

EN North
America

July 2023



Quarterly Report

- Q&A with Tipico US SVP Stephen Krombolz
- Eilers & Krejcik Gaming explores key market trends
- Who's taken an early lead in Massachusetts?
- Analyzing the latest shifts in digital marketing
- The future of fixed-odds horse race betting
- How to engage with female sports bettors

The background features a central illustration of a large, muscular, bald man with a determined, angry expression. He has a tattoo of a four-leaf clover on his right hand and a star on his left shoulder. He is wearing blue boxing gloves and has his right fist raised. To his right, a man with a beard and a red shirt looks on with a similar intense expression. In the bottom left, a woman with long purple hair is shown from the chest up, holding a large, futuristic black assault rifle. The background is dark with falling green banknotes and faint silhouettes of people and a truck at the bottom.

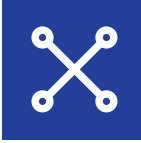
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/EDITOR'S LETTER/

This issue...



Welcome to this latest *EGR North America Quarterly Report* for Q2 2023, a period that began with operators reporting strong growth in both sports betting and igaming, in particular US market leader FanDuel, which further cemented its status as the jewel in the crown for parent company Flutter Entertainment by reporting a 92% year-on-year increase in Q1 revenue.

Q1's flurry of gambling-related legislative initiatives bore fruit during Q2, with State Governors in North Carolina and Vermont both signing sports betting legislation into law within 24 hours of each other. On the igaming side, Rhode Island became the seventh US state to legalize online casino, although Bally's will effectively run a monopoly in what is its home state.

Elsewhere, Kentucky confirmed it would look to launch regulated sports betting in time for the new NFL season, paving the way for an interesting next few months in the Bluegrass State as it looks to realize this goal.

No editor's letter on the trailing three months to June 30 would be complete without a mention of the short-lived tussle between Fanatics Betting and Gaming (FBG) and DraftKings over the US division of Australian operator PointsBet. On June 15, it looked for all the world that FBG would complete its \$150m acquisition of PointsBet US. However, just 24 hours later, DraftKings fired what could have been a devastating salvo

to FBG's ambitions by filing its very own \$195m bid.

However, after more than 10 days of maneuvering and allegations of sabotage against DraftKings by its bidding rival, the Boston-headquartered operator ultimately ended its interest in PointsBet US, failing to turn its non-binding offer into a concrete proposal. Fanatics returned with a higher offer of \$225m, netting some overwhelming approval from PointsBet shareholders.

Meanwhile, scrutiny of sports betting's relationship with college sports continued into Q2, with Caesars, the target of the initial *New York Times* article that triggered the review, ending a \$9m partnership with Louisiana State University, perhaps the highest-profile story of the period.

This quarter's report features our regular data analysis contributions from Chalkline, Eilers & Krejcik Gaming, and SEO specialist firm ICS-digital. We also examine stock price movements at Bally's and Kindred Group, and we have an interview with Tipico US SVP of business development and marketing, Stephen Krombolz, on the operator's expansion into the US market.

Editor
Rob Simmons

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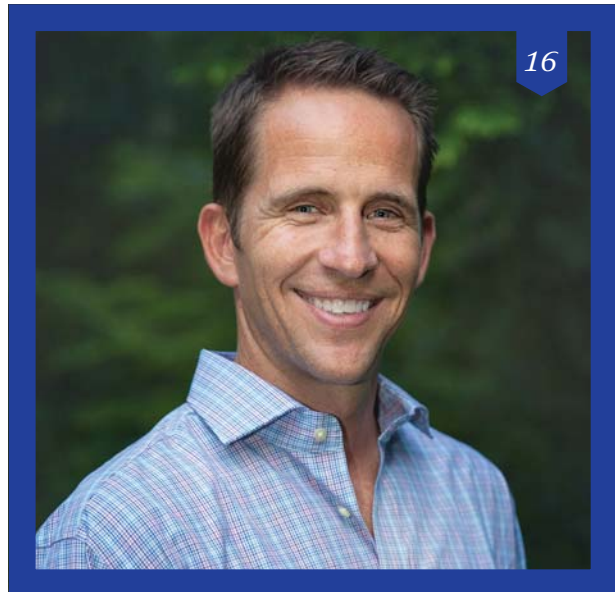
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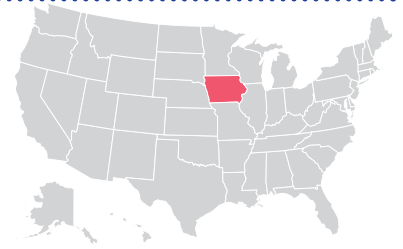
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EGR NA's quarterly analysis on the latest US sports betting legislative movements and developments



Iowa betting and gaming tracker



When was sports betting regulated?

After a lengthy debate in the Iowa legislature in 2018, Governor Kim Reynolds signed enabling legislation into law in May 2019. The market went live in August 2019.

Regulator details

The Iowa Racing and Gaming Commission regulates all forms of gambling in Iowa.

Iowa Racing and Gaming Commission
1300 Des Moines St., Suite 100,
Des Moines, IA 50309-5508
(515) 281-7352
irgc@iowa.gov

Is sports betting permitted online?

Retail and online sports betting are both permitted in Iowa, with an in-person registration requirement expiring in 2021.

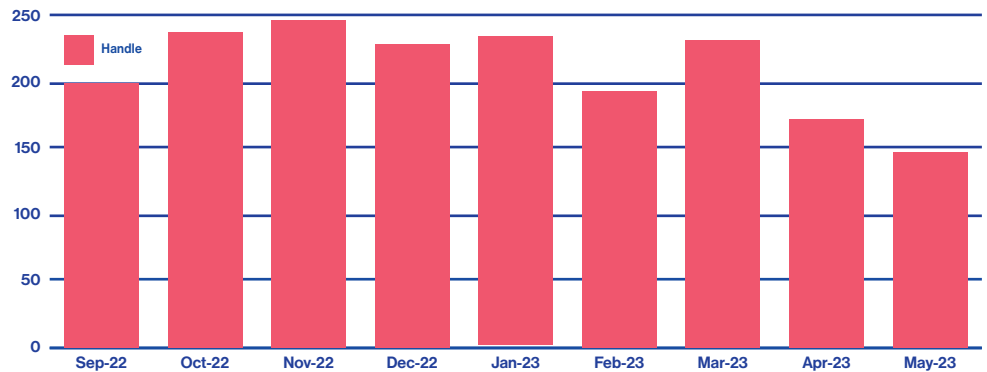
Is there any specific legislation for DFS?

No, DFS is legal and was included in legislation authorizing sports betting, which came into effect in May 2019.

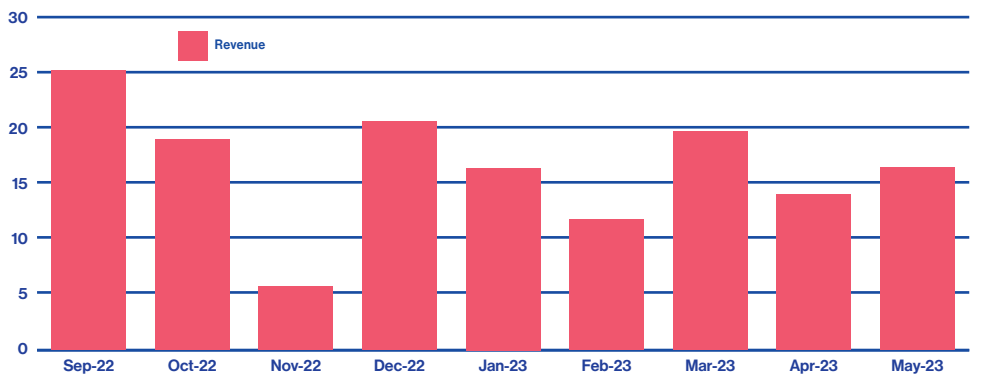
What is the tax rate?

6.75% on sports betting revenue.

Monthly sports betting handle – B&M and mobile combined (\$m)



Monthly sports betting revenue – B&M and mobile combined (\$m)



Go live date
Aug 2019



Sports betting handle
\$147.7m

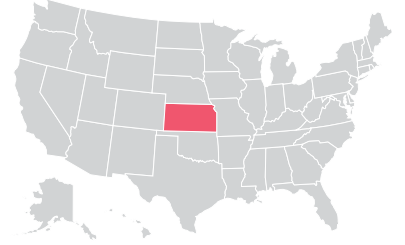
Data from May 2023



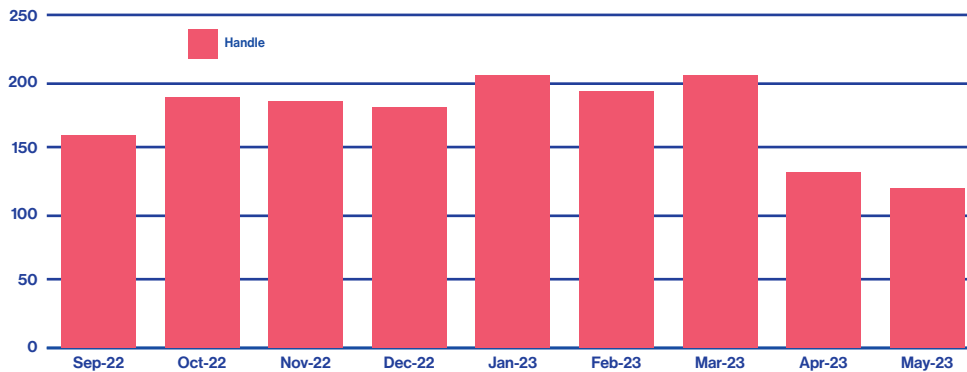
Population
3.1 million



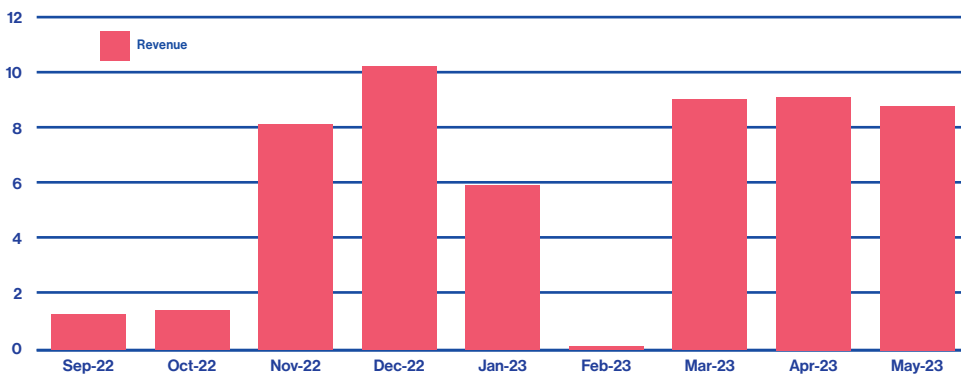
Kansas betting and gaming tracker



Monthly sports betting handle – mobile and retail combined (\$m)



Monthly sports betting revenue – B&M and mobile combined (\$m)



When was sports betting regulated?

Governor Laura Kelly signed Senate Bill 84 into law on May 12, 2022, permitting both retail and online sports betting.

Regulator details

Regulatory oversight is split between the Kansas Racing and Gaming Commission and the Kansas Lottery.

Kansas Lottery Commission
128 N Kansas Avenue,
Topeka,
KS 66603
(785) 296-5700
lotteryinfo@kslottery.net

Is sports betting permitted online?

Yes, both retail and online sports betting are permitted in Kansas, with both launching on September 1, 2022.

Is there any specific legislation for DFS?

Yes, House Bill 2155 was signed into law in 2015 by then Kansas Governor Sam Brownback following passage through the state's legislature.

What is the tax rate?

Operators are taxed at a rate of 10% of their gross gambling revenue.



Go live date

Sep 2022

Mobile sports betting



Sports betting handle

\$120.3m

Data from May 2023



Population

2.9 million



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 Data analysis
 Slots tracker

Slots tracker: US and Canadian slots rankings for Q2 2023

Data partner eGaming Monitor presents the latest movers and shakers in slots across five US states and three Canadian provinces

IGT has continued its dominance of the US slots market moving into the second quarter of 2022, albeit with a change in personnel at the top from Q1 leader Cleopatra to Fortune Coin.

Latest research from *EGR NA's* data partner eGaming Monitor for Q2 shows the duo and fellow IGT slot Cash Eruption locking out the top three spots, just ahead of Digital Gaming Corporation's (DGC) 9 Masks of Fire in fourth spot.

Big Time Gaming's Bonanza, DGC's Gold Blitz, 88 Fortunes by Shuffle Master, and NetEnt's Divine Fortune

filled the fifth, sixth, seventh, and eighth spots, respectively, with Divine Fortune jumping four places from 12th position over the quarter.

Q2 saw five slots enter the top 20, with Games Global's Cash N Riches Megaways rising an impressive 63 spots to 11th place, Everi's Cash Machine jumping 29 places to 12th, and DGC's Bison Moon going up 24 spots to 19th.

Big Time Gaming's Extra Chilli slot and Pragmatic Play's Big Bass Bonanza each saw their positions rise by 13 places during the quarter, with no new entrants to the US slots rankings in Q2.

The data reviewed 105 sites in Q2 2023, with 3,655 games scrutinized. A total of 116 webpages were examined across eight territories, including New Jersey, Michigan, Pennsylvania, and Ontario.

Charts are limited to main casino homepages of sites, with all games on the pages considered as part of the rankings. While it is possible to give weightings to pages, sites, and territories, our main charts have no others allocated.

We include slots, instants, scratch-cards, slingo, and crash games but exclude table games, live games, video poker, video bingo, and others.

Game	Supplier	Q2 2023	Q1 2023	Change
Fortune Coin	IGT	1	2	1
Cleopatra	IGT	2	1	-1
Cash Eruption	IGT	3	5	2
9 Masks of Fire	Digital Gaming Corporation	4	3	-1
Bonanza	Evolution - Big Time Gaming	5	6	1
Gold Blitz	Digital Gaming Corporation	6	9	3
88 Fortunes	Shuffle Master	7	4	-3
Divine Fortune	NetEnt	8	12	4
Jin Ji Bao Xi Endless Treasure	Shuffle Master	9	8	-1
Hypernova Megaways	ReelPlay	10	7	-3
Cash N Riches Megaways	Games Global	11	74	63
Cash Machine	Everi	12	41	29
Capital Gains	AGS	13	20	7
Extra Chilli	Evolution - Big Time Gaming	14	27	13
Divine Fortune Megaways	NetEnt	15	19	4
Big Bass Bonanza	Pragmatic Play	16	29	13
Mercy of the Gods	NetEnt	17	21	4
Da Vinci Diamonds	IGT	18	11	-7
Bison Moon	Digital Gaming Corporation	19	43	24
88 Fortunes Megaways	Shuffle Master	20	24	4

Data: eGaming Monitor

How it works

We monitor all games pages of more than 2,400 casino sites globally for game content. Our quarterly North America charts are based on the number of game tiles found for each game across operator sites in North America over the last three months. We limit our charts to just the main casino homepages of sites, i.e. not subpages such as table games, etc. We consider all games on the page, i.e. these charts are not limited to the top positions on page.

Stocks tracker: C-level departures and ongoing uncertainty hit stocks

EGR NA analyzes the share price movements of key industry players in the online gambling space, with a focus on Bally's and Kindred Group

After a Q1 trading period which saw the turbulence of a CEO change and prolonged fluctuations in the firm's share price, Bally's' Q2 could be summed up in two words: downward slope.

Beginning early April, Bally's' stock price fluctuated from \$18.28 to \$17.69 on May 1, before beginning a decline that even the news of a double partnership with sportsbook supplier Kambi and player account management software supplier White Hat Gaming (agreed on May 2) could not arrest.

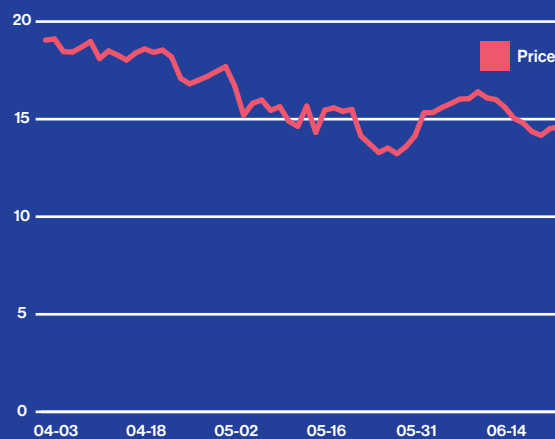
However, Bally's' biggest Q2 slump occurred on May 22, when the operator's stock began a 10-day decline to a May 30 low of \$13.23, before recovering steadily over the next month to \$16.40 on June 12, its highest price since May 3. After that, Bally's' stock continued its downward trajectory before leveling out on June 22, just after it confirmed the shuttering of Bally Bet amid a transition of its own in-house tech to Kambi's platform.

Meanwhile, Kindred Group's Q2 saw dramatic increases in its share price, beginning on April 25, when the stock jumped 16% in 24 hours to SEK126.80 on the news of a strategic review, including potentially a "merger or sale" or "other possible strategic transactions."

On May 15, the first in a series of management changes over Q2 began with confirmation that its CFO Johan Wilsby would step down from his role in Q3. Over the next month, Kindred hovered around the SEK125-SEK126 price bracket before rising to SEK129.25 on May 19 after the resignation of CEO Henrik Tjärnström, before reaching its Q2 peak of SEK130.85 on May 24, just one day after confirmation that its CCO and CMO would leave at the end of 2023.

In the period that followed, Kindred Group's stock slumped by more than 11% before stabilising on June 22, ending Q2 at SEK115.80.

Bally's



\$19.05

April 3 close

\$14.59

June 26 close

\$19.05

Peak Q2 close
(April 3)

Kindred Group



SEK115.15

April 3 close

SEK115.80

June 26 close

SEK130.85

Peak Q2 close
(May 24)



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Data analysis

US sports betting

The month in US sports betting

Adam Krejcik and Chris Krafcik from Eilers & Krejcik Gaming analyze the latest market and policy movements across the regulated US sports betting landscape

In our recent H1 2023 US online sports betting (OSB) app testing report, a few things jumped out. One, of course, was FanDuel putting even more distance between itself and the rest of the playing field. Indeed, FanDuel took the number one overall app-performance ranking for a third straight quarter, with a highest-ever score in our testing to date. As we've noted in previous reports, the FanDuel app does — and continues to do — just about everything well. Other standout items included:

- A vastly improved SI Sportsbook app (which jumped up nine places in our rankings to 15th — it has a viable path to a top-10 ranking, in our view).
- Another third-place ranking for the reliably good PointsBet app (which offers positive readthrough for acquirer Fanatics, which has since received PointsBet shareholder approval for the sale of its US division).
- Another fourth-place ranking for bet365 (which boasts one of the best feature sets on the market but still lacks a US-localized UX).
- Little indication overall that apps not named DraftKings have potential to dethrone FanDuel.

US retail casino brands are being left in the dust

In the US online gambling space, retail casino brands are getting demolished by two digitally native, sports betting-first brands: FanDuel and DraftKings.

Our proprietary estimates at Eilers &

Krejcik Gaming show that FanDuel-DraftKings are owning the OSB vertical (74% combined gross gaming revenue (GGR) share in Q1 2023) and are closing in on 50% GGR share of the overall online casino vertical.

In our most recent analysis of US OSB app performance, we wrote: “In H1 2023, the top two OSB operators — FanDuel and DraftKings — simply crushed everyone else in the OSB product landscape. Meanwhile, what of OSB apps run by and branded after their retail casino parent companies? With few exceptions (e.g. BetMGM) they are being left in the dust by the FanDuel-DraftKings tandem.

“So, the questions must be asked: Are retail casino companies taking the OSB opportunity seriously enough? And could their early efforts in US OSB — in which they've increasingly ceded product and market share supremacy to their aggressive, digitally native rivals — come back to haunt them?”

The same analysis applies in online casinos. Online gambling is not a build-it-and-they-will-come proposition, and ownership of a significant slice of addressable EBITDA does not and will not come from a sub-scale revenue base.

Houston, we have a problem.

Well, hello there, bet365

Bet365's US OSB ramp-up is one of the lesser-covered storylines of 2023 so far, in our view. In a very short space of time, the European OSB giant has gone from idling to aggressively field trialing in the US. One interesting way of lensing

bet365's ramp-up is via OSB app install data from digital intelligence source Sensor Tower.

Indeed, from an OSB app installs perspective, bet365 has recently begun to outperform Caesars and Barstool Sportsbook across the US as a whole. That's despite bet365 having a much smaller geographic footprint (five states versus 20 for Caesars and 16 for Barstool, as of June 2023). So, how has this happened?

- Let's start with the important caveat that OSB app installs do not equal conversions or paid actives and so should be treated as a pinch-of-salt directional indicator of user acquisition.
- A lot of bet365's install momentum is being driven by populous Ohio, which opened in January 2023 and is currently bet365's core market of focus.
- Bet365 has accounted for nearly 11%, or \$47m, of Ohio OSB bonus spending on a since-launch basis.
- Although bet365 could be accused of merely buying Ohio installs (and GGR share, of which it has ~7%), we note it turned NGR-positive (net gaming revenue) for the first time in Ohio in April 2023 (month four of operations).
- We also note bet365's US OSB app regularly outperforms Caesars and Barstool in our proprietary testing at Eilers & Krejcik Gaming (EKG), which matters full stop — but will especially matter after the initial wave(s) of bonus-driven user acquisition subsides in Ohio.

So, bet365's Ohio-driven US OSB app-installing momentum — although timely and directionally interesting — is merely



the opening chapter of a larger (and hopefully eventful) US story that will unfold over the next few years.

Some things we'll be watching for during that time:

- Can bet365 carve out significant, sustainable NGR share of the Ohio OSB market without the trappings enjoyed by other competitors in the space (e.g. brand halo, existing customer databases, and so on)?
- Will bet365 open a reported 800-person US office and send a signal that it is here to contest the US opportunity in earnest?
- In addition to throwing resource at select high-conviction OSB markets like Ohio and, potentially, Texas (where it has an advanced marketing integration with the San Antonio Spurs), will bet365 surprise the market via the acquisition of a higher margin, OSB-adjacent business like PrizePicks?

What's next in US OSB

Here are five quick thoughts from EKG managing director Chris Krafcik:

- 1. Novel integrations:** Think B2C meets direct to consumer. Early versions of this dynamic have included BetMGM-Buffalo Wild Wings and PointsBet-TopGolf. Digitally native brands like FanDuel could further differentiate by offering sports tourism-based integrations and cross-referral partnerships with hotel chains. Such integrations could position digital brands to (better) compete with US land-based casinos, which haven't really begun to harness their omnichannel potential.
- 2. Disruptive product:** US market OSB product is, at this early stage, a case study in homogeneity, with most operators doing a version of the same thing — and very few of them well. The focus now is how to slice, dice, and repack-age parlays. But I'm intrigued by casual/non-intimidating product variants that mostly exist in the fantasy sports space. In the US OSB market, nobody



A lot of bet365's install momentum is being driven by Ohio, which went live with regulated OSB in January 2023

has stepped into — let alone claimed — this non-intimidating lane.

3. A widening sports aperture: The US is one of the world's most exciting growth markets for sport. Lionel Messi's move to Inter Miami CF could have a significant positive impact on Major League Soccer betting volumes and, longer term, a transformational impact on soccer fandom levels in the US. I'm also excited by Formula 1's push into the US market (admittedly, the Netflix F1 show *Drive to survive* hooked me) and especially by the myriad betting-racing mash-up possibilities that exist in Las Vegas.

4. Paradigmatic shift in customer service: My wife and I buy our pet food from a company called Chewy. In short, Chewy's customer service —

which includes handwritten notes and gratis paintings of your pets (seriously!) — is phenomenal and has gone viral over and over (and over) because of how thoughtful it is. I have yet to see a US OSB operator have a viral moment in response to its thoughtful, outside-of-the-box customer service.

5. The unexpected: Despite the US OSB market having the appearance of a settled affair (e.g. FanDuel and DraftKings consistently controlling a steadily expanding total addressable market), it...is so not that. The combination of transformational M&A, unlooked-for market entrants, disruptive product, and policy change — among other factors — could and will likely reshape the playing field in some surprising ways.



SEO snapshot: Critical mass in the Commonwealth

Martin Calvert, marketing director at ICS-digital, compares operators, affiliates, and keyword intent in Massachusetts since its online launch in March

In the first month of launch, the six key bookies in Massachusetts (MA) reported \$569m in total handle for sports and \$47m in taxable gaming revenue — but how large is the SEO opportunity?

The early runners are pursuing fast growth in the shape of DraftKings, FanDuel, BetMGM, Barstool Sportsbook, WynnBET, and Caesars — all with comparatively deep pockets, all battle-hardened teams, and all with a sharp focus on player value. Of course, over time the market will expand and the size of the market will tempt smaller and more agile operators and affiliates that want to earn their own slice of the prize.

What terms are Bay Staters currently searching for?

As in other ‘new’ states, the public interest in the legal status of gambling is very obvious, indicating that potential bettors are mindful they need to understand the local situation. As a result, they will uncover legal operators and make further comparisons. For the operators that have gone through all the hurdles to go live as legal entities, it would make logical sense to capitalize on this interest as much as possible — but are they?

There are continued gaps where affiliates are quick to respond with informational content whereas operators are more focused on odds and offers than long-form content that benefits new bettors. What is interesting is that while search terms with the word ‘Massachusetts’ included are still the most popular, they have seen a small decline over the past 12 months. At the same time, more

generic, location-agnostic terms such as ‘betting’ and ‘sports betting’ have witnessed trends in the opposite direction.

This may speak to the adolescent rather than embryonic state of gambling in MA following its legalization. It also typifies Google’s personalization of search, meaning players are more likely to be served with results featuring local operators and affiliates than those doing business out of state.

Massachusetts sports fandom meets gambling SEO

According to a survey conducted by the Public Policy Polling in 2019, approximately 75% of Massachusetts residents identify themselves as sports fans — a level of loyalty also reflected in ticket sales, with an average attendance rate of over 95% for home games across major sports franchises (ESPN, 2022).

Massachusetts sports fans are not just

Most searched terms for sports betting in MA

Keyword	Volume
Massachusetts sports betting	7,800
sports betting Massachusetts	5,300
sports betting in Massachusetts	1,100
online sports betting Massachusetts	900
is sports betting legal in Massachusetts	800
Massachusetts online sports betting	700
when will sports betting be legal in Massachusetts	400
online betting Massachusetts	400
Massachusetts sports betting online	350
mobile sports betting Massachusetts	350
Massachusetts betting	300
Massachusetts sports betting app	300
Massachusetts sports betting update	250
betting in Massachusetts	250
sports betting apps Massachusetts	250

Source: Semrush data from week commencing June 12



spectators; they actively participate in the success of their teams. Local sports talk radio stations have a significant listenership, with over 60% regularly listening to discursive sports content, according to Edison Research.

Reasons to be cheerful

Massachusetts may become a priority focus for the particular strength of sports fandom, as well as the fact that the state has the third-highest disposable income for working-age men, according to the US Census Bureau, trailing behind California and New York.

A study conducted by the MRI-Simmons National Consumer Survey found that 40% of adults in the Boston area identified as fans of the New England Patriots while the Bruins have the highest average home attendance in the league, with 17,850 spectators per game. More than this, over eight million betting accounts have been created since legalization — higher than the state's population. There's a major opportunity to capture the attention of highly passionate potential bettors and that has to be reflected in SEO strategy.

A thin or insubstantial approach to SEO-focused sports content won't impress energetic fans, but for those who get it right, there is a serious amount of passion that can be converted into participation through betting.

Massachusetts-focused betting content strategies

One approach being taken by affiliates is creating content hubs around the mechanics of betting and long-form how-to guides, and editorial content grounded in statistics/opinion/personality. Odds content won't cut it as the bettors within the state become savvier and learn that beyond major brands, other operators may suit their tastes better.

At ICS-digital, we anticipate there will be a shift in focus from betting sites that audiences feel most 'safe' with, largely due to brand familiarity and above-the-line advertising, to more innovative and customer-friendly sites that better match their passion. For current high-performing affiliates, looking at shared rankings can give some hints about informational themes for content and SEO planning.

Once again, it's notable just how strong some of these affiliates are for

SEO landscape of sports betting in MA

Keyword	sports handle.com	covers.com	legalsportsreport.com	gaming today.com	wynn bet.com	Search volume
Massachusetts sports betting	10	2	1	5	59	8,100
sports betting Massachusetts	8	2	1	6	72	5,400
gambling in Massachusetts	14	9	4	5	73	1,300
Massachusetts gaming commission	36	54	88	90	77	1,000
online sports betting Massachusetts	63	2	1	5	68	1,000
sports betting in Massachusetts	6	2	1	4	71	1,000
Massachusetts online sports betting	11	3	1	5	26	720
sports gambling Massachusetts	6	3	2	4	32	720
Massachusetts sports betting promos	49	1	18	19	56	590
online gambling Massachusetts	54	9	1	4	17	590

Source: Semrush data from week commencing June 12

terms that you might expect operators with much greater resources to have all wrapped up — but the battleground will shift as bettors become more savvy about the legal market.

Massachusetts-facing operators and affiliates compared

The presence of mainstream news sites is very notable, as it is in other regulated states, and speaks once again to the desire for trustworthy sources about getting started as a bettor.

For SEO gains, both operators and affiliates should consider how backlinks from these news and editorial outlets can support their growth given the increasing topical relevance, raw authority, and the propensity of these sites themselves to rank for key terms in Massachusetts. In the race to get sites/apps live, operators in particular can neglect the importance of backlinks.

Affiliates are typically wiser to this aspect of SEO (and this is reflected when looking at the backlink profiles of top

performers) and this type of gap is essential to understand for brands looking to build out a competitive SEO strategy.

It's a common story now with big bang launches and rich potential to target some of the most engaged sports fans in the nation — sports fans with income to spend on their passion and a track record of turning up to support their teams come rain or shine. However, once again it feels like depth of content may be a weakness of operators unless strategies substantially change and SEO-thinking becomes an evident, leading priority.

Brand traffic, paid media, ATL activity, and affiliate traffic will of course produce plenty of bettors and product is a factor that many operators openly discuss prioritizing.

However, as the market matures and the pool of 'new' bettors gets smaller, we can expect to see more intense competition between operators, affiliates, and basically anyone else in the landscape that is seeking rankings based on sport and gaming content.

Conversion corner: The rise of horse racing in customer cross-sell

Chalkline CEO Daniel Kustelski looks at how affiliates are profiting from the shift in digital marketing trends and how operators are embracing racebooks as methods of cross-pollination

The challenges of acquiring customers for online gaming companies in the US are changing. Mass media strategies, while still being used by some, are making way and digital marketing spend has already shrunk. This is in addition to the reduced cost of bonus monies that has been inflating the sports betting handle numbers in many states. This should increase the number of affiliates and their abilities to acquire customers on the operator's behalf on a cost per acquisition (CPA) or revenue-share cost basis, a solution which seems far more palatable for operators, I am sure.

Some operators are still looking at adjacent industries like horse racing for new sources of customers at a cheaper rate than those they have currently acquired. BetMGM, Caesars, and DraftKings all had key partnerships inside the horse racing industry as we had the Triple Crown in Q2 2023. The significance of the horse racing industry compared to all the other quarters clearly piqued the interest of the major operators enough for them to look to horse racing bettors to find potential sports bettors and iGaming players.

All the major listed operators reported increases in marketing spend in their year-end results, which they deemed to have been justified by the consequential increase in their respective revenue. With over \$1bn in marketing spend each for DraftKings and FanDuel during 2022, and DraftKings increasing its marketing spend by 20% from Q1 2022 to Q1 2023, clearly the marketing spend isn't slowing down as new states open. I have discussed this previously, but the addi-

tional line item to investigate is the cost of revenue, which typically includes the bonus spend major operators are using that isn't included in the marketing spend. Cost of revenue as a percentage of revenue has only marginally decreased from Q1 2022 to Q1 2023 from 75% to 68%, respectively.

Despite the growth of marketing spend for the top two, we are seeing a slowdown in digital marketing as costs simply aren't justified. Recently, Eilers & Krejcik released information on the slowdown in digital ad impressions by market in Q1 versus the previous quarters.

Granted, changes in social media ad impressions may simply have lost their luster and ability to convert so operators are simply slowing down spend on them, but it's probably an indicator that

marketing spend is slowing down. In research by digital advertising platform Epom, when operators were asked which digital ad channels were the highest performing, of these:

- 76.5% were from affiliates
- 76.5% were paid search ads
- 41.2% were Twitter and any social media other than Facebook/Instagram and TikTok
- 35.3% were Google Display ads
- 35.3% were programmatic ads

Clearly the money spent on affiliate marketing and paid search is popular and it must be converting for operators in terms of first-time depositor (FTDs) numbers. The worst-performing channels in the digital marketing mix for operators highlighted by the research



Operators including DraftKings, Caesars, and PointsBet have all entered the racebook arena with their own offerings



included Facebook/Instagram, Google Display, TikTok ads as well as other forms of social media.

These results are an indication of past spend and the lack of FTDs achieved by the operators in the US on these channels. While plenty of media companies are sharing how much engagement/views their social media channels are getting, it simply isn't converting viewers into bettors as well as other channels are doing. As budgets tighten, we will start to see operators provide a harder look at each dollar spent on these channels and we may start to see more data on additional marketing channels.

The affiliate market

Affiliates in the US have had great success since the turn of PASPA in 2018 with both sports and online casino. Money spent with an affiliate is relatively low risk as affiliates aren't paid unless there is a deposit and a bet placed. I've heard that, in some cases, getting people to place that bet in a timely manner for the affiliate to qualify for the CPA or revenue-share agreement has been difficult. The major pure affiliates in the US market are Better Collective, Catena Media, and Gambling.com. There are a few others gaining traction but most of the affiliate revenue is being earned by these top three.

Better Collective and its focus on sports betting in the US via both M&A efforts, partnerships, and organic growth has already proven to be worthwhile, with its North America business achieving \$100m in revenue in 2022, double that of 2021. Catena Media had an incredible 2022 but has seen its growth slow a bit in the first part of 2023. Catena is completely transparent in its numbers in the US, fortunately earning \$29m in Q1 2023 off of 91,000 FTDs, which was a decline from Q1 2022 where they had 94,000 users. In contrast, Gambling.com Group has seen revenue grow from \$7.5m in North America revenue in 2021 to a whopping \$36m in 2022, and are already on track to better their 2022 figures with \$14m in revenue for Q1 2023.

Needless to say, there is so much more growth in the US affiliate industry while digital marketing growth may be reduced. While affiliates in the US are



Better Collective, Catena Media, and Gambling.com have increased their focus on the US market over the past two years

performing exceptionally well, it is still such a small amount of money that the operators are spending on affiliates as a percentage of their marketing spend.

The cross-sell potential

Considering it's the second quarter in the US, it's worth mentioning the theory that horse racing bettors are also sports bettors has been put to the test. Associating to and offering horse racing wagering is a way to increase customers and customer engagement. DraftKings is the most recent company to enter the horse racing industry to add to their entertainment bouquet and to increase customers they can cross-sell their sports and online casino products to. In addition, other companies such as Caesars and BetMGM have also launched racebooks.

While the Kentucky Derby reported a record \$188m in handle, the Preakness Stakes, which followed later in May, had a three-year low in respect of overall handle. Elsewhere, the Belmont Stakes had a record year outside of having a Triple Crown potential running. Online horse racing wagers peaked in 2020 (\$6.6bn) and 2021 (\$6.6bn) while 2022 was down 3%, however the first quarter of 2023 saw a 1% year-on-year increase over Q1 2022 and seems to be rebounding a bit. This makes sense as more sports betting operators are getting involved in horse racing, thus increasing the number of people exposed to these events.

FanDuel easily transferred marketing funds from its sports betting product to horse racing and back again, and these types of products increase the cross-promotion of horse racing.

In summary, customer acquisition is difficult and marketing dollars will be getting tighter for most operators. While the two big operators are increasing spend on marketing and bonuses to acquire customers, elsewhere there has been an increasingly critical look at digital marketing spend and the effectiveness of the various digital channels. While affiliate and paid search budgets won't be affected by the tightening of marketing spend, the social media channels have already and will see fewer sports betting operators spend. Affiliates' effectiveness has led to major growth in the affiliate industry in the US, with Nasdaq-listed affiliate numbers expanding to unprecedented levels since sports betting legalization in 2018.

Horse racing's Triple Crown has generated interest in sports betting operators with DraftKings, BetMGM, and Caesars all rolling out horse racing wagering products to complement their sports betting platforms. The expansion of operators in horse racing has increased the handle over 2022 but it will be difficult to achieve the high levels of 2020 and 2021. While I think the crossover from sports to horses isn't as significant and will take time, it's another longer-term play that operators are starting to explore to acquire more customers.



Q&A: Keeping in tip-top shape

Tipico US SVP of business development and strategy Stephen Krombolz shares his insights on the Malta-headquartered operator's expansion into the US market, including the nuances between American and European bettors and having the edge through in-house technology

The legalization of sports betting and igaming across the US has seen its fair share of winners and losers, and those on the losing end of that statement have tended to be operators with European roots. While FanDuel, DraftKings, and BetMGM have dominated the market, brands like Betsson, Kindred, and 888 have stuttered in the US, making small progress against the main heavyweights. Just as FanDuel dominates the US market, Malta-based Tipico dominated the German market for decades before setting its sights, like so many, on gaining a foothold in the US, beginning in December 2020 in New Jersey. Tipico US SVP of business development and strategy Stephen Krombolz walks us through the highs and lows of the operator's stateside push.

EGR North America (EGR NA): *It's been almost three years since Tipico began its expansion in the US. Are you happy with the progress so far?*

Stephen Krombolz (SK): I think the market has changed significantly from how people had predicted it would play out. A lot of that is the macroeconomic environment and the things we've experienced along the way. We started right around the time of the Covid-19 pandemic, which was a challenge. I am proud of what we've accomplished to date. There's a lot more we would liked to have done, but there are certain parameters you have to deal with when you're building a business that limits the pace at which you can scale, such as not using suppliers and developing your own platform

in-house. We've been able to do some things which have been pretty amazing, especially in Ohio, but there's a lot of work still to be done.

EGR NA: *What is Tipico's overall strategy? Is it to generate market share or be present in as many states as possible?*

SK: When we looked at how to enter the US, we made the decision to build 100% proprietary in-house technology that's all 'greenfield' new code. So, no legacy, no technical debt, no borrowed code from the German platform. It's all new.

As you can imagine, that takes time, resources, and money, so our approach was a little bit slower than others. But that was really by design because we were still building out the platform. We got it to a point where it was at MVP [minimum viable product] stage, then we could launch in New Jersey and have that stamp of approval to know we can operate in maybe the most highly regulated market in the US, and from there, we expanded to Colorado.

It was a measured rollout by design. We didn't sign a whole lot of market-access deals. We signed a foundational group of states that we could build a business on and test the whole thesis that we were building around proprietary operations, technology, in-house risk management, trading, everything. We can test this and learn along the way because, as we all have realized, you're not going to be able, as a challenger brand, to stand at the level of the larger operators, so you have to figure out a different way to enter the market. We took a measured approach across New

Jersey and Colorado before heading to Ohio, our debut first-mover state.

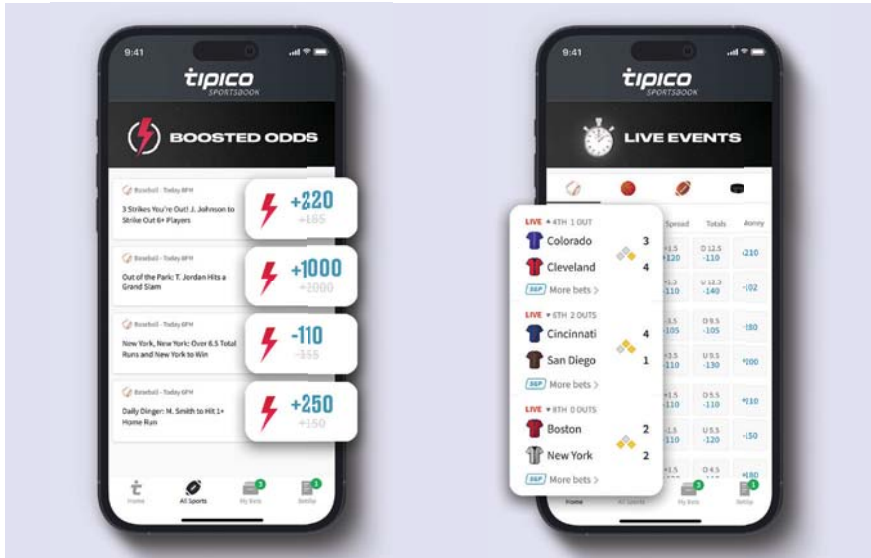
EGR NA: *How would you say Ohio has progressed to date?*

SK: Ohio was the first time we decided to really go hard and try to capture market share. Prior to that, it was not a market share game. We were not trying to go into New Jersey and capture north of 5% market share. Once we looked at Ohio, we put together a program and an approach that we thought would give us a good foundation in the state to build and grow a profitable business.

In hindsight, it actually worked pretty well because signing access deals to 10-15 states in the early days was extremely expensive. That's a large burden you place on your business because access costs money, regardless of whether you are live or not, as there's usually a minimum revenue guarantee to consider. Today, that has all changed. You can stand to save significant money over where it used to be, but that's the way we looked at it when we were rolling out.

EGR NA: *We've seen European operators struggle in the US due to their brands not resonating as well as local names. Is that a fair assessment?*

SK: I don't think it matters whether it's a European or US brand. I think European operators underestimated, to some degree, the value of the DFS databases, except Flutter because they acquired FanDuel. I come from a fantasy sports background. I ran a DFS business [FantasyDraft] for seven years prior to joining Tipico, and brands like FanDuel and



Tipico's sportsbook platform is entirely developed in-house

DraftKings spent billions building their brands before sports betting launched.

They had significant databases and brand awareness prior to everything coming online. I think the challenge is more of a brand-related one and how you compete to gain market share and brand awareness, understanding that you can't spend as much as they're going to spend. That goes for the largest European operators in the world coming to the US. Our business in Germany is significant. We fly under the radar, especially for those in the US gaming market, but it's a very large cash-generating business. We have the firepower to do some things in the US, but we're still not going to be at the level of spend of the FanDuels and DraftKings of this world.

There was a degree of underestimation from European operators on the ease of grabbing market share, but you're going to see the same issues faced by anybody that starts in the US — whether it's established European operators or startups like Betr. It's challenging. Barstool Sports, owned by PENN Entertainment, has significant brand awareness among a certain subset of users but it still remains to be seen whether that's going to be leveraged well enough to grab significant market share at a cost that's going to provide adequate return to the parent company.

EGR NA: *How has having a dedicated technology hub in Colorado helped the development of the Tipico app?*

SK: You'll hear it all the time that sportsbooks are somewhat of a commodity today, and it's a promotional-driven market. That's true to some extent. They're definitely promotionally driven — more so even for challenger brands because you have to drive player activity, spend more on promotions, and if you don't control your tech's destiny long term, it's going to be impossible to compete. It's difficult and time consuming to build a sportsbook and a casino, and more importantly the PAM [player account management], as well as supporting systems that feed into the PAM like bonus engines, marketing, tech stacks, etc. If you're not controlling that as the market evolves, you're not going to keep up. If you want to be a significant player, you need to be agile, able to identify USPs, and develop them quickly to differentiate your product long term.

Even at the base level, you have to have an incredible product to keep customers, and we've seen that already. I won't name the companies but there are many examples already of massive spend that was for nothing because the customers leave. If you don't have a good product and you're spending a lot of money, it's really a waste because no one's going to

stay. Another thing underestimated by European operators is the difference in approach for a US consumer compared to a European player. US consumers grew up on fantasy and everything is player-driven. We all love our home team, but we also follow many players and we watch inconsequential games because we have guys in our DFS lineup.

FanDuel did an incredible job identifying that right away, responding, and having robust same game parlay markets, so if you can't add that to your platform quickly today, that's entry-level stuff. You need to have that offering and your app needs to be quick. It needs to take every payment method, work well in different geolocations, and can't have any errors. In the US, we're used to using every app. They're all quick, they all work, they are fast, etc. It is difficult to pivot on, be nimble, move fast on, and really try to identify key selling points down the road if you don't control your tech. That's why we've invested what we have in terms of time, money, and energy into building our own platform.

EGR NA: *Can you explain Tipico's approach to marketing in the US?*

SK: When you're fighting against large nationwide brands you have to be nimbler, so we've taken what we call a 'hyperlocal' approach. We're trying to be the market hero, being really hyperlocal to what the customers in that market are interested in. As an example, in Ohio we have a local market manager who's got a team that carries out a lot of on-site activation with our market-access partners, the Columbus Crew. So, we have activation teams at the stadium. Every week, we have a 'Tipico tailgate' and Tipico lounge with a Tipico beer garden, etc.

We've partnered with all the top local breweries around Columbus and struck up deals with local concert venues to have assets to share with our VIPs, so it's really been a hyperlocal approach to tap into the interests of the people in those markets. Everything is being geared towards the Ohio teams. We think that's a differentiator and a space we can compete in because the economies of scale for the larger operators are that you can spend efficiently nationwide once you hit a certain threshold of states, but you can't really tailor the messaging as much to each individual market when

you are doing that. We are attacking that space and we've done so with pretty good results thus far.

EGR NA: *What learnings from Tipico's wider European operations have you transplanted to the US?*

SK: The hyperlocal approach is something we've borrowed from our German parent company. Depending on what you read, even the EGR Power Rankings, we've been the sixth-largest gaming operator in the world and the second-largest privately held business behind bet365. However, unlike some of the other large companies, we've focused on a single market primarily, which is Germany and to some extent in Austria, and really looked at becoming the local hero, owning what is a big market and embracing sports as a means of capturing outsized market share.

In Germany, we've been the top-level partner of the Bundesliga forever, plus Bayern Munich's former player Oliver Kahn, the top goalie in the history of Germany, was our brand ambassador for years. If you look at that, we've taken some of that DNA and brought it to the US. In addition to our approach to technology and taking a lot of the learnings from a company that has a five-million-strong user database, bringing that to the US and understanding points of support. That's what drove us to take the approach we have taken in New Jersey and Colorado. We're also in Iowa, with Indiana coming soon.

EGR NA: *Tipico has been conspicuously absent from several major state launches over the past 12-24 months. What's your stance on expanding into new states?*

SK: We're interested in new first-mover states, so not interested today in focusing our dollars on states that are already live outside of Indiana, which is on the roadmap to launch soon. I will caveat that by saying that Michigan would be interesting as it is the only state truly blocked, in that there is no more market access. If gaming comes online in Illinois, it could be interesting, but it's a difficult market to enter into late.

North Carolina could also be interesting. It's essentially a direct licensing market but there'll be preference for retail books and sports franchises. We're interested, as is everybody, in Texas and



In Ohio, Tipico has partnered with a number of breweries as part of its hyperlocal approach

California, which could be at least two years away from now. So, our key focus will be on first-mover states, or states where we believe there's going to be some progress on igaming legalization.

EGR NA: *Tipico has been in the New Jersey market for years but its overall share of the market is quite low. Why is the firm not making progress or is it just a very competitive market?*

SK: It's a difficult market as it takes time to identify the right type of player that you want to keep. When you are a late arrival to any market, you find a lot of the players you don't necessarily want to keep on your book will find you right away, so you have to, over time, find the right kind of player, acquire them, and then retain them. We've got a critical mass of players in New Jersey, a core group that has been playing with us for some time both on sports and casino. We're growing our sports betting slowly and growing igaming alongside of it.

When we have that at the level we want, we'll choose to pull back on spend. You must be careful with your dollars and spend them in the right places. You always hear about customer acquisition, which is important because you can't have a business without customers, but more important is to retain them. Anyone can go out and spend a billion

dollars to acquire a bunch of customers but if you don't keep them it's lost. I wouldn't say we're not growing in New Jersey, but it's a small market share and as we start to roll out and put the gas back on igaming, I think you'll see the presence lifted a little bit more.

EGR NA: *What are Tipico's priorities in the US over the next five years?*

SK: Our priorities are to continue to gain market share methodically and in a way we know is going to be profitable long term. At the end of the day, we're an investor-funded company and we have to show a return on that investment, which means making profits. We've got a good foundation in place. We're eighth place in market share in Ohio currently, just shy of 2%, and if we can continue to grow that in a responsible way over time to get it to a critical mass, we're going to have a good path forward. We're going to be focused on fundamentals and having a best-in-class product. We're not happy being a tier-one product among the best. We want to be the best. I think that's going to be a key component. And then just focused on growing the business, nurturing our customers, and going into this next NFL season with our foot hard on the gas. From there, it's about expanding to the larger states like North Carolina that are coming online.

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The final furlong?

BetMakers Technology Group CEO Jake Henson examines the future of fixed-odds horse race betting in the US

Pari-mutuel wagering on horse racing was first introduced in the US in 1927 and, up until just over a year ago, was the only way for horse players to place their bets legally. Note the word ‘legally’ here, as fixed-odds betting has been offered by offshore, black, and grey-market sportsbooks and racebooks for years.

Interestingly, in a recent survey we conducted to gauge the opinions of horse players (horse race bettors) and sports bettors on horse race betting in the US, 64% of horse players said they had wagered on horse racing through a method outside of the pari-mutuel system, including offshore sportsbooks or racebooks.

In June 2021, New Jersey became the very first state to legalize fixed-odds horse race betting, with the first legal fixed-odds bet struck at Monmouth Park in May 2022. And only two months ago, Monmouth Park launched Monmouth-Bets, the first legal and regulated mobile app for fixed-odds betting on horse racing in the US.

The lifeblood of horse racing revenue and purses in the US, pari-mutuel handle has been declining for decades, while the cost to operate the industry has grown year on year. So, the introduction of a legal, regulated, and complementary fixed-odds product is vital to grow handle in the long term and capture any revenue lost to the illegal market, which was being taken from the horsemen, tracks, and overall purses. The creation of legal fixed-odds wagering brings this money back into the industry and aligns closely

with the American Gaming Association’s (AGA) campaign to lobby the federal government to fight against black and grey sports betting operators.

Greater returns

So, what does this mean for the industry and how far can fixed odds go in the US?

Ultimately, the racing industry needs a variety of products to target different customer groups. Fixed odds, offered alongside pari-mutuel wagering, helps to create a healthy ecosystem that can benefit all key industry stakeholders — from track owners to horsemen, sportsbooks, and horse players.

We’ve learned this from other countries like the UK and, more recently, Australia. Since the deregulation of fixed odds in the Australian marketplace 15 years ago, racing has gone from surviving to thriving, with most key industry metrics growing year on year, especially prize money, which has more than doubled in that time. An adoption of this model is now being introduced to the US racing industry, with the goal of a similar outcome — greater returns to stakeholders.

Fixed odds is a similar product offering to what online sports bettors have grown accustomed to since PASPA was repealed in 2018, which enables sportsbooks to connect easily with their existing players through a familiar bet type, while also attracting new customers. Horse racing provides additional engagement opportunities at non-peak times of the day and during the year when US sports are quieter.

There is then the core value that fixed odds provides to horse players, allowing them to lock in the best price at the right time rather than suffering the occasional frustration that comes from late price fluctuations in the pari-mutuel market. The clarity and simplicity that fixed odds brings is undoubtedly a way to attract new and more players.

Although New Jersey is the only state to go live so far with fixed odds, it has been legalized in Colorado, while other states are currently in discussions about their own legislation. For betting on horse racing and, in turn, the entire racing industry to flourish in the US, we need a healthy combination of pari-mutuel and fixed odds to give customers the choice they demand and to reach new players. Fixed odds are a huge growth opportunity and it’s encouraging to see so many states and stakeholders within the industry showing their support for it.



Jake Henson is CEO of BetMakers Technology Group, a global leader in wagering technology and provider of the only legal, regulated fixed-odds horse racing solution in the US. Henson first joined BetMakers as head of operations in 2014 before progressing to chief commercial officer and then chief operating officer. He became CEO in January 2023. Henson is based in Melbourne, Australia, where BetMakers is headquartered.

Content is queen: Empowering female bettors

BettingLadies.com founder Valerie C Martinez looks at how sportsbook operators can bring traditionally underserved female bettors into the fold via content

The legalization of sports betting in several states across the US has ushered in a wave of opportunities for both sports enthusiasts and bettors in the last five years. With the rise of licensed online platforms and mobile betting apps, sports betting has become more accessible than ever. However, despite the expanding market, the content available often fails to cater to the unique needs and interests of female bettors.

It is crucial to recognize that women represent a significant portion of sports fans and possess an equal desire to engage in sports betting. According to recent studies, women make up nearly half of the NFL's total fanbase and 45% of the NBA's. Yet we are frequently overlooked when it comes to the design and delivery of sports betting content. To address the knowledge gap, we must proactively create content that speaks directly to female bettors.

Addressing the knowledge gap

For female bettors, especially those new to sports betting, the lack of accessible and user-friendly content can be disheartening. Many existing resources assume a certain level of prior knowledge of sports betting or squarely focus on the preferences and perspectives of male bettors. This exclusionary approach can discourage women from fully embracing the excitement and potential of sports betting. To bridge this gap, sports betting platforms, media outlets, and industry professionals need to take proactive steps to create content that speaks

directly to female bettors. This should not only explain the basic concepts of sports betting but also delve into specific strategies, terminology, and techniques relevant to women who are starting their journey in this realm.

Fostering a community

Developing a supportive and inclusive community of casual female bettors is essential for their engagement. By offering platforms and spaces specifically tailored for women, we can create a welcoming environment that encourages learning, interaction, and camaraderie.

Betting Ladies, a dedicated community for female sports bettors, serves exactly this demographic; it's a platform where women can find resources tailored to their needs. Our community emphasizes sharing experiences, providing guidance, and celebrating achievements. We all come together to create a valuable hub for knowledge exchange, where women can learn from each other, ask questions without judgment, and receive expert advice from female professionals.

To truly empower female bettors, it is vital to promote diversity within the sports betting industry itself. Encouraging more women to pursue careers as analysts, content creators, and industry experts will result in a broader range of perspectives and a more inclusive approach to sports betting content.

Industry leaders should actively seek out and support female voices, both in front of and behind the scenes. This can involve partnering with female influencers, hosting webinars and workshops led

by women, and featuring diverse experts in TV broadcasts and podcasts. By amplifying these voices, the industry will not only enrich its content but also inspire a new generation of female bettors.

Promoting diversity within the sports betting industry is a core value at Betting Ladies. We actively seek out and amplify the voices of women, both as content creators and industry experts, to ensure a broader range of perspectives and a more inclusive approach to sports betting content.

In the rapidly expanding US sports betting market, there is a clear need to acknowledge the untapped potential of female bettors. Sports betting platforms should recognize the significance of female bettors and take active steps to develop engaging content that resonates with us. This will not only foster inclusivity but also contribute to the vibrant growth of the sports betting landscape.



Valerie C Martinez is the founder and CEO of BettingLadies.com, a sports betting community

aimed at empowering women in the realm of sports betting. With an unwavering dedication to her cause, Martinez established the company in 2022 and it now serves as a vibrant community for sports enthusiasts and bettors, offering a comprehensive platform replete with sports betting news, information, odds, and statistics that cater to women.



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GeoComply
AML fines

Why nobody needs to suffer the pain of AML fines

AML fines have more than doubled during the past year. Our industry is failing, but it can change. GeoComply's VP of sales and customer experience, Mark Blunden, shares his insight on the subject

Bio



Mark Blunden is the VP of sales and customer experience at GeoComply, where he leads sales and customer experience strategies across the business. Blunden previously led customer-facing teams at Slack, Salesforce, and IBM, where he honed his skills in sales, strategic planning, and customer engagement. He firmly believes that success comes from making data-driven decisions as well as understanding customers' needs inside out.

Since the start of 2023, nearly a dozen online gaming companies have been fined or reprimanded for anti-money laundering (AML) failings. By the time this article is published, it's likely this inauspicious list will have grown.

Compliance is constantly evolving, but AML is nothing new for gambling operators. In 2014, the European Parliament included online gaming operators in its AML Directive for the first time. It was, incidentally, the fourth iteration of the European Union's AML Directive. The EU is currently in the process of putting together its seventh version.

For context on how much the AML microscope has focused on the online gaming industry, consider that in 2015 the UK Gambling Commission (GC) fined an operator £1m for weak AML controls. That was the only fine in that calendar year in the UK. In 2017, the regulator upped the ante, agreeing £2.2m and £7.8m settlements with other power players in the sector. From that date on, it has barely stopped, with a significant amount of online gaming operators coming under fire at some stage.

Enter GeoComply

The European Parliament recently approved new AML and counter-terrorist financing measures for the gambling sector. These may force operators to assess the risks linked to the size of the transactions, the payment method, and the geographic area where the gambling services are administered.

And this is where GeoComply comes in. Our KYC (know your customer) product, IDComply, exploits the power of our gold-standard geolocation technology, which has been developed and refined for over a decade in the rigorously regulated gaming markets of the US. It provides industry-high ID verification rates while checking devices against the most comprehensive global database of devices linked to fraud and ensuring AML compliance.

Not just a UK problem

Combating AML vulnerabilities for gambling is not just a UK-specific issue. Indeed, in 2015 and 2016, the US Financial Crimes Enforcement Network (FinCEN) handed out significant fines to major casino companies with US land-based operations.

However, it appears that the US land-based casino industry took notes, tightened its systems, and has largely escaped censure since then. The European gambling industry has not been so successful with this threat to its bottom line, with many operators being hit with multiple fines.

Be prepared

Non-compliance with AML laws cannot always be brushed away with a small (or large) payment to the relevant authority. This year, the CEO of a prominent UK operator was forced from his job. In Australia, the AML failings of a land-based casino were so egregious that the company changed its CEO, board of directors, and senior management team, while also receiving a A\$100m fine. This was one of the largest sanctions ever received by a casino operator.

Fines and unemployment are one thing, but it can also get far worse than that. AML non-compliance can indeed erode public trust and invite law enforcement officials to take a closer look at the overall business.

While many of these operators will have sorted out their processes before the fine or settlement is announced, the repeat failures suggest it is not easy. And it is highly unlikely it will get easier in the future.

Unlike financial institutions with years of experience, many in the gambling industry do not yet have the processes and people in place to deal with the increased level of compliance arising around the globe. As scrutiny and the cost of non-compliance increases, it really does pay to bring in experts.

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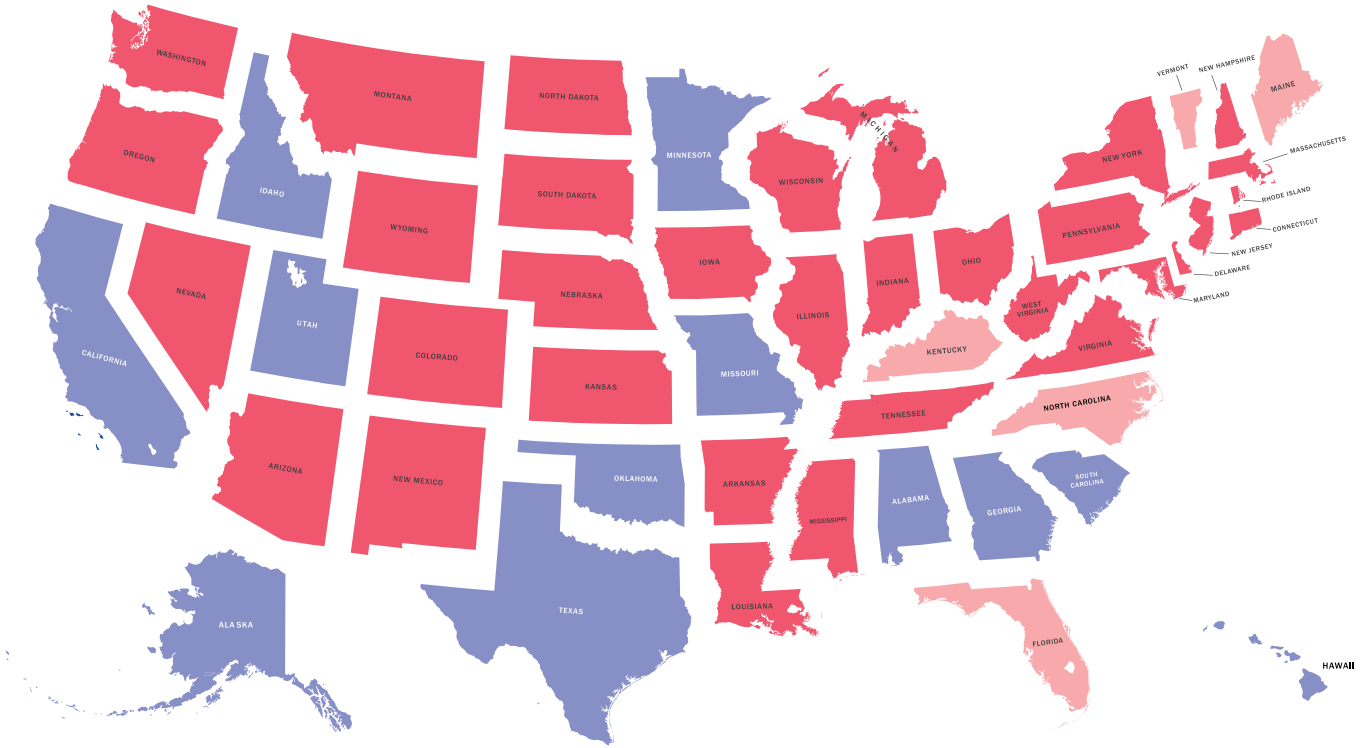
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The state of play



- Live and legal
- Legal but not operational
- Active or pre-filed legislation in place
- No legislation

Early Q1 momentum continued into Q2, moving into what is the biggest period in the US from a legislative perspective, with legislation filed earlier in the year still being debated, discounted, or, in several cases, passed into law. Q2 began with debates on sports betting legislation in two major jurisdictions: Missouri, where deadlock over the inclusion of video lottery terminals derailed the legislative process, and North Dakota, where Senators voted down enabling legislation for a second time in two years.

The quarter's other main legislative casualty was Texas, where legalization efforts, which had garnered widespread support from politicians and sports teams alike, were squashed dramatically by Texas Lieutenant Governor Dan Patrick at the end of May. Legislation

centered around the relationship between colleges and sportsbook operators was signed into law in Maryland, with legislators in Tennessee approving a first-of-its-kind 1.85% tax on operator handle, replacing its previous gross gaming revenue (GGR) version.

Drawing on its Q1 passage of sports betting legislation, Kentucky made positive moves going into Q2, with the Kentucky Horse Racing Commission beginning a recruitment drive and consulting with regulators in other markets ahead of a potentially ambitious launch by the new NFL season.

No report on the progress of sports betting over Q2 would be complete without a mention of the quarter's biggest successes, North Carolina and Vermont. Despite languishing in the legislature for almost two months, North Carolina's

House Bill 347 successfully advanced in both the House and the Senate before being signed into law by Governor Roy Cooper in mid-June. The Tar Heel State legislation allows for up to 14 operators, with taxation rates of 18% GGR.

In the same week as North Carolina pushed the button on sports betting, Vermont state Governor Phil Scott signed the Green Mountain State's own enabling legislation into law, becoming the 38th state to legalize sports betting. This signature capped an impressively quick legalization drive, with legislators only authorizing scrutiny of a potential regulated market in October 2022.

Outside of sports betting, Rhode Island legislators authorized online casino for the first time during Q2, becoming the seventh state to do so. Online slots and table games will be live in Rhode Island from April 2024. However, the signing of the bill will essentially bring in a monopoly on online casino, with Bally's given exclusive access.

EGR UPCOMING EVENTS 2023

EGR NORDICS
AWARDS

EGR NORDICS
BRIEFING

23 February 2023

St. Julian's, Malta

EGR Nordics Briefing and Awards

A one-day briefing for the Nordics region's leading operators followed by the awards ceremony and dinner

EGR POWER LATAM
SUMMIT

28 February - 1 March 2023

Buenos Aires

EGR Power Latam Series Part 1

An in-person summit for South America's leading operators

NORTH AMERICA
AWARDS

EGR NORTH AMERICA
SPRING BRIEFING 2023

27 April 2023

New York, US

EGR North America Spring Briefing and North America Awards

Bringing together senior executives to discuss online gambling opportunities in North America

EGR MARKETING & INNOVATION
AWARDS

8 June 2023

London, UK

EGR Marketing and Innovation Awards

Recognising the most innovative and creative companies in the online gaming industry

EGR POWER AFFILIATES
SUMMIT

24-25 May 2023

Marbella, Spain

EGR Power Affiliates Summit

The industry's most exclusive event for affiliates

EGR SUMMIT
POWER
50 2023

22-24 May 2023

Marbella, Spain

EGR Power 50 Summit

Where iGaming's most powerful and influential operators connect, share insights and debate the direction of the industry

EGR B2B
AWARDS

8 June 2023

London, UK

EGR B2B Awards

Recognising the companies that power the eGaming industry

EGR US
POWER
SUMMIT 2023

14-15 September 2023

California, US

EGR US Power Summit

Where iGaming's most powerful and influential US operators connect, share insights and debate the direction of the industry

EGR LONDON
SUMMIT 2023

25 October 2023

London, UK

EGR London Summit

A one-day summit focused on how to build a safer gambling industry

EGR ITALY
BRIEFING 2023

EGR ITALY
AWARDS 2023

6 November 2023

Rome, Italy

EGR Italy Briefing and Awards

A one-day briefing for Italy's leading operators followed by the awards ceremony and dinner

EGR NORTH AMERICA
FALL BRIEFING 2023

November 2023

Nashville, TN

EGR North America Fall Briefing

Bringing together leading iGaming operators and regulators in North America to discuss the challenges of 2023 and beyond

EGR OPERATOR
AWARDS

26 October 2023

London, UK

EGR Operator Awards

The industry's biggest awards celebrating B2C operators

EGR POWER LATAM
SUMMIT

21 November 2023

Rio, Brazil

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