

Strategy

Industry predictions for 2020 - including behavioural data, esports and Malta's future

In the last of a series of articles, EGR asks industry experts to predict the big themes for the next 12 months

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Margarita Malysheva, marketing director, Mascot Gaming

Land-based operators make a play online

In new markets such as the US, Africa, Latam and Asia, I think we are going to see more land-based operators launch online as regulations across these regions allow them to do so. These land-based brands will then go head to head with established online-only casinos and sportsbooks looking to expand their geographical reach.

While these online-only brands have plenty of experience, I believe the land-based brands are in a much better position to succeed in the short and long-term. Why? Because they are trusted by players and in the early days of online gambling in a new market, trust is a huge factor for players when deciding where to play.

Slot developers will dive deep into behavioural data

As online slot developers look to new ways of delivering the most exciting and entertaining player experience, there will be a rise in the use of behavioural data gathering and analysis. Instead of guessing what volatility, features and bonuses players are seeking, developers will be able to know by looking at data from their past games.

This, combined with playing an active role in the online casino playing community, will allow developers to create games that meet the needs and desires of players, taking away the guesswork and the uncertainty that a title may flop once launched. Some studios are already using behavioural analysis, but I expect more to do so in 2020.

EU gambling giants continue spending big

As the European online casino and sports betting sector continues to grow and mature, I expect one or two of the bigger gambling giants to go on something of a spending spree in 2020 as they look to rapidly expand their presence and take out some of the competition. I think both gambling brands and game developers will be snapped up.

Mergers and acquisitions are always exciting and if NetEnt's acquisition of Red Tiger Gaming is anything to go by, we can expect some big transactions to take place over the coming 12 months.

Varun Mathure, head of growth at Midnite

Esports betting begins to come of age

Betting on esports has been around for a while but the last three years have seen this space really explode. Analysts are predicting that esports wagers will cross \$12bn in 2020, almost doubling in size from just three years ago. This year we have seen esports garner mainstream attention with the Fortnite World Cup and its \$30million prizepool. This is already spurring other competitions to up their game and go toe-to-toe with Epic Games with DOTA 2 matching that pot as well. We will also see an Overwatch-style Call of Duty League launch next year and that will provide a massive boost to the interest, viewership as well as wagering on CoD.

But more importantly, we are now seeing publishers like Riot Games (creators of League of Legends) enter into data deals with companies and provide live game logs allowing access to data that was previously closely guarded. This will be a real game changer. In the past, live trading on most big events has been driven by streams meaning you often had to have people physically watching the games and adjusting, suspending markets etc. Once this becomes fully powered by data, it would mean that customers will have better prices and coverage in-play and traders will be able to create more markets and keep them open for longer. This means one thing – increased turnover and profitability.

People will be quietly surprised with the growth of esports betting next year and I feel we are only at the beginning of this journey for this sector.

David Clifton, director, Clifton Davies Limited

Gambling legislation review

After signalling a review of the Gambling Act 2005 in its General Election manifesto, it must be expected that the newly elected Conservative government will make good that electoral promise by including it within the Queen's Speech later this week. Although the industry may not fear the outcome of such a review as much as it would have done had Labour been the victorious party on 12 December, it will be a mistake to expect maintenance of the status quo as far as online gambling regulation is concerned. The currently awaited outcome of the Gambling Commission's gambling with credit cards consultation might well negate the need for law reform on that issue but I expect to see both introduction of a 1% GGY mandatory RET levy and widening of the statutory definition of "gambling" to include loot boxes. However, legislative reviews take time so, whilst some principles may be established during the course of next year, I think it likely to be 2121 before such changes come into effect.

The good news

Some believe the Betting & Gaming Council did not enjoy quite as positive a launch in November as it might have hoped for. However, I expect to see the BGC grow in strength of purpose in 2020 and, in the process, present much more of a unified industry voice than has been the case in the past. If it also succeeds in producing sensible codes of practice on both (a) game & product design and (b) VIP management & inducements to gamble, together with (c) a workable plan to embrace ad-tech for social responsibility purposes, not only will this serve to head-off imposition of potentially more restrictive requirements by the Gambling Commission in those areas but it should also gain some well-deserved plaudits from the regulator. How good it would be to see these constructive developments making next year's media headlines instead of the usual negative press the industry has had to endure in 2019.

The less than good news

I fear that a growing divide will develop between, on the one hand, operators – including founder members of the BGC – who have already recognised and acted upon the need to considerably improve their regulatory standards and, on the other hand, a diminishing number of smaller operators, some of whom either cross their

fingers that the Gambling Commission will not come knocking on their door or have insufficient funding to invest in safer gambling technology or otherwise strengthen their compliance resource. I hasten to add that I most certainly do not tar all smaller operators with the same brush. Indeed some are highly innovative in terms of both product presentation and customer protection. Nevertheless, sadly, in the year ahead the wider industry should expect to see not only further hefty financial penalties and other sanctions from its regulator but also a growing number of operators closing down their UK operations to explore opportunities on other shores.

Richard Williams, consultant lawyer, Keystone Law

A new Gambling Act?

A new Gambling Act? Don't bet on it! Despite what all three parties say in their manifestos (Liberal and Labour will replace it and the Conservatives will review it) gambling won't be high on any party's agenda after the election. As usual, these election promises are likely to fade, as the more pressing issue of Brexit is prioritised. Whilst it's clear that gambling online using credit cards will be banned and that regulation of loot boxes will be high on the agenda, I do not expect any significant overhaul of gambling legislation in 2020 (or in the near future). Trying to reverse liberal gambling legislation just because you don't like the outcome is going to be very difficult and any steps the next Government takes will involve "tinkering" with the current laws. Any party is now faced with having to close the stable door after the horse has bolted. It's likely that we have already reached peak gambling in the UK and commercial realities will reign in gambling, not the Government.

No let up by the Gambling Commission

Online operators will continue to bow out of the GB gambling market by surrendering licences and concentrating resources on more lucrative markets. It's evident that the squeezed middle ground operators are looking at the risks of operating in GB at the moment and saying "no thanks". The Commission will continue its regulatory compliance work, focussing on both online and land-based operators. As AML compliance becomes embedded, social responsibility will become more of a focus. I envisage that some sort of mandatory deposit/loss limit will be consulted on or imposed on operators during 2020. I do not believe that any maximum stake per spin limit will be imposed.

Malta will wane as a gambling jurisdiction

This will be a slower process, but as local licensing becomes the norm across Europe and beyond, the value of pan-European licences will decline. Malta has been the recent beneficiary of Brexit as operators relocated from Gibraltar, to ensure access to the European gambling market. Tax and labour will still play a part in where operators base themselves, but other low-cost EU gambling jurisdictions may emerge. Offshore gambling jurisdictions will need to find something to plug the gap left by gambling long term.

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