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Report 2021

Affiliates



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Introduction

Still standing

The *EGR Affiliates 2021* report gives voice to a range of affiliates, providing an update on trends and concerns, as well as service offerings provided in 2021.

The contributors to this year's report discuss their observations and experiences within the gaming industry over the past 12 months – where the big changes have occurred and how that's impacted affiliates and their partners, both new and established.

The first half of 2021, despite the very welcome return of the postponed Euros and Olympics, continued to see pandemic-induced restrictions. With circumstances challenging for so many, the online gaming industry enjoyed a significant silver-lining, with record numbers of new depositing customers in almost all verticals seeking entertainment from home to replace live sporting events, live tournaments and in-person casino cash tables. During this time, affiliates played an even more important role in customer acquisition when in-person alternatives were limited.

There have been disruptions of course, not least from increased regulation and legislation changes. But demand for affiliates is at an all-time high and, as accustomed as they are to rising to new challenges, major consolidations are taking place and new markets are being tapped.

We hope this report will provide some insight into the igaming landscape from key players within the affiliate space.

By Jo Herbert | *Report editor*

Featuring: *RB Capital*

An unprecedented year? Affiliates know about survival



Julian Buhagiar

◆ Co-founder
◆ RB Capital

Julian Buhagiar is an investor, CEO and board director to multiple ventures in gaming, fintech and media markets. He has led investments, M&As and exits totalling more than \$660m to date.

Julian Buhagiar, co-founder of RB Capital, discusses how affiliates face the challenges of an ever-changing market

Just over a year ago, I was asked to pen the editorial for the 2020 edition of the Power Affiliates. That opening phrase could have been equally applied to this year: to say we are living 'in unprecedented times' is, frankly, as outdated as it is patronising.

Covid-19 aside, there have been quite a few macro-disruptive events happening globally. Twitch's most recent ban on gambling streamers for one, coupled by Australia's slow but painful commencing of affiliate clampdown. Add that to the localised developments, such as Germany's gradual descent into (over-)regulation, the UK's monthly deposit cap on young gamblers, the US state-by-state licensing obligations among (many) others, and it wouldn't be remiss to suggest that the end is nigh for affiliates.

Except, of course, that the media has been calling the end of affiliates for the last 20 years. Yet here we are, not only alive and kicking but properly thriving. To the point, in fact, that this year's valuations on affiliate M&A transactions have been the highest on record. Not only better than 2020, already a good vintage year in itself, but higher than 2017, the previous all-time record-holder for valuations. When coupled with the record market caps of publicly traded affiliate companies, the underlying message is clear – demand for gaming affiliates is at an all-time high.

Make no mistake, however; the times are a-changing. Sure enough, there will be attempts to suppress, outlaw and contravene new marketing channels, even though that's been pretty much the entire history of affiliates. The goal lines have been re-drawn every time, not only in macro-events such as sports disruptions or territory regulation, but

every time a new browser has been released, a new javascript library has entered beta, and especially when another SEO update comes along. Thus we have learnt how to Darwinise our survival a long time ago.

Inevitable disruption

This time round however, it's markedly different. Google has proven entirely capable of detecting ever-more hidden private blog networks, to the detriment of domain authorities worldwide. Given ever downward legal, regulatory and legislative pressure on operators, there is ever talk of revising long-term relationships with affiliates, including existing persistent lifetime revenue-share deals,

This year's valuations on affiliate M&A transactions have been the highest on record. When coupled with the record market caps of publicly traded affiliate companies, the underlying message is clear – demand for gaming affiliates is at an all-time high

Julian Buhagiar | RB Capital

prompting a wave of change. And, if the recent wave of streamer-based affiliate marketing is anything to go by, it suggests that some change will come from within. So, it's clear that whichever way the affiliate landscape looks, there will be disruption coming.

There is also another developing story to this, and one that could significantly affect operators. It is quite likely that next-gen affiliates such as streamers will soon have the ability to divert traffic to and from various brands in a much more meaningful way than other forms of marketing. That would be a monumental pivot and would fundamentally alter the dynamics between operator,



player and streamer. Operators would have to re-focus their efforts onto these new B2B2C clients to ensure they retain brand favour with their core fan base. That will make the streamers rightful brands in themselves, leading to another question: what will happen to affiliate marketing in gambling once the brand value of the streamers surpasses the value of the operator they're promoting?

Market opportunity

However, on the flip side, what has also changed significantly is the market opportunity – and by extension – buyers' appetite. This has become evident with the big mergers announced over the last 18 months. Several large players have predicted this market consolidation some way off, which is partly why we've recently witnessed some of the largest mergers in the industry. A larger (albeit leaner as opposed to heavier) organisation should be better placed to weather a footfall in numbers while remaining profitable in any one territory.

If mergers such as these are widely considered to be acceptable trade-offs, then for the next 12 months we will continue to see companies looking to merge while quarterly revenues are still buoyant. Mergers like this are usually more stressful and expensive, requiring complex mechanisms such as share buy-backs and swaps, and an ongoing need to manage shareholder expectations – on both sides – as well as a need to placate a regulatory

body that seems to bear increasingly more scrutiny.

Another approach – which is of specific interest to us – is a complementary M&A strategy, where smaller players become bolt-on targets for the bigger boys to shore up their presence in verticals where they're facing stiff competition. Done properly, a complementary acquisition works particularly well, as it underscores how the right form of small-mid cap acquisition can also cross-pollinate staff culture with a fresh mindset.

We will prevail

Over the last few months, we've been involved in the most voluminous, but especially some of the most interesting, M&As to date, which clearly shows that the right affiliate assets can fetch the best possible valuations when paired up with the appropriate buyers. We see this trend continuing easily until 2023, by which time the entire gaming landscape – due to Covid-19, self-exclusion, new lobbying or even new acquisitions – will have changed significantly anyway. But we are all used to this, and we will continue to prevail as strongly as we've done in the past.

In summary, so much has changed in the last 12 months, and yet so much remains the same. What endures is the excitement that keeps spurring each one of us onward as disruptors and challengers to the industry we find ourselves in, unprecedented times or not. ♦

Featuring: *Intertops*

The Intertops one-stop gaming shop for players and affiliates



Intertops

Intertops accepted the world's first ever online sports bet and is still one of the globe's largest sites for sports betting, casino, poker and games. The website offers over 4,000 daily wagers for fans of every type of sport, and boasts satisfied customers and affiliate partners in over 180 countries. Intertops can already look back at a long tradition of integrity and satisfied customers around the world.

Intertops celebrates its 25th anniversary and provides a lowdown on its sports and casino products

It is now 25 years since Intertops ushered in a new era in the centuries-old world of gaming by accepting the first ever online wager, and the pioneer has been working hard ever since to successfully stay at the very forefront of the industry.

'Trust the First' has been the Intertops motto from the very beginning and thousands of satisfied customers can already look back on years of satisfaction. With its sportsbook, poker room and two casinos, Intertops provides perfect entertainment for all recreational players, while safe and speedy financial transactions and exemplary customer support wrap up the complete package.

The Intertops Sportsbook (<https://sports.intertops.eu/en>) has always been a beacon of stability in the volatile gaming world. Customers know they receive competitive odds on all major sports, can place their wagers both before and after the games, and matches have started on an easy-to-navigate, fully responsive website.

New customers are welcomed to Intertops with a choice of deposit bonuses, tailor-made to suit every taste. Three bonus offers are up for grabs with 50% up to \$200, 100% up to \$100 or 200% up to \$50 available, so each and every new customer can decide which one is best for them. Intertops may be the oldest sportsbook around, but that doesn't mean the platform doesn't roll with the times. Customers are able to use a range of crypto currencies to make their deposits, complementing the portfolio of more traditional methods, all ensuring flexibility when depositing. Should anything be unclear, the experienced Intertops support team is at hand for assistance 24/7.

Bonus offers are also available at regular inter-

vals throughout the sporting year, for example for the Super Bowl, March Madness, major soccer tournaments and NFL kick off, as well as at Thanksgiving or Christmas, to provide regular customers with extra cash to wager on all the action.

First for everything

This year is a very special year in the history of the company, marking a quarter of a century since the world's very first online wager was accepted. In January 1996, Finnish soccer fan Jukka Honkavaara wagered \$50 on Tottenham Hotspur to beat lowly Hereford United in an English FA Cup tie and 'scooped' a total net profit of \$2 for his efforts. On 19 September 2019, that very same man was

Intertops may be the oldest sportsbook around, but that doesn't mean the platform doesn't roll with the times. Customers are able to use a range of crypto currencies to make their deposits, complementing the portfolio of more traditional methods

Intertops

inducted into the Sports Betting Community Hall Of Fame in a ceremony in London – a proud moment for both the player and the sportsbook which made it all possible. Jukka has remained loyal to Intertops ever since, giving substance to the company's promise that its players can always 'Trust the First'.

In order to celebrate this 25th anniversary in style, Intertops Sportsbook is giving away 25 x \$250 cash prizes in a draw held on the 25th of each and every month in 2021.

In addition, the Intertops Sportsbook marketing department is always coming up with creative promotions enabling regular players to enjoy stakes

returned as free bets or even boosts to winnings automatically added to wagering balances.

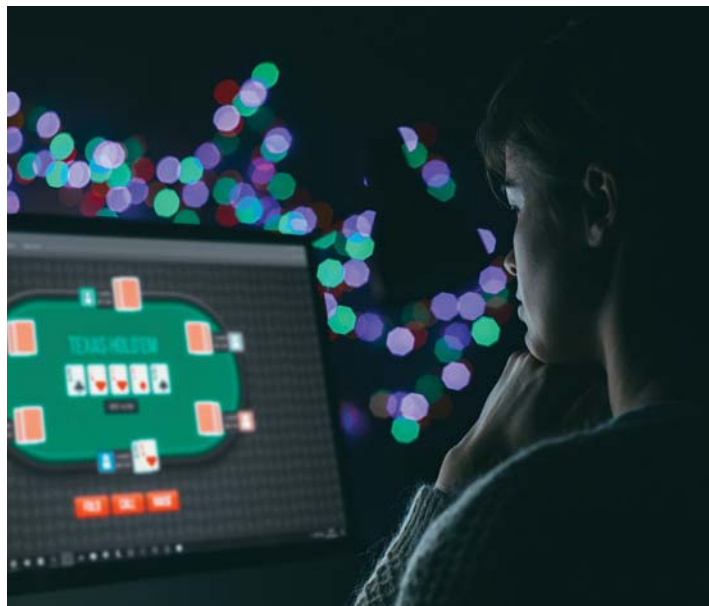
Go live

2021 has also seen the launch of the new Intertops Sportsbook live betting platform. The company's technical staff have worked hard to provide an all-new live betting experience. What could be more thrilling than winning your wagers while you watch a sporting event? Never before has Intertops provided such an exciting range of in-play options.

The 'overview' page provides customers with a first look at the games and matches currently live and makes parlay wagers easier to place than ever. The 'multiview' page enables detailed bet offers on specific games to be seen on one screen, so that the best odds on every possible game-option are always in sight. More games and matches and more wagering options, coupled with competitive odds on each and every sport, mean that the Intertops live betting platform has already become a firm favourite with the company's loyal customers in the short time since its launch.

Intertops customers can also use their credentials to try their hand at a huge range of casino games and at the poker tables. Both of the Intertops casino platforms (<https://casino.intertops.eu/en/> and <https://classic.intertops.eu/>) provide hours of fun and entertainment for each and every player, as well as regular special promotions for that extra kick. Intertops Casino offers more than 300 casino games from Real Time Gaming (RTG) in its main casino and another 200 games from Wager Gaming Technology in the Intertops Casino Classic. Intertops Casino Red offers the biggest progressive jackpots worth millions of dollars and a portfolio of traditional and unique online casino games. Intertops Casino Classic complements Intertops Casino Red with additional games, and has a fully integrated WGS tournament schedule with slots, video poker and blackjack events running on all platforms at all times. These currently include daily free-roll slot, keno and blackjack tournaments, as well as paid events.

Intertops Poker (<https://poker.intertops.eu/en/>) is one of the most established online poker operators and has been live for more than two decades. The most active poker room on the worldwide Horizon Poker Network, Intertops Poker offers cash games, tournaments and Sit & Go's for various stakes and buy-in levels. On Sundays, players can fight for their share of \$10,000 guaranteed in the weekly



Featuring: Intertops

'Sunday Sundowner' tournament. Intertops Poker loves to send players to live poker tournaments all over the world – for free! Besides poker games, hundreds of slots and table games from four leading games providers are available in its Casino Games section, enabling players to mix and match poker with a few slots spins or some hands in a classic blackjack game. Intertops Poker offers attractive weekly promotions and bonuses, as well as a market-leading rakeback rate of 36%.

Twenty-five years of unrivalled success wouldn't, however, have been possible without the help of the Intertops affiliate community. Intertops does not try to entice new affiliates with false promises, but instead takes advantage of a trusted affiliate programme that has proved to be spot on over an amazing 20-year period. Short response time, fast payments, attractive player promotions, exclusive welcome offers and top-notch marketing material are no secret and a matter of course. But the company likes to go the extra mile by sharing the results of extensive research and testing. An example of this is the affiliate landing pages, which are AB-tested and optimised for best possible conversion. If conversion is high, affiliates are happy and both parties enjoy success and exposure.

After 25 years of solid business growth and a real sense of community with both customers and affiliates, the Intertops team is looking forward to an exciting future as one of the world's leading online gaming platforms. ♦

Featuring: *Paysafe's Income Access*

Affiliates find new avenues to grow and reach new users



Erica Anderson

◆ Director of marketing
◆ Paysafe's Income Access

Erica Anderson is director of marketing at Income Access, a role which focuses on developing the marketing strategy for the Income Access brand. Holding a decade's industry experience, she also oversees the company's in-house affiliate management team and its suite of digital marketing services. Income Access manages close to 20 affiliate programmes.

Paysafe's Erica Anderson provides a breakdown of the 2021 Income Access affiliate survey and reveals what trends have emerged over the last year

For the latest Income Access affiliate survey, we reached out to our network of igaming affiliates to better understand the affiliate marketing channel and affiliates' strategies and thinking in 2021. First launched in 2017, this marks our fourth annual poll of the igaming affiliate space, allowing us to benchmark and conduct comparative analysis on how the channel is evolving.

Our latest survey comes at a time of transition for igaming and sports betting, as players emerge from lockdowns caused by the Covid-19 pandemic. We were able to look at how the igaming affiliate landscape has changed over the last year and see what trends have emerged.

Affiliate experience and brand promotion

As with our previous surveys, experienced affiliates continue to dominate the space. Well over half of our respondents (57%) have at least five years' experience. Among such experienced affiliates, there is a strong focus on the mobile experience, with four-fifths (87.5%) of respondents confirming they had a mobile-optimised site and/or an app.

Despite being newer on the scene, less experienced affiliates are equally dedicated to mobile optimisation, with 89% saying they had a mobile-optimised site and/or an app. These figures indicate an upward trend, with 84% of experienced affiliates mobile-focused in 2020, and 79% of less experienced ones. This suggests that mobile is becoming indispensable for affiliates seeking to maximise their reach and audiences.

When it comes to reaching new audiences, affiliates are increasingly diversifying their promotional

approaches by promoting a greater cohort of igaming brands. The affiliates promoting 100+ brands increased from a quarter (24%) in 2020 to 42% this year. At the other end of the spectrum, less than one out of 10 affiliates (7%) promote one to five operators, a significant drop from a fifth (21%) reported in 2020. Put simply, affiliates are looking to broaden their promotional offering to maximise their audience, conversions and therefore revenue.

Affiliate experience is a key factor in terms of the number of brands promoted. The vast majority (92%) of affiliates with over five years' experience promote more than 10 brands. Newer affiliates (less than five years' experience) need time to diversify their promotional partnerships, but close to four-fifths (79%) of those we polled were already promoting 10 brands or more, suggesting they broaden the relationships quickly.

Affiliate motivation

When looking at what motivates affiliates to promote new brands, several interesting trends stood out. Affiliates were asked to rank their focuses when promoting a new brand, and their top criterion was 'higher payouts and commission rates', with 62% prioritising this, though this was down 8% from last year. Conversely, affiliates' prioritising partnering with 'new brands and markets' increased to 24% from 16% last year and remained the second-ranked motivator. Although this suggests affiliates are becoming more interested in finding untapped markets to diversify further, financials remain their core focus.

In terms of specific markets, affiliates' focus remains relatively stable. Those affiliates focused on continental Europe dropped slightly to 20% this year from 24% in 2020, while those targeting the UK dropped to 18% from 22% last year. Beyond specific jurisdictions, there was also an increase in the affiliates that operate across multiple markets, rising to over four-fifths (83%) from under three-

quarters (74%). This suggests that, as igaming regulation continues apace, affiliates will target new markets as they open up.

A new market on affiliates' radars is India, which was not an option in last year's survey. In 2021, one out of 10 (8%) affiliates we polled currently operate there, but more importantly, a quarter (25%) are interested in promoting brands targeting India. This again demonstrates that, as new markets regulate igaming, affiliates are eager to expand into the jurisdictions to connect with new audiences.

Coming to America

Beyond India, the US remains the most interesting market outside of Europe for affiliates, with 50% of those polled saying they already operate there. Almost all the remainder (47%) without a US presence plan to 'come to America' to promote US brands within the next year.

For such affiliates, they should consider looking to those who are already there. We asked affiliates operating in the US to rank what they found most important when looking to enter a new state. The top factor was 'licensing options', with over three-quarters (77%) of affiliates prioritising this, indicating the paramount importance of regulatory requirements when entering a new state. While the size of individual state markets is the key factor for around a fifth (18%) of affiliates, this ranked far behind the legal consideration.

Affiliate verticals

For the second year running in our survey, casino and sportsbook verticals were affiliates' preferred verticals to promote. Affiliates favouring promoting casino brands increased from 76% to 80%, while sportsbook also rose in promotional popularity – from 54% to 65%. While both these verticals are very well-established and date to the igaming industry's earliest days, their importance appears evergreen among affiliates, although unsurprising when major markets like the US continue to extend sports betting regulation at a state level.

Beyond these twin pillars, the major emerging vertical is esports. Almost a quarter (23%) of affiliates are promoting an esports brand today, compared to just 13% last year. Conversely, bingo's popularity among affiliates is declining, with less than a fifth (18%) promoting a brand compared to a quarter (25%) in 2020, the biggest drop in any vertical. Nonetheless, there are as many affiliates focused on promoting bingo brands as fantasy sports

(18%) and the vertical continues to be more popular than poker (15%), lottery (13%) and forex (13%).

Affiliate commissions

We introduced a new question to affiliates this year, asking them to rank what they evaluate when working with new operators. Over half (53%) ranked 'commission plans' top, with only 8% considering it the least important factor, indicating how essential this is for affiliates. 'Products offered' was considered the top factor by 20% of affiliates, with 18% prioritising 'terms and conditions'.

Anecdotally, our affiliate managers have noted that terms and conditions (T&Cs) are being discussed more by affiliates, so we asked affiliates to rank elements of T&Cs on a scale from one (not important) to five (very important). The highest rated item was 'length of lifetime player value' at 4.2, with 'negative rollover' and 'commission terms' ranking second and third at 4.05 and 4.07, respectively. Payment options (3.7), brand restrictions (3.6) and terminology (3.2) rounded out the options.

Affiliates are diversifying the portfolios of brands they promote, including at a vertical level with an increasing focus on esports

Erica Anderson | Paysafe's Income Access

This indicates that affiliates will gravitate towards promoting brands that offer favourable T&Cs, with commission plans that benefit both sides. Affiliates are interested in length of lifetime player value, as this affects their commissions and the length of time they can earn from new players.

Key takeaways

What are our top takeaways about the affiliate marketing space in 2021? Affiliates are diversifying the portfolios of brands they promote, including at a vertical level with an increasing focus on esports. Similarly, they are expanding beyond established and mature markets, such as the UK and continental Europe, to enter or show interest in emerging markets like the US and even India. While the contractual details of their promotional partnerships with operators, commission plans in particular, remain of paramount importance, it cannot be denied that the igaming affiliate marketing channel continues to evolve – and remains as vitally important to operators as ever. ♦

Featuring: *Betsson Group*

Building trust and forging strong partnerships



Sebastian Jarosch

◆ *Head of affiliates*
◆ *Betsson Group*

Sebastian Jarosch is an industry veteran who has been working in igaming for over 14 years, with a strong focus on affiliation. He has worked for various companies including the affiliate network GiG Media as poker affiliate director. Jarosch joined Betsson Group in August 2020 as head of affiliates. Under his lead, the affiliate unit has been centralised within the global marketing team. His vision is to position Betsson Group Affiliates at the forefront of igaming affiliation.

Betsson Group's head of affiliates Sebastian Jarosch discusses the role partner affiliates played in the company's response to increased gaming activity during the pandemic

EGR Intel (EGR): How did affiliates help Betsson manage the increase in gaming activity experienced during the Covid-19 pandemic?

Sebastian Jarosch (SJ): Affiliation has traditionally been one of the biggest acquisition channels for Betsson Group. It is a tactical channel which allows us to quickly react to new market situations. The lockdowns introduced to curb the virus spread led to an increased activity in gaming for almost all verticals as more people were looking for entertainment at home, since going out and meeting people was heavily restricted.

Poker players were unable to join live tournaments or play at the cash tables in land-based casinos which created a spike in online traffic similar to the poker boom in the early 2000s.

We have a great poker product at Betsson Group with attractive promotions for the players, as well as a dedicated poker affiliate manager to cater to our poker affiliates with fast and professional support. We traditionally have deep roots in online poker and strong partnerships with our affiliates, and we were therefore able to provide those players with an exciting poker offering.

We also had great results in esports, which gained a lot of momentum during the lockdowns. Many sports leagues and competitions had to be stopped or postponed due to Covid restrictions, but esports and table tennis flourished. Betsson Group signed a partnership with Godsnet in November 2020 to cement our position in esports, and our affiliate partners helped us get our brands out there with additional exposure.

Our casino product is still doing really well and

it is a great time to get on board with acquisition sources such as Twitch to benefit from higher traffic volumes and views. We also used the time to focus on our affiliate programme during the pandemic. We launched a new Betsson Group Affiliates (BGA) website with slick graphics, improved user experience and also worked on providing our affiliates with a more efficient service and support. Our IT department is working on automating repetitive processes and we are constantly introducing new tools to our team to make their lives easier and further increase our efficiency.

In order to build trust, you must have a flawless reputation. BGA is now listed as 'affiliate-friendly' with all the major affiliate portals, and we are doing a lot of forum work. Betsson Group Affiliates has won several prizes including best affiliate programme and best partner – a proud moment for the whole team and testimony that we have focused on the right things during the Covid-19 pandemic.

EGR: The pandemic period saw Betsson report record numbers of new depositing customers. How did affiliates help with attracting new customers?

SJ: During the pandemic, we launched our new pay and play brand Jalla Casino in Sweden, which turned into a massive success story for Betsson Group. Our affiliates were happy to support the launch with top positions and extensive coverage.

The Euro 2020 and the Ice Hockey World Championships were major traffic drivers as well, and we responded to those events with increased exposure on all major affiliate sites in our key markets. We have a great sportsbook product, and after Euro 2020 and the Olympics were postponed last year, it was great to see more activity around these fantastic events again.

Betsson Group was also the official regional sponsor of CONMEBOL Copa América 2021, which is a hugely popular event all over Latin America. It was a great opportunity to get our name out there



and increase our brand awareness. Our affiliate partners helped us push the event and the results we achieved were tremendous. We have made some major acquisitions in the region across several markets and are keen to see how we can continue to grow our business. The affiliates responded very well to these events, and we are certain that such experiences will help us forge even more great partnerships with both local and regional affiliates.

EGR: Have you noticed any major trends or differences in the operator/affiliate partnership as a result of the pandemic?

SJ: Almost everyone is currently working remotely, including most gaming operators but also the affiliates. At Betsson Group, we have the option to come to the office, but we are also very flexible with working remotely. It is important to go with the time and adapt to new circumstances, which is why Betsson Group has decided to launch a hybrid system that allows the teams to work up to three days per week remotely and at least two days at the office.

Most of our communications with our affiliates happens online through video calls, emails or messaging platforms. Unfortunately, we have not had a lot of opportunities to meet our partners face-to-face like we used to before the pandemic, but we do our best to build relationships and bond with our partners despite the challenges.

We have become very inventive and used the time to come up with some new ideas around how we can engage our affiliate partners. We have completely reworked our rewards programme and start-

ed running several competitions with our affiliates, including leaderboards with crypto prizes, but we also hand out great gadgets and promotional gear with our 'spin and win' promotion for new affiliates.

Most of the industry events went digital during the Covid lockdowns and naturally we have also increased our exposure with digital marketing. We are very happy to see that the affiliate conferences are starting to make a comeback now the restrictions are being eased. Nothing can replace meeting our affiliates in person and we are already looking forward to seeing all our partners at our Betsson Group Affiliates stand!

EGR: Did you have to issue any Covid-specific responsible gambling guidelines to your affiliate partners during the pandemic?

SJ: We take responsible gaming very seriously at Betsson Group Affiliates and of course we had strict guidelines for our teams when it came to the pandemic. Marketing our Betsson brands in conjunction with Covid-19 is a breach of our fair play rules and cannot be tolerated. Our operations team utilises a third-party compliance tool to search the web for any breaches and we took immediate action where necessary.

The Swedish government also introduced some measures to protect consumers, such as weekly deposit caps, weekly bonus limits and mandatory limits on playing time. It is in our best interest to make sure our players have a flawless experience and we make sure that our partners are fully compliant with regulation. ♦

Experienced Connected Discreet



We've done this before

We're behind some of the most significant transactions in the affiliate sector and our approach to M&A is differentiated through domain expertise, market-matching experience and, above all, discretion.

Our success is measured by our clients' satisfaction.

info@rb.capital



Featuring: *Condor Gaming*

The headwinds of change

Prash Patel of Condor Gaming looks at the impact of growing regulations within Europe and considers what emerging markets have to offer

In the current igaming environment, conditioned by the Covid-19 pandemic, the focus on re-regulation of online gambling in targeted European markets has never been sharper. In the last few months, a number of European gambling authorities have been in the process of adding a new set of online gambling legislation.

With growing regulations, there has also been significant consolidation within the market. Notably Entain earlier this year and more recently 888 Holdings' acquisition of William Hill. These larger operators will reduce choice and weaken affiliates' negotiating position when it comes to partnerships. Many European operators set their sights on the American market once regulation began to be introduced a few years ago. Now US-based operators are turning their attention towards Europe, with some significant interest in operators with a long history online. Both William Hill and, more recently, Entain have been targeted by US operators. This will further compound consolidation within the industry – which will not be just confined to operators alone – but is a growing occurrence within the affiliate marketing space too.

With the unification of the competition, smaller operators and affiliates will have to diversify their traffic bases to grow and remain competitive. Risk assessments from leading igaming operators are also of the opinion that excessive regulation has led to an increased presence of so-called 'black market' or 'unlicensed operators'. This advice has fallen on deaf ears within these governing bodies.

For many of these online gaming operators, the fallout from these newly introduced regulatory measures has been significant. Data from recent

2019 reports is a testament to the millions of revenue loss and marginal growth during this same financial year. Cumbersome marketing oversight, ranging from limitations of campaign bonuses to moderation of gambling advertisements, has further impeded the growth of these markets.

However, with heightened competition, we believe this will encourage innovation within the industry. This will come from the smaller operators as they look for opportunities to stand out in a crowded market. The rapid growth of providers with novel solutions such as the pay and play model and supercharged odds are testament to this.

To ensure longevity, a healthy attitude towards player safety is of paramount importance to every operator. But enforcing onerous measures, cooked up by over-zealous regulators, is likely to have the opposite effect. I believe we'll see a proliferation of unlicensed outfits operating in the shadows. There are no good sides to that outcome

Prash Patel | Condor Gaming

The increased regulation in the European market will improve innovation around player protection, KYC and sustainability, while the emerging markets will offer further opportunities for the creation of products and services to attract a new and far more diverse player base.

In the short term, we will see stifled growth within Europe as operators navigate the increasing regulatory framework in many of its mature markets. The greater complexity and requirements to acquire licences will hand an advantage to the bigger players with the resources to action these changes.



Prash Patel

◆ Group CMO
◆ Condor Gaming

Prash Patel is an experienced marketing professional with a 30-year track record of launching start-ups and scaling established organisations. His experience spans multiple sectors, including igaming, e-commerce, management consultancy, education, healthcare, conferencing and more. He was recently appointed CMO of Condor Gaming and is looking forward to helping the board achieve its ambitions.



Smaller operators are increasingly turning their attention to new markets. At Condor, we are excited by the opportunities markets such as India and Japan offer. They are culturally very different and the player base requires a more tailored approach. This diversity means a single brand with local languages across multiple markets is no longer sufficient; a multi-brand solution is required.

Market facts

When considering comparative cost to benefit analysis, emerging markets like Japan and India can offer:

◆ **Japan:** Japan's population is 126 million. This, in itself, contributes to twice that of large established European markets which have a similar level of GDP to match. While gambling in Japan is traditionally restricted by authorities, the culture of gaming is well established, enabling offshore operators the opportunity to operate without hindrance within the territory, as well as service pent-up demand. Japan has a long history of producing many of the world's most iconic games, and today is ranked in the top three for mobile games and gaming app downloads alongside the US and South Korea.

◆ **India:** India's population is 1.36 billion. This country already accounts for over 15% of global online gambling traffic, with future forecasts indicating a rapid growth of up to 40% by 2022. Technological infrastructure will accompany this growth with the introduction of 5G to follow.

Today, in India there are 560 million internet users. Data indicates that over the next few years, this number will jump to 900 million. The typical target demographic is 25 to 45 years old, which in India represents 75% of the population base. However, with the increase in popularity of online gaming comes the greater likelihood of regulation, which without a federal framework will be a state-by-state affair. Some states, namely Sikkim, have already led the way to legalise online gambling and, just like Japan, have taken a more liberal approach by enabling and allowing offshore operators to operate within their territory. Other states such as Telangana, which has implemented stricter and prohibitive laws, have already reportedly had an adverse effect resulting in an increase of unlicensed operators operating within their state.

Market profitability is close to unheard of for the gaming industry. This, coupled with core demographic growth and market variance, will see significant evolution of the operator's service. The potential the Indian market offers, if nurtured well through a regulatory structure, is huge. The above statistics ring true on why India represents the future for online gaming. The innovation we expect to see come out of these emerging markets, along with improved player protections born out of Europe, will create exciting developments within the industry. These will provide players with a greater choice and more novel solutions that will offer a better gaming experience. ◆

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