

trafficology

AFFILIATE FOCUS BY GAMBLING INSIDER

MARCH 2018

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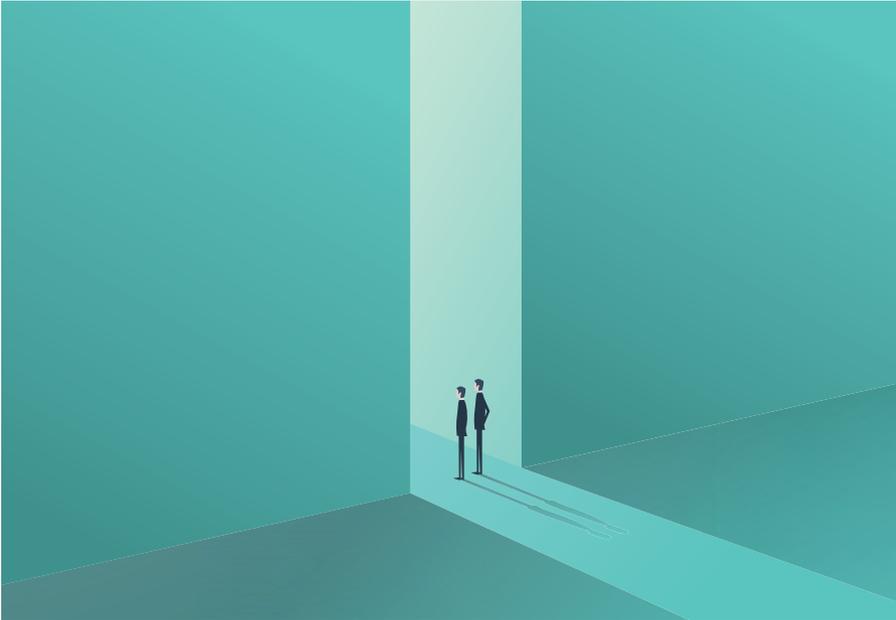
APEXAFFILIATES



THE DIGITAL REVOLUTION

How smart affiliates are using Martech to stay competitive

ALL CHANGE AT CATENA MEDIA



In mid-February, Catena Media announced the appointment of Per Hellberg as its new CEO, replacing acting CEO Henrik Persson Ekdahl. Ekdahl, who replaced Robert Andersson at the helm of Catena in October 2017, following his resignation, will return to his role as a board member of Catena Media in September, handing the reigns over to the new CEO.

In previous roles, Hellberg served as CEO of Nordic Gaming Group Limited, overseeing divestment of the company to Betsson AB. Prior to this, he held the position of CEO for Readly International AB, and additionally has served as a Marketing Director for Sony.

Announcing the senior appointment in a statement, Kathryn Moore Baker, Catena Media's Chairman of the Board, said: "We are

very pleased to have reached an agreement with Per, who has a solid digital background and exceptional experience in leading global teams managing fast-paced growth. In previous assignments, he has demonstrated a strong capacity for successfully driving progress in transforming markets."

In its most recent financial report, Catena Media revealed revenues of €20.1m, rising by 63% year-on-year when compared to its Q4 2016 results, and up 16% on the revenue generated during the third quarter of 2017.

Commenting on the role, Hellberg waxed lyrical about his new employers, adding: "Catena Media is a one-of-a-kind company with a compelling history, an almost unprecedented growth rate and vast potential.

"I am inspired by companies with a clear strategy for growth and by how I can further contribute to their success. I have spent a decade in that environment. This is a great opportunity to be able to continue the journey and to support Catena Media in its aggressive strategy for the future."

Furthermore, Catena also confirmed the placement of a new €150m senior unsecured bond scheduled for 2021. This would see Catena governance expand its current corporate debt framework to a €250m 'new bond loan', with corporate interest payments reduced from 6.75 to 5.5%. The update will further assist the Stockholm-listed affiliate network to continue with the company's ongoing M&A expansion strategy.

At the time of the news, Ekdahl commented: "We are very pleased with the great interest that has been shown from investors to participate in this transaction, both from our existing bondholders rolling over to the new bonds as well as from new investors.

Looking to the future, Catena governance will refinance its existing €100m corporate debt structure which is set to mature in September 2019. Further assisting its growth strategy, Catena will be allowed to trigger an additional debt access within the range of €3-30m; currently representing 75% of the Group's operating EBITDA.

Ekdahl added: "The new bonds provide us with a lower cost of financing as well as increased flexibility for additional financing, which we consider as an important step in our continued development. With this, we have enhanced our capacity to continue on our strategic path and to be a leading player in the ongoing consolidation of the affiliate market space."

BETWAY BRINGS ITS AFFILIATE PROGRAM IN-HOUSE

Betway has confirmed the start of a process to bring its affiliate program fully in-house. The company's affiliate partners will now be fully managed by the operator to more closely monitor affiliate programs in changing regulatory landscapes, across several of its operational territories.

At a time when the affiliate sector is in a transitional period, many programs including big names like Paddy Power Betfair have chosen to enforce tougher restrictions on their affiliate partners, prompting many to leave the affiliate industry, while some affiliates, such as Sky Betting and Gaming's affiliate program have closed all together.

The move will see a migration of work from its current affiliate partner manager, Buffalo Partners, into Betway Partners which will then manage the affiliate program moving forward. As part of this process, Betway will also offer affiliates across all its operational jurisdictions continued assistance as it begins the process of managing them in-house.

Transfer of business will begin on 1 March 2018 and Betway has confirmed that it has already informed its current affiliate partners of the changes and how it will affect them.

Announcing the development, Anthony Werkman, CEO of Betway, said: "Managing the affiliate sector is vital in maintaining Betway's values, so to ensure we remain

fully compliant with changing regulatory requirements we will be formally bringing our affiliate program in-house. We value our affiliate partners greatly and look forward to working with them over the next few years in order to grow this successful area of the business.

"In doing so we will be focusing on delivering the highest regulatory standards in all our markets as well as ensuring that a clearer alignment with Betway values and systems is in place, and through that greater overall transparency and accountability is achieved. We will continue to work alongside regulatory bodies to ensure a safe and fair environment for all."

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EVENT REVIEW



THE TOP FIVE THINGS WE LEARNED AT LAC

The floor of the London Affiliate Conference is one of the premier sources of industry sentiment. *Trafficology* was on hand to take the temperature of the room at this year's event; here are our key takeaways

LOOKING TO CRYPTO AS THE NEXT BIG THING

One of the hottest topics in the gambling industry at the moment is the emergence of cryptocurrencies and where they might find a place within the gambling industry. Not to be left out of this conversation, LAC played host to a number of talks examining the potential opportunities for affiliates.

As an emerging medium, there is still a lack of knowledge among individuals in the industry, but with articles appearing daily online, the number of interested individuals grows by

the minute. However with interest comes volatility and one needs only to look at the fluctuation in the price of Bitcoin from a December 2017 high of \$20,000, to a February 2018 low of \$8,000, to see evidence of this.

Everyone is searching for the crypto-unicorn; the one unique opportunity which presents the ability to generate vast amounts of revenue for relatively little cost. But for every great opportunity there are a thousand scams, and

LAC served as a warning not to enter the cryptocurrency world lightly.

As they have done in the gambling sector, there are opportunities for affiliates to become involved in driving traffic to Initial Coin Offerings, cryptocurrency trading sites and those sites such as Coin Commission, which act as an ICO for affiliates.

FURTHER AFIELD FOR AFFILIATES?

As operators and their affiliate partners are stymied by increasingly partisan regulatory regimes across Europe, the challenge is finding the next untapped market. The Friday conference tracks at LAC included speakers championing the cause of two of the biggest, namely Africa and Latin America.

With a GDP of \$5.2tn, and over 120 million people regularly purchasing items online, Latin America could be the next big thing for affiliates.

In terms of content and lead generation, Latin American users spend more time on social media, with 73% of social media users in LatAm reading comments about brands on social media. Of these 62% say that reading comments like

"ALTHOUGH LAC DEDICATED A VAST AMOUNT OF THE CONFERENCE TO LOOKING TO THE FUTURE, IT ALSO REFLECTED ON THE LESSONS TO BE LEARNED FROM THE PAST"

these have influenced their decisions when visiting brands.

The Latin market, with its 60% internet penetration and 87 million active credit cards in Brazil alone offers a different kind of opportunity for affiliates. With operators including Sportingbet, 10bet and bet365 already involved in Latin America and more regulation on the horizon, it is easy to see why.

Operators from Africa, especially Nigeria, Kenya and South Africa were present at the conferences with many having their own exhibition booths. Over the last ten years, there has been substantial growth in the affiliate sector in Africa, with the industry benefitting from infrastructure expansion and greater access to mobile technology. With no GDPR, and a high conversion rate when compared to Europe, Africa presents a potentially lucrative untapped market for affiliates.

Each market carries its own distinct way of doing things and has its little nuances, from Africa's predilection for SMS marketing to the Latin America proclivity for video content over written content.

COMPLIANCE AND LIABILITY

With May and the forthcoming introduction of the EU's General Data Protection Regulation (GDPR) looming large over affiliates, LAC played host to a number of talks on how

this might affect the industry. Given the regulatory changes which have already affected the UK, one of the big talking points at LAC was the potential for the streamlining of the affiliate sector.

Affiliate operators are increasingly implementing tougher and tougher guidelines on their affiliate partners, as a way of avoiding the potential consequences of GDPR, but also as a way to weed out the serious affiliates from their less serious counterparts. These changes in stance have served as a catalyst for many new trends and innovations in the affiliate sector, which predominantly are designed to serve the new stricter compliance regime.

Although LAC dedicated a vast amount of the conference to looking to the future, it also reflected on the lessons to be learned from the past. In the past twelve months, the affiliate sector failed to deal with certain compliance issues, and where it had been successful in nipping them in the bud, as a marker for how it might proceed in the future.

Activity in the mergers and acquisitions tranche of the affiliate world have ramped up a notch over the past 12 months, and with these acquisitions comes the need to ensure that the businesses being purchased are compliant.

Larger affiliate firms such as Better Collective and Catena Media have been highly active in this field during the last 12-18 months, making multiple purchases, and spending big money to acquire websites in jurisdictions across Europe. Each one has its own set of regulations and market peculiarities.

SEO: THE SUBJECT THAT ISN'T GOING AWAY

Anyone who has attended an affiliate conference over the last 24 months, indeed anyone operating as an affiliate, will know the importance of SEO. Phrases such as Google rankings, crawling and indexing have become important parts of the affiliate lexicon in a world where ignoring SEO can mean the death of your affiliate business.

Many of the smaller and mid-sized affiliates attending LAC chose to sit in on sessions including leveraging structured data, negative SEO and the always lively SEO Rockstar panel. All of them were searching for that magic bullet, a solution which boosts SEO that can be deployed easily, cheaply and most importantly, in a way that the results can be accessed at the touch of a button.

Will that search have to continue? Undoubtedly, no solution is perfect as the technology is always evolving and changing, but expanding knowledge on the subject can never be a bad thing for affiliates.

FINANCIAL AFFILIATES ARE ON THE RISE

London Affiliate Conference also played host to the Financial Partners Expo which invited thousands of financial affiliates from all around Europe and Africa, and if the evidence of the event is to be believed, that sector is growing.

The relationship between affiliates and forex brokers is broadly similar to that of their gambling industry counterparts. Forex affiliates refer potential traders to online Forex brokers via their respective websites in the same way that a gambling affiliate would refer a player to an online casino.

Becoming an affiliate with a Forex broker is relatively easy and straightforward, in most cases an agreement is signed by both parties (the Affiliate and the Broker's Affiliate manager), in which the terms and conditions are written down and the amount of commission is defined. Once these are agreed, the affiliate will complete the process by providing identity verification documentation.

With GDPR looming, many gambling affiliates may want to change over to being forex affiliates, given the ease of doing so. ◀



AFFILIATECON SOFIA

WHAT: AffiliateCon Sofia

WHEN: 15-16 May, 2018

WHERE: Sofia Event Center, Bulgaria

www.affiliatecon.com

Now only just over two months away, hundreds of affiliates will head to Bulgaria's capital and largest city, to attend the launch of AffiliateCon Sofia. AffiliateCon is the must-attend event for affiliates wishing to get updates on technological innovations and the latest gaming verticals.

The event is free for affiliates to attend, and rather than being a trade show with big, intimidating stands, it will provide a relaxed environment where selected high-profile brands will get the opportunity to discuss potential partnerships with a wide range of affiliates from around Europe.

In an update to attendees, two new key note speakers have been confirmed to offer their insights to affiliates on some pertinent industry topics. Tal Itzhak Ron from Tal Ron, Drihem & Co. Law Firm and Marc Kenigsberg, Founder of BitcoinChaser.com, will both speak at the event on two separate industry issues.

Tal Ron, Drihem & Co. is a premier worldwide law firm, with specialist expertise in gaming, software and platform development, and most importantly in this case, affiliates. Tal Ron is set to hold a seminar on legal challenges and opportunities in Europe for affiliates on Day One of the event. The session will give attendees an in-depth look into the complicated legal minefield in Europe, outlining grey markets and different markets of potential growth.

Tal graduated from the University of Haifa Law School and has a great deal of experience in public speaking, serving as a lecturer at the same university, whilst also

heading the firm he currently runs. He has an impressive history of speaking at events and this is sure to be a talk not to be missed by attending affiliates.

Marc Kenigsberg will speak to affiliates about the current content trends in regards to cryptocurrencies on Day Two of the event.

Marc has always been a huge advocate for blockchain and the technology's ability to change the world, making him the perfect speaker to educate attendees on the future of cryptocurrencies and the potential opportunities in this field.

As one of the world's leading Bitcoin affiliates, Marc runs TheCoinversation.com podcast, in addition to BitcoinChaser, where he educates and updates the digital currency community. Kenigsberg is a veteran of the gambling industry with 15 years' experience in various roles, including being responsible for marketing at some of the largest industry brands, such as Playtech and Microgaming licensees.

He has experience speaking at a number of industry-leading events and continues to advise gaming operators and businesses on strategy and marketing activities.

The layout and structure of AffiliateCon is unlike any other affiliate-focused industry event. The main space for the convention will consist of a number of small booths and connection points for participating affiliate brands, together with a stage for keynote presentations and entertainment. It also features a special VIP affiliate area where guests will be pampered with a chill-out area and private outside terrace. Extensive break out areas, refreshment points and a massive balcony make the venue a relaxing environment in which to conduct business.

If you are an affiliate looking to expand your knowledge on key industry trends and expand your network in an informal and relaxed setting, then AffiliateCon Sofia is the event for you. ◀

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WHY MARTECH IS TRANSFORMING THE AFFILIATE UNIVERSE

As a digitally native industry, affiliate marketing has always has its finger on the pulse of technology trends. But with the pace of change increasing, staying ahead of the pack when it comes to evolving your tech stack is now crucial for futureproofing your business



The world of digital marketing is a rapidly evolving one, and this trend is only set to continue at an increased pace moving forward.

On the one hand, this is great news for affiliate marketers. As consumers spend more time online, through multiple

channels, the opportunity to market to them is amplified. However, the equation is not as simple as that.

A popular term that has entered the marketing vernacular recently is 'the attention economy'. This expression signifies the principle that the target online consumer is so flooded

with information that competition to have your message read, comprehended, and actioned upon is now at its most intense.

For many years, affiliate marketers have relied on SEO expertise as the primary driver of traffic, but this is no longer a satisfactory strategy in its own right. The CPA of SEO-driven marketing is climbing, and with the increased competition in the market (conservative predictions estimate that the volume of content on the internet is doubling every nine months), cutting through the cluttered world of the web to deliver a message to future customers is increasingly difficult.

If you speak to the affiliate industry giants (*Trafficology* has recently interviewed both Catena Media and XLMedia for recent issues on this topic), they will tell you that they are moving away from seeing SEO as being the be-all and end-all string in the affiliate marketers bow, and that quality of content is their primary focus moving forward.

Catena Media's Acting CEO, Henrik Persson Ekdahl, expressly outlined his vision for the company, which focused heavily on the development of quality products populated by quality content. "The future is not SEO by link building, the future is SEO by content," Ekdahl explained. "Google will favour content that people actually come back to read up on, if you look on many of our sports assets, it is comparable to a sports section on a big newspaper. The sports newspapers are our competitors and that is where you create sustainability in your asset, because if you build your website on links to your affiliate sites and smart old SEO moves the likelihood of you being hit on a future Google update will be much higher than if your site is driven by users wanting to come to your asset."

This shift in approach, away from relying on simple and generic explanatory or review content toward delivering useful and engaging content that will build a legitimate audience, is one that affiliates of every size will need to adopt if they are to remain competitive. However, whilst populating one or multiple sites with quality content is a viable strategy for the larger affiliates, this can be a real competitive advantage of scale over smaller affiliates who will inevitably struggle to do the same. With the 'attention economy' now a genuine concern for affiliates, the inability to compete on this front is one of the principle factors commentators point to when putting forward the argument that small affiliates will be pushed out of the market entirely in the next few years.

Whether this prediction comes to pass is debatable, in either circumstance there is a potential solution that could readdress the balance. That solution is to utilise the marketing technology available in the market to execute a smarter content strategy.

BLOCKCHAIN-BASED MARTECH MARKET INCREASES BY 400% IN SIX MONTHS

One potential technology avenue that affiliate marketers may want to consider when looking for competitive advantage in the coming years is software anchored in distributed ledger and blockchain technology.

Most affiliates will probably already have blockchain on their radar, as the cryptocurrency trading markets have been widely identified as the next vertical that is set to blow up. However, affiliates are probably less aware that DLT has multiple uses in addition to identification and

In an interview with *Trafficology* for our February issue, Ory Weihs, CEO at XLMedia spoke about the importance of technology for the success of affiliates in the future.

"A very important trend we are seeing and will continue to see is increased dependence on technology for both optimisation and scale", Weihs commented. "Again, this

"IF YOU SPEAK TO THE AFFILIATE INDUSTRY GIANTS, THEY WILL TELL YOU THAT THEY ARE MOVING AWAY FROM SEEING SEO AS BEING THE BE-ALL AND END-ALL STRING IN THE AFFILIATE MARKETERS BOW, AND THAT QUALITY OF CONTENT IS THEIR PRIMARY FOCUS MOVING FORWARD"

is something XLMedia has always been in the forefront of and will continue to be a priority for management. This is why we currently employ close to 100 developers, and growing."

The same must be said for small affiliates, evolving operations in line with technology advances is the only way to futureproof the business. Where this strategy differs is that in the same way as small affiliates cannot turn to an army of content creators to improve their editorial, similarly they cannot hire 100 developers to drive the product forward in the same manner as XLMedia. The solution is partnering with vendors in the martech market.

Of course, many of the affiliate networks with a stronghold in gaming, such as Income Access, will be familiar to gaming affiliates. But there is a whole spectrum of other platforms and technology providers beyond the gaming horizon that affiliates should have on their radar, as many of the most innovative platforms in the industry can be found here.

So who are the vendors in the market that should be attracting the attention of affiliates? And what are the outsourced services that are going to have the biggest impact on affiliate marketing in the future? Here is *Trafficology's* list of the top vendors in the market.

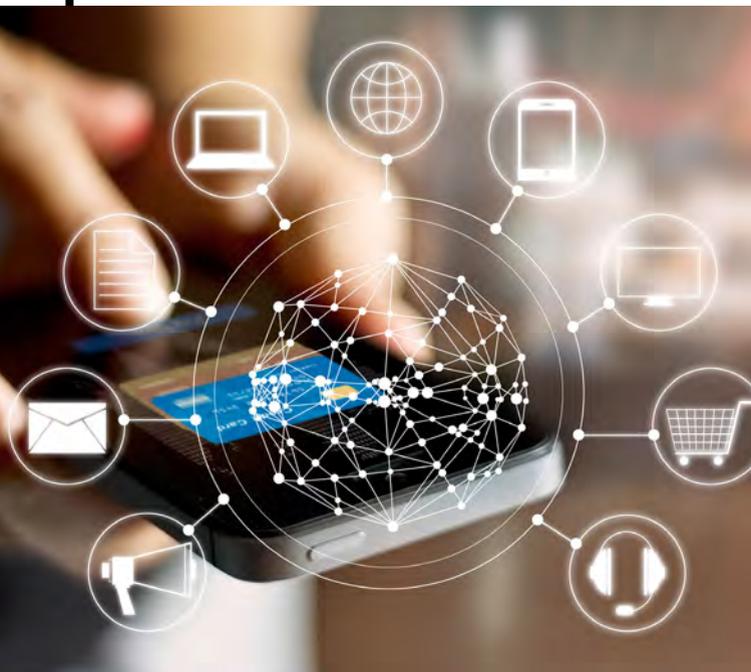
allocation of assets, and one of those is bringing efficiencies to marketing activity.

One report published last month estimates that the blockchain martech vertical has grown 400% in the past six months; advertising in search and social increased by 500% and the loyalty market (including loyalty points) grew by 150%.

Trafficology will be keeping an eye on developments in this area in the coming months, as we discover the best technology in the market, we will bring you the need-to-know information.

SCALED

Scaleo is a cloud-based affiliate martech that aims to save affiliates time on checking statistics and performance by centralising these functions, leaving them with more time to grow their affiliate business. It also positions itself as one of the more affordable products in the market at only \$99 per month.



CLICKMETER

ClickMeter manages and tracks all links and clicks from affiliates in one place. The platform also tracks sales conversion, recognises real visitors from bots, produces real-time reports, manages A/B test functions and protects page rankings from dilution.

SOFTWARE FOR AFFILIATE PROGRAMS

It is not just affiliates that are benefitting from improved martech. Here are some of the best technologies available to enterprises that are looking to grow their affiliate network and performance.

POST AFFILIATE PRO

Post Affiliate Pro is an affiliate software that runs your entire affiliate program from top to bottom. It is intuitive, fast, effective, and infinitely expandable and scalable. The system includes a merchant panel and affiliates can additionally see their stats and manage their promotion materials. Post Affiliate Pro will automate your entire affiliate program.

Tracking is the most important feature of every affiliate software, and Post Affiliate Pro defines new standards of visitors tracking with state of the art tracking methods like flash cookie tracking or direct link tracking.

CAKEMAIL

For affiliates that rely on newsletter and mailshot marketing, there are plenty of programmes that can automate distribution (MailChimp, Marketo etc). Cakemail distinguishes itself with its mailshot campaign design features, and its advanced contact management system.

PARSE.LY

A popular tool in the world of online publishing, Parse.ly tracks engagement with your content, allowing affiliates to see how their audience is responding to the material they are placing on their sites. With content now being so important to affiliates for the reasons named above, tracking audience engagement, including channels through which the audience has reached the site (e.g. newsletter campaigns, social media etc.) gives affiliates greater visibility of what is and isn't working in their content strategy. With the cost of producing content increasing, efficiencies in this area i.e. only producing the content that is going to have the greatest cut-through to the audience, is going to be vital for affiliates to stay profitable.

HUBSPOT

HubSpot is a solution that allows SEO driven marketers to convert audiences that organically arrive on their site. Built-in analytics make it easy to learn which pages, offers, and traffic sources are driving the most conversions, so you can optimise more effectively.

See how many times leads visit before they buy, spot trends in how visitors navigate your site, and use those insights to drive more conversions.

SE RANKING

SE Ranking is a cloud-based platform for online marketing professionals and affiliates that gives the user a complete set of tools for comprehensive site audit, competitor analysis, website ranking, keyword suggestion and grouping, backlink monitoring, and automated professional reporting. In addition to SEO tools the system offers features such as White Label and Marketing Plan. ◀

REFERSION

Refersion boldly states that you can launch an affiliate program using its technology in less than seven minutes, such is the simplicity of connecting any e-commerce vendor. The affiliate program is completely customisable. Tracking is carried out through links and also coupon codes, and affiliates can be paid through a variety of methods, including PayPal and gift cards.

LINKTRUST

LinkTrust is an affiliate marketing software with multiple functions that allows businesses to attract and then sign-up affiliates through an entirely automated process. Affiliates can be managed, with marketing performance completely trackable.

The software also has lead distribution and campaign management functions.

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AFFILIATES



BACK FROM THE EDGE?

Trafficology sits down with Affiliate Edge to discover if the online criticism voiced by figures in the affiliate industry is justified, and how the company plans to move forward amidst this backlash

2017 was something of a rollercoaster year for Affiliate Edge, the casino affiliate program behind the former Club World Casino group. A change of ownership at the end of 2016 was the catalyst for change, and this change caused something of a stir in the industry to put things mildly.

By April 2017, the internet was awash with complaints of how the new owners were re-strategising the business. Affiliates that had once described Affiliate Edge as the premier network for US-facing players and looking after affiliates began turning their backs on the brand, even going so far as to link previous Affiliate Edge to rogue gallery sites.

Accusations of late payments, and worse, de-tagging referred players began to surface, leading many affiliates to remark that they would no longer be working with what was once considered the primary affiliate network for US casino operators.

Associations with Affpower, the casino affiliate program that was accused of promoting fake games hijacked from NetEnt, were also slung at Affiliate Edge.

But there are always two sides to every story, which is why *Trafficology* caught up with Affiliate Edge earlier this month to get its take on how the last year has unfolded, if the criticism from sections of the affiliate community

is warranted, and whether Affiliate Edge is still one of the most upstanding affiliate networks in the industry.

You acquired Affiliate Edge towards the end of 2016. Why did you decide to acquire the company? Has the first 18 months of ownership gone as expected? There have been more hurdles than expected. It is probably fair to say that there have been ups and downs during that time, talk us through that journey from your perspective.

This was as a result of a family dispute between three brothers, the litigation resulted in the previous CEO being found to be a liar and in breach of his fiduciary duties, as a consequence he resigned from the business in November 2016, so the other brothers took over the reins.

It's been a challenging transition, but the company is still doing well. One key hurdle was the Affiliate Edge software which was archaic and caused us numerous issues including player statistic fluctuations. Since then we've imported our affiliates over to a new system which is performing admirably, it's far superior with more transparency compared to the previous system. The affiliate team also work closely to keep on making improvements, so we provide our affiliates with what they need.

A lot of the negative comments you generate through forums are the result of a key change to terms and conditions you made last year. Explain that change and why you made it. Would you say these changes are fair to your affiliates, especially longstanding ones?

The retroactive changes were made to protect the longevity of our affiliate network. Due to the ever-changing landscape of the gaming industry there are new and increased costs involved with running affiliates. The affiliate program was therefore not sustainable for the long-term, so adjustments were needed to ensure we will be around for the long haul.

Have you been de-tagging players? Many affiliates have reported significant revenue drops immediately following your acquisition.

No, the old software was malfunctioning regularly, most affiliates were understanding of the situation and we worked through this closely with them with to solve any issues they had.

Many affiliates are also complaining of late or outstanding payments. Do you recognise this is an issue?

Before the brothers took over the business, affiliates were not paid until the end of the month. They are now paid within the first seven days. In fact this month affiliates received their January commissions in the first few days of February.

Is it the case that an affiliate has begun legal proceedings against Affiliate Edge? How has that situation occurred? What has been your response since the action was brought? How are you expecting the situation to be resolved? Is it an isolated incident or do you expect further similar actions in the near future?

The case came to court in December 2017, his actions against us were stayed. The case was sent for arbitration (which he has not taken up) and he had to pay approximately half of our costs. This is an isolated incident.

What are your objectives for Affiliate Edge for the next 12 months? Are you positive on the future of the company?

We want to continue to maintain our excellent reputation with our players. We regularly request feedback from them and in 2017 we had an average feedback review of 4.66 out of 5. Already for January 2018 the team has an average feedback of 4.77. Some of the written feedback we've received includes:

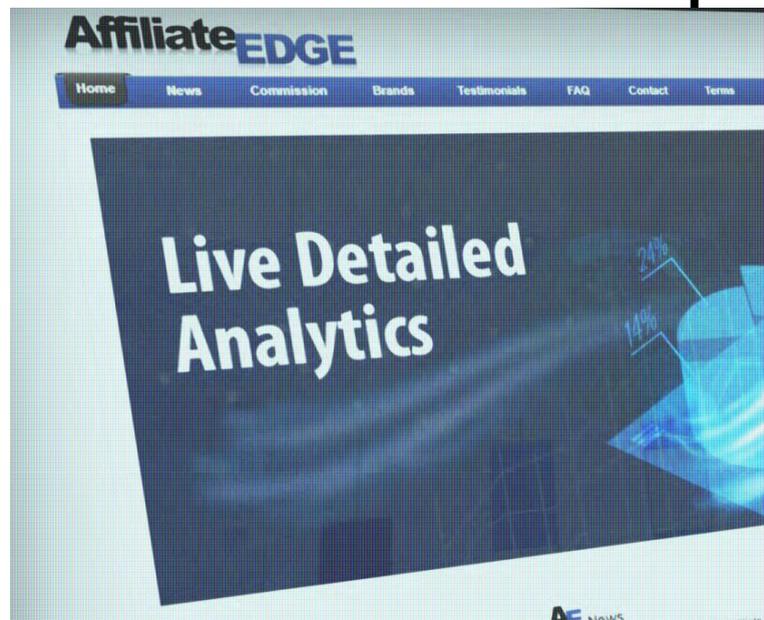
"Absolutely Fantastic!"

"Great service. Answered questions promptly and were informative."

"Amazing, fast response to max satisfactory ;)"

"Great service always Thanks Customer Support!"

"WE WANT TO CONTINUE TO MAINTAIN OUR EXCELLENT REPUTATION WITH OUR PLAYERS. WE REGULARLY REQUEST FEEDBACK FROM THEM AND IN 2017 WE HAD AN AVERAGE FEEDBACK REVIEW OF 4.66 OUT OF 5"



For 2018 we intend to maintain and improve this and keep working closely with all our players. We will continue to drive new players and build the affiliate network, our numbers keep on climbing and we will keep this going, work closely with affiliates to build more partnerships, as this grows we will also increase the size of our affiliate team.

With the excellent team we now have across the business we have growth plans ahead which we can't go into, but 2018 should be an exciting year of development across all departments. ◀



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AFFILIATE OPPORTUNITIES: THE CASE FOR LATIN AMERICA AND AFRICA

LATAM

Tiago Almeida, CEO of eGamingServices speaks to *Trafficology* about operating in the LatAm market and the abundance of opportunities available to affiliates

Why do you think that affiliate operators like Catena Media and Better Collective have not chosen to expand into Latin America?

I believe some of the biggest affiliate networks choose to focus more on their primary markets. Their growth has been focused almost exclusively in M&A and selected geo-expansion. Naturally markets such as the Nordics, Germany or Japan were

the main priorities. These are markets that are already familiar for these companies, where they have accumulated extensive experience about player preferences and how to monetise their traffic. Coming into emerging markets like Latin American will require a big effort. Player behaviour and product preferences are substantially different, with hard to find language skills and specific niche product preferences.

In order to create content, affiliates need to invest in the region, creating a heavy structure of content contributors and social media managers, which understand how to present an engaging commercial message. Cultural and religious aspects are important when we are discussing these markets, so the player journey needs to be adapted and streamlined. Latin American markets require local teams and different assumptions. For companies like Catena Media or Better Collective, it is more efficient to invest in markets that are already familiar to them; however, there are first-



mover advantages and big opportunities for those willing to allocate resources to seize this opportunity.

Where do you see the big opportunities for affiliates in Latin America and why?

I believe there is gap to be filled with video content and social media. The effective use of both will create a momentum that affiliates must seize. Currently you do not yet have a significant number of local affiliates seizing the opportunities in these channels; yet clearly the traffic is there to be monetised. I believe in 2018, mobile video content is going to be the big trend in player monetisation in Latin America, but to achieve that affiliates need to make a big effort including investment. Innovative mobile video streaming and live score solutions are something to be developed, and more than ever, audiences are looking for these kind of solutions as a must have. Increasingly, users want to access information, at any moment, with no more than three or four interactions. Hybrid products that combine these two trends have enormous potential.

Here, at eGamingServices, from our offices in Rio de Janeiro and Montevideo, we have spent 2017 preparing our clients for a very special event that will occur this year, and we know that operators and affiliates are getting ready for. World Cup 2018 will bring more competition than ever between affiliates and operators. We believe this will be an exceptional year for operators, but affiliates who want to benefit from this positive momentum must prepare today, with relevant content, that can engage, convert and develop mature players.

Do you believe that wholesale change is needed in the Brazilian payments sector before the affiliate sector can truly prosper in Brazil?

Credit card handling is still a major issue in Brazil. We are talking about a market where more than 90% of the credit cards in circulation do not allow international transactions. This happens in an ecosystem where all gaming operators targeting Brazil are doing it from offshore jurisdictions like Malta or Uruguay. With this obstacle, it is impossible to convert players with the traditional credit card offering. In order to overcome this barrier, affiliates need to educate the players to use alternative payment service providers like Astropay or Pagatodo, that are doing a tremendous job in

offering players effective and fast transactions. However, BoletoBancário, a traditional and slow payment method, still accounts for more than 70% of gaming deposits happening in Brazil. Cash deposit payment options still represent more than 60% of the deposits in countries like Mexico or Colombia. We are talking about deposit solutions that require, in some cases, the printing of a payment slip and a visit to a street point of sale. Players are eager to use better solutions that unfortunately still require education and guidance, such as testimonials and tutorials. Affiliates here play a key role. More than ever, it is extremely important that they act as true partners.

What sort of commission model do affiliates operating in Latin America predominantly favour?

CPA is still the main preference as affiliates still need to better understand the potential of lifetime revenue share. Unlike some European markets, affiliates are welcome in Latin America. Our clients are usually referred to some of the best affiliates operating in this region, and we promote frequent workshops between super affiliates and our account managers, to properly explain why revenue share is so important and attractive for all. We strongly believe that revenue share is the most sustainable and fair commission model, for both operators and affiliates.

Brands like Premwin, Bet90 or Bumbet, have done a very interesting job in promoting structured revenue share deals. In Latin America, players have a true passion for betting and the favourable demographics tell us that undoubtedly they will still do for many years to come. It is important to seize the current moment of low competition and fairly new brands (some of them operating in this markets for less than three years), to start tagging accounts and believing in the development of the market. In some months or years, this tagged account will convert into mature players.

What sort of advertising do Latin American players respond to and why?

Traditional channels like display or email marketing have very low conversion rates in Latin America. Players are into story-telling, with the most popular format being video content on social media platforms. It is historically the highest conversion model in the gaming industry, and where operators are benefiting most.

Operators should also understand that competitions in Latin America happen in a period of time that is usually slower than in Europe. The peak of the Brazilian Championships is during summer time, when European sports competitions are stopped and turnover is traditionally slower for European-based operators. By investing their advertising budget at this time of the year, operators will be able to seize revenues that were simply not there before and mitigate the risk they have with their domestic markets. These are operational synergies that are important to understand and here at eGamingServices we constantly advise our clients to take them in consideration. These allow our clients to streamline not only their operation in Latin America, but their business as a whole.

Which do believe represents the biggest growth opportunity for affiliates, Latin America or Africa and why?

In Latin America we have operators with a monthly turnover above eight figures that do not even own a platform. They use Whatsapp or Facebook groups to take bets out of pools, with thousands of bets being requested per hour. Agents that are present in these groups earn commission in the same way as a traditional affiliate. Most European affiliates that I have met during my career are not aware of this reality and therefore do not compete to get their share of this revenue.

Players trust these groups, due to lack of knowledge of simple aspects such as opening an account or making a deposit. In terms of infrastructure, everything that is

needed is present, but knowledge is a big gap that needs to be filled with proper tools and communication.

Internet penetration in Brazil is already extremely high, with more than 107 million individuals with residential access to the internet. Affiliates must invest in content, mobile video and streaming that can benefit from this strong infrastructure and choose appropriate brands to partner with.

What is the one question that your affiliate partners almost always ask you about the Latin America affiliate market and how do you answer it?

How much they should negotiate as a commission and which brands can be trusted. Unfortunately, the dotcom market that still exists in most of these countries has created an opaque ecosystem where affiliates are not aware of which brands are serious in their intents. In eGamingServices we partner only with brands that have a strong commitment with their obligations and allow our local team of people to treat affiliates and users as a priority.

In your opinion would higher internet penetration enhance the attractiveness of Latin America to affiliates?

Absolutely. During my session at LAC, I highlighted this aspect frequently. However, it is important to remark that internet penetration in Brazil is already extremely high, with more than 107 million individuals with residential access to the internet.

What role can social media play in encouraging the LatAm affiliate sector?

Brazil is, in my opinion, a case of study in terms of social media, where users of Facebook and Instagram spend more time on these platforms than anywhere else in the world. It is very important that affiliates can create interesting content in platforms like Instagram or Facebook stories that can evoke player curiosity and create long terms loyalty. We are now living in the era of word-of-mouth 2.0, where social media can boost or destroy a gaming operation in minutes. Brands that are better prepared to quickly adapt to change will most likely be a reference in this markets and be one of the main choices of local players.

Given the Latin American love of football, should affiliates looking to expand into South America target sports betting first before online casino or the other way around?

Sportsbook is the key to driving acquisition, but affiliates should also start developing content to promote alternative

games, such as virtual bets and video bingo. Unlike other European markets, casino gaming is still fairly unpopular in some of the biggest Latin American markets, and that is the reason why video bingo plays such an important role. Players look more and more for local content that can recreate the experience they had in their favourite retail location, many years ago. Operators that can create a positive offering that accommodates both football and video bingo, and effectively cross sell it, will create an ecosystem where players will remain for a bigger time of time and generate more revenue.

Do you believe that the dotcom taxation advantages of Latin America will eventually end?

Regulation will allow each country to create their own taxation regime. Although currently, Colombia has its own regulation, it

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is expected that other markets will start introducing their local regulation. Our business intelligence team collects weekly reports of political developments in Brazil and Chile that are anticipating this outcome. Regulation will be a reality soon and we want to be a positive agent, by supporting governments and operators, to create a balanced market, where operators can freely invest and players can be effectively protected, by a strong regulator, with broad powers.

Although this is a regular subject at my sessions in affiliate and gaming conferences, our presence at this year's edition of Brazilian Gaming Congress, in São Paulo, will reveal more about the upcoming. BR taxation and we are looking forward to share this update with the market.

AFRICA

Sarafina Wolde Gabriel, Vice President of Strategy at Paysafe's Income Access, gives *Trafficology* the inside track on why Africa should be the next destination of choice for affiliates looking to grow and diversify their business

What processes do you use to determine your strategy when expanding into a new market?

Two of the most important things you need to understand when entering a new market are the demographics and cultural composition of your intended audience. It is therefore important to seek a local presence or develop a partnership with a regional supplier.

In your opinion which of your affiliate marketing tools is the most effective and why?

During the last 12 months, online gaming affiliate marketing in Africa has increased significantly, and brands have focused on affiliates as a key acquisition engine. With mobile penetration

being high, one of the most successful tools being used is SMS marketing and social media. With consumers' high passion for sports and particularly for football, affiliates can leverage several fan-based communities. There are also a high volume of blog sites where banner advertising is typically common.

How important is having partnerships with local businesses when expanding into a new market?

It is of great importance. If you don't have a local understanding of the country or region you are targeting, it's very difficult to do business successfully. You need to understand the interests and behavioural patterns of your target audience, as well as what incentivises them to take a specific action.

This was illustrated on the LAC Africa panel discussion I chaired. The panel spoke about the example of prize draws: in Europe, prize draws would be for things like electronic gadgets, whereas in Africa products like power generators are given out as prizes because they are more appealing and life changing items. You can only appreciate this if you understand the local market.

In your opinion which of the two emerging markets, Africa or Latin America, presents the bigger opportunity for affiliates and why?

I think that there are massive opportunities in both markets as both these regions have traditionally run land-based operations. Nonetheless, Income Access as a company is currently seeing momentum in Africa. As regulation takes shape, brands look to digital marketing as a key strategy, and affiliates see an untapped region to market to. Latin America is also of great interest to affiliates, and the demand for affiliate programmes is generally dictated by the legal climate as well as the barriers of entry.

For affiliates, having a reliable, flexible tracking and reporting software, quick payments and quality support is always paramount.

Whilst both regions are relatively young in terms of affiliate marketing, there will be more opportunities for affiliates as emphasis progresses from acquisition to retention, thereby presenting more long-term earning potential.

What lessons can the African affiliate market learn from the European model?

The African affiliate market is unique in that its growth has been primarily driven through "mobile-first" advertising strategies. This is very different from what we saw in the past with other emerging markets in Europe, where banner advertising, blogging and search engine marketing were the main sources of generating and driving traffic. Nonetheless, a key lesson that can be learnt is seeing affiliates as a long-term strategy.

Relationships are at the core of any successful affiliate programme, and providing transparent, consistent support will be key for the successful growth of the channel.

"IF YOU DON'T HAVE A LOCAL UNDERSTANDING OF THE COUNTRY OR REGION YOU ARE TARGETING, IT'S VERY DIFFICULT TO DO BUSINESS SUCCESSFULLY"

Do you believe that affiliates will embrace the African market, despite its largely undeserved reputation for being corrupt?

We've seen significant interest and participation from international affiliates, particularly sports-betting affiliates. Trust is a two-way street. In the same way that a local market may have reservations with an international supplier, the same can be said with international affiliates trusting local suppliers. Trust must be earned first and the ways in which this can be achieved is by having transparent programmes, where affiliates can seamlessly see all their traffic, referrals and commissions generated, and most of all, receive timely payments.



Similarly, working with regulated local suppliers can serve as a good way of bridging the trust gap.

Sports betting is one of the biggest verticals in the African market. Do you see any opportunities for affiliates to get involved?

Sports betting is by far the most attractive area for affiliates to get involved with. For example, on the LAC Africa panel we chaired, the panellists were discussing virtual games and their popularity on the continent – whether it's in East Africa, in Kenya, or West Africa with Nigeria, the two biggest markets in Africa for sports betting.

It's a massive opportunity, and, most importantly, with mobile access, you will see groups of say 100 friends coming together with pooled bets, which makes up the volume. It's very common for African punters to do these sorts of bets.

Where are the most receptive countries in Africa for affiliates?

In terms of countries: Nigeria, one of the biggest markets in terms of both population and gaming, Kenya, South Africa, Tanzania and Uganda. These are the main countries in which we are seeing the most enquiries for affiliate programmes.

In your opinion, would greater regulation help to develop the African affiliate sector?

Yes, undoubtedly. As we know and, as we have seen in Europe, regulation brings trust, regulation brings that level of security and safety.

Is there an appetite for greater regulation among the African operators?

I think in terms of those operators who have already obtained licences and are operating within existing regulatory standards; yes, absolutely. Similar to Europe, currently, the licenses are country based. As the market matures, it will be interesting to see if regional licenses may be issued. Time will tell. ◀

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 casino sites and casino portals

CASINO SITES

Traffic Rank	Website	Owner
1	888casino.com	888 Holdings
2	quasargaming.com	Quasar
3	sunmaker.com	Cherry
4	sunnyplayer.com	Cherry
5	lapalingo.com	Rabbit Entertainment
6	jackpotcitycasino.com	Bayton
7	supergaminator.com	Eagle Rock
8	leovegas.com	LeoVegas
9	ovocasino.com	Quasar
10	casino.mrgreen.com	Mr. Green
11	stake7.com	Stake Seven
12	casumo.com	Casumo Services
13	dunder.com	MT SecureTrade
14	skyvegas.com	Sky Betting & Gaming
15	richcasino.com	Engage Entertainment Group
16	fairgocasino.com	Deckmedia
17	verajohn.com	Jackpotjoy
18	casino.williamhill.com	William Hill
19	casino.bet365.com	bet365 Group
20	videoslots.com	Panda Media

CASINO PORTALS

Traffic Rank	Website	Owner
1	nodepositbonus.cc	—
2	thebigfreechiplist.com	—
3	vegasslotsonline.com	—
4	onlinecasinoreports.com	RedSquare Services
5	freeslots.com	SimSlots
6	nonstopbonus.com	—
7	onlinecasinoground.nl	—
8	askgamblers.com	Catena Media
9	penny-slot-machines.com	—
10	wizardofodds.com	Ample Chance Group
11	casino.org	CG Holdings
12	slotsup.com	—
13	casinogamesonnet.com	—
14	casinotopsonline.com	Gaming Innovation Group
15	superfreeslotgames.com	Little Star Media
16	slotozilla.com	Slotozilla
17	lasvegasadvisor.com	Huntington Press
18	gamblingsites.com	—
19	latestcasinobonuses.com	Ample Chance Group
20	worldcasinodirectory.com	Ample Chance Group

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.



USING THE AFFILIATE RELATIONSHIP IN SPORTSBOOK

For us at Karamba.com, trust forms a vital part of our core ethos, which is to ensure fair play for our players at all times, and provide a 'Fun Every Day' experience for players visiting our website. For us, a player who is fairly treated will have fun and return to our website but also will visit again the affiliate website which referred them to us.

Our first preoccupation is to be available for our partners around the clock because they are the cornerstone of our business. At Karamba we understand that in order to achieve success on both sides, fast and immediate action is required. This helps us to ensure that our affiliate partners are conducting affiliate activities with us in a manner which is consistent with Karamba's business practices, contributing to the overall trust and culture of fairness that pervades our business model.

To enhance this, we provide them with personalised commission plans, guidance on the best ways of generating traffic, and using out of the box thinking to create unique acquisition led marketing materials that are consistent with any new regulatory updates.

Karamba have just launched a new sports book offering. This new sports book utilises artificial intelligence, assisting players with smarter bets which gives them a unique experience every time they bet. The tool, which is unique to Karamba, is known as the KaramBot.

So how does these two areas of our business inter-relate? In the same way that we maintain our excellent relationship with our affiliate partners, the KaramBot strengthens any player activity with an endless number of bet suggestions, generating a great relationship with its users through openness and always giving the player the fairest tips available.

The artificial intelligence part of this system works by looking at pre-defined rules which are shaped by the player at using a control panel. Each customer has the option to disable or enable bet recommendations based on scenarios. For example, if the customer doesn't believe that the head to head scenarios will generate profit, this could be switched off.

KaramBot places the customer at the centre of the relationship, recommending bets at all points in the game, looking for tips that can be passed to the customer and using its AI algorithms looks for patterns when teams meet.

Additionally, KaramBot also monitors all live matches on the site. One section in our live betting offering to be aware of is called "Goal Frenzy". Goal Frenzy will basically list up various goal scoring tendencies of both teams. The higher number of tendencies that points towards goals, the higher the match is placed on the list. Goal Frenzy-matches is not a concrete tip, but will always contain solid recommendations. The list has a maximum of 15 matches at any given time.

The user also has the option to turn off specific bet-types which they are aware of for example: Our betting type known as the Asian Handicap, can be disabled by a simple click. The KaramBot and Karamba Partners share the same goal, to always provide transparency to bettors and affiliates alike.

Another good example of this is in our Dropping Odds scenarios, where the KaramBot will start monitoring odds matches 90 minutes prior to kick off and send bet recommendations to our bettors. These odds are compared with the current odds for the team to win. If the odds have dropped more than 5% after the team sheet announcement, it's listed in this section as a solid bet. The higher drop-percentage, the higher the match is on the list. Personalisation of an offering in this way enables the customer to understand that they aren't being short-changed in any way and that the sportsbook remains transparent. This, coupled with extensive back testing, which is visible via a constantly growing archive (approximately 80,000 matches), will provide the customer with latest profit figures and most importantly the number of bets this has generated in the past. But in the same way as Karamba Partners maintains its affiliate relationship through positive action, and keeping focused on meeting the needs of the affiliate, the KaramBot meets the needs of the sportsbook user.

ARNAUD SEROUR

Vice President, B2C Division
at Aspire Global





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