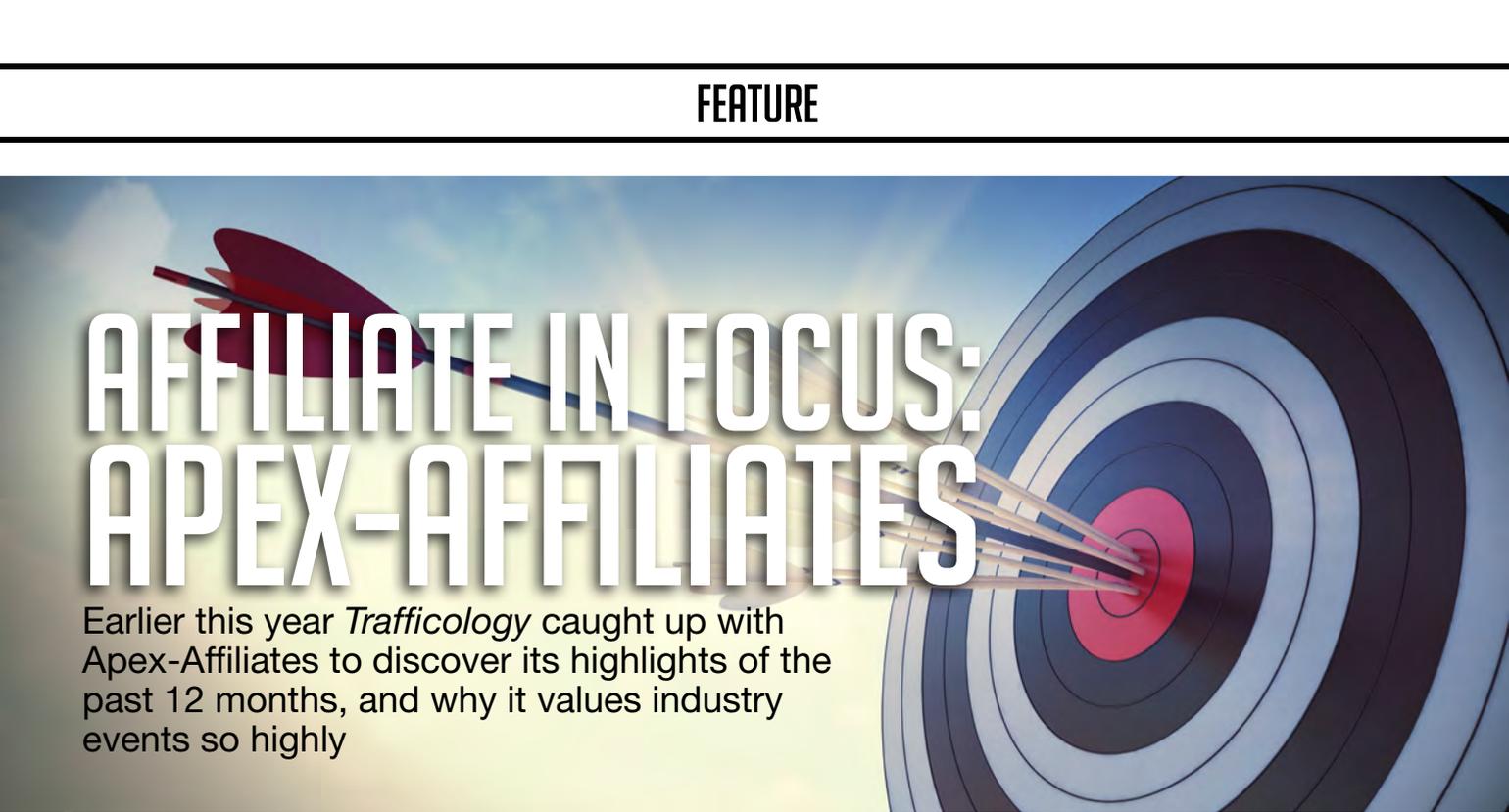
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AFFILIATE IN FOCUS: APEX-AFFILIATES

Earlier this year *Trafficology* caught up with Apex-Affiliates to discover its highlights of the past 12 months, and why it values industry events so highly

What were your highlights of 2017?

In 2017, the team of Apex-Affiliate program participated in various conferences such as: LAC, AAC, Mailer Meetup NYC, Berlin, SiGma Malta, Bangkok and others. Additionally, our affiliate program was certified by the GPWA, and affiliates can now be paid with Bitcoin currency.

Apex-Affiliates' biggest client, Tangiers Casino, expanded its activity including collaboration with new games and payments providers. Among the games that were added included player favourites Frankenslots Monster, Legends of the Nile, Charms and Clovers from Betsoft, Game of Thrones, Thunderstruck II and Silver Fang from Microgaming, Wolf Gold, 7 Monkeys and Hot Safari from Pragmatic Play, and 5 Mariachis, Rolling Roger and Santa's Village from Habanero.

The following payment solutions have been added: Bitcoin, Astropay Direct, Astropay Card, Paysafe and virtual vouchers. Tangiers Casino is constantly improving its user experience and design for players and expanding in new markets, for example Latin America and Asia.

Why do you look forward to events such as LAC or BAC?

This is a great opportunity for us to meet you. You can contact us and schedule a meeting for any of the next conferences. We are always looking for new partnerships and are happy to meet new affiliates to expand our network. A face-to-face meeting is always better than communication via Skype or email.

In your opinion what does 2018 hold for the gaming affiliate community?

The gaming industry is constantly growing and the affiliate community as well. We welcome new affiliates who are joining our program with special payment offers.

We believe that 2018 will show an increase in the use of cryptocurrency by both affiliates and players. Apex-Affiliates is offering to the affiliates the opportunity to be paid via Bitcoin currency.

Apex-Affiliates offers customised marketing materials and special promotions, affiliates are invited to approach us in order to receive suitable promotions for their activities.

What is special about your program? Why should an affiliate partner with you?

Our casinos have great, fun and well-designed products, and new software that gives players access to a variety of the most lovable games from providers as Betsoft, Habanero, Pragmatic Play, Rival, Microgaming and more. Pioneer Casino, Tangiers, has trained and experienced customer support teams who are working 24/7 in order to keep high level service and happy players.

Our affiliates enjoy the highest acquisition rate in the industry. We have one of the most flexible and attractive commission plans. We offer a variety of deal types for the affiliate to choose from. You get a dedicated account manager, available via email and Skype 24/7 and lots of support with marketing materials, customised for your website.

For affiliates that are working with us on revenue share commission, there is no negative carryover from month to month. Any negative balances will not impact your profit share. Every month you start again from zero.

What deal type does Apex-Affiliates offers?

You can enjoy various commission structures. We offer revenue share, CPA and a hybrid. Revenue share has a default commission, whereas CPA and hybrid are open for negotiation.

What is the commission structure you offer for revenue share?

At the end of each month all your commissions are added together from all sites you are an affiliate for. All the deposits made during the month through your affiliate links are added up. Any withdrawals taken for the same month are subtracted. The figure left is where your XX% commission will come from.

So for each month: All deposits – all withdrawals = commission (of which the agreed XX% will be paid to you.)

In order to receive an attractive offer from our affiliate managers for the first three months, please contact us. The offer you will get will be based on the number of players you can generate.

Between 51-100 players per month, we offer 40% revenue share and for above 100 players, we offer 45% and more.

NAVIGATING THE MINEFIELD

In the words of Glenn Frey, "The heat is on".

It's been a rough time in recent months for the online gaming business. Regulatory changes are sending a chill wind across the industry and the UK's Gambling Commission has proved its bite is even worse than its bark, with an eye-watering £6.2m fine for betting group William Hill.

William Hill made some major mistakes: allowing players to gamble with stolen money, ignoring clear addiction warning signs, and making little effort to prevent money laundering. It's the second largest fine levied by the Commission, following in the titanic wake of the £7.8m fine against Gibraltar-based 888.

Motivational speakers will tell you the Chinese character for crisis is a combination of danger and opportunity. It's not. It's an urban myth. However, this regulatory crisis is a fantastic opportunity for both the gaming industry and its affiliates.

In February, the Committees of Advertising Practice (CAP), administered by the Advertising Standards Authority (ASA), announced a new raft of legislation aimed at restricting the impact of gambling advertising. Specifically, with an emphasis on the offers of free bets and bonuses.

In the guidance document from CAP, relating to free bets and bonuses, it is clearly stated that: 'terms and conditions must be prominent and not misleading'. 'Money back' offers must be in cash – not bonuses, and 'risk free' offers must incur no loss to the customer.

But the killer line is this: Advertisers are responsible for the marketing conducted by third parties who are signed up to their affiliate programs. In addition to the advice above, affiliate marketing should adhere to the rules set out in the Code.

In a nutshell: the ASA has ruled that both the business and the affiliate marketer are responsible for meeting advertising rules and standards. If you don't toe the line, as William Hill and 888 will testify, the legal implications and price can be very, very high.

So, where is the opportunity? Online gaming has long been subject to suspicion and scrutiny. Faraway, offshore locations like Gibraltar and Malta give the impression that these are businesses that operate outside the norm.

Conforming to stringent regulation gives customers the confidence to deposit and play for real. If the new sheriff in town is kicking butt, it's safe to let the cattle roam free.

Affiliates need to be flexible. Dynamic websites are an attractive proposition, offering end users ever-changing content. However, these sites require clever content management system (CMS) software and diligent editorial oversight. CMS software is notoriously vulnerable to hackers and, in such a regulation heavy environment, need constant monitoring.

The real key to opportunity is ensuring your affiliate website is both scalable and multi-platform. More than 50% of searches take place on mobile phones. It takes a user less than a second to judge a website. Make sure yours is judged a winner.

Data verification is another critical factor for the industry. The Gambling Commission puts the onus on the gambling companies to ensure that players are old enough, have not self-excluded, and are who they say they are. The latter to prevent money laundering and multiple accounts.

If affiliate and gaming websites are up front about why they need this information, (once again) it can help customers feel more confident about choosing an online casino or sports book. Additional information, that might be required to verify an account, could include pay slips, bank statements, trust deeds, and recognised government ID.

What of the future? Online gambling is a lucrative business. Where there's a will to wager, there's a way to make it happen. Marketing is becoming increasingly granular; scaled down to a micro level where the message is delivered by a nudge and a wink.

Micro-marketing techniques bring the wheel full circle and an environment where referral, via a social media channel, is the way to connect people to your business. The big billboards and high cost television advertising are the wallpaper in a chat room of whispers.

As it was, and as it always has been, the key to success is to get the consumer chasing the brand. Not vice versa. Yeezy, Nike, and Apple are all brands that command extraordinary levels of user loyalty. The products are strong and their brands enjoy stellar reputations. Customers want to belong.

Online gaming needs to offer its clients an 'extraordinary' experience, built on micro-marketing and a duty of care. Enjoy your gamble but don't worry about losing your shirt. In fact: we'll take your shirt, wash it, press it, and return it with a free set of cufflinks. Build a relationship and you build a business.

ROI RINTZLER
Head of Affiliates &
SEM, Mansion Affiliates



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