

ONLINE GAMING BETS ON SPORT

The online gaming sector is driving growth through spending on sports sponsorship and content. But will the legislators derail the gravy train? **Matthew Glendinning** reports.

IN THE UNLIKELY EVENT that a Martian lands on earth in the next few months with a satellite dish, a keen interest in football and a thirst for online gambling, he might well conclude that an area just west of Manchester and the provincial towns of Portugal are the hot-spots of online gambling activity worldwide.

A reasonable assumption perhaps, because this season the gambling operator 188Bet.com has signed up as shirt sponsor of two Premier League clubs - Wigan Athletic and Bolton Wanderers - in north-west England, while 11 out of 16 Portuguese league clubs have BetClic emblazoned on their shirt-fronts this season.

This multiple sponsorship trend reflects a more general proliferation of gaming sector marketing around sport, and football, in particular. If our discerning Martian, for example, prefers the Champions League to the lower reaches of the English and Portuguese top divisions, he'll find that Real Madrid, AC Milan (Bwin) and Lyon (BetClic) are the continent's market leaders in the promotion of gaming online.

And if he then sets up with a PC and broadband in his Wigan apartment/Portuguese villa to take advantage of some of the 'in-play' betting options, the likes of the German Bundesliga (Bwin) and the Australian A-League (Bet365) are among the best bets for combined live action and betting online.

In fact, as we send our Martian guide back into space, it's clear that the online gaming sector is no longer about fantasy revenue forecasts and stellar predictions. The amounts gambled online

already scale the billions, while the sector represents a multi-million dollar marketing boon for sporting clubs and organisations.

Growing Business

Most importantly in these hard times, it's a sector that is continuing to grow. According to Global Betting and Gaming Consultants (GBGC) global online gambling yield will increase by 25 per cent over on the next three years, with a significant proportion coming from global interest in football betting.

As Mike Falconer, chief executive of online gaming services firm, BettorLogic, reported in the *SportBusiness International* sister publication, (*Gaming Business*, "Football has been almost singularly responsible for the steep progression of both Asian and newer [Southern and Eastern] European markets...and can account for 75 per cent - 80 per cent of bets taken in the major Asian countries."

The 188Bet.com sponsorship of the two clubs in England's north-west is a case in point, leveraging both local loyalties and the fame of the Premier League globally, especially in the gambling operator's main market, Asia.

"The Premier League is and has been heavily broadcast globally and is increasing in a number of markets with several pending deals which will take it through pay-per-view to free-to-air in a number of markets," said 188Bet CEO Andy Scott.

"So, that is a very strong attraction. It gives us a presence in our current markets as well as visibility in new markets."

In the Premier League, 188Bet

are in good company: the current roll-call of gaming/shirt sponsorship tie-ups includes Wolverhampton Wanderers (Sportingbet), West Ham United (SBOBET) Sunderland (Boyle Sports), Hull City (Totesport.com) and Tottenham Hotspur (Mansion). And according to industry analyst, Andreas Ullmann, head of market intelligence at sports consultancy Sport+Markt, these companies may have saved the Premier League from a second consecutive fall in shirt sponsorship industry value this season.

SPORT+MARKT estimates that the value of shirt sponsorship deals in the Premier League fell from an estimated 69.2 million during the 2007-08 season to £68.2 million last season, after years of continuous growth. But the value of shirt deals will increase slightly to £70 million for the 2009-10 season thanks to the emergence of new sponsors from the betting industry. "Without [betting companies] many clubs would have serious problems," he said. "It has become a bit more of a buyer's market in the UK as we can see from the new deals that some teams have struck with online betting companies."

True, the deals are not always big (188Bet signed with Bolton Wanderers and Wigan Athletic for the next two seasons in deals thought to be worth 750,000 and 650,000 respectively), but this does not mean that won't get substantially bigger as the industry continues to grow.

Official partners

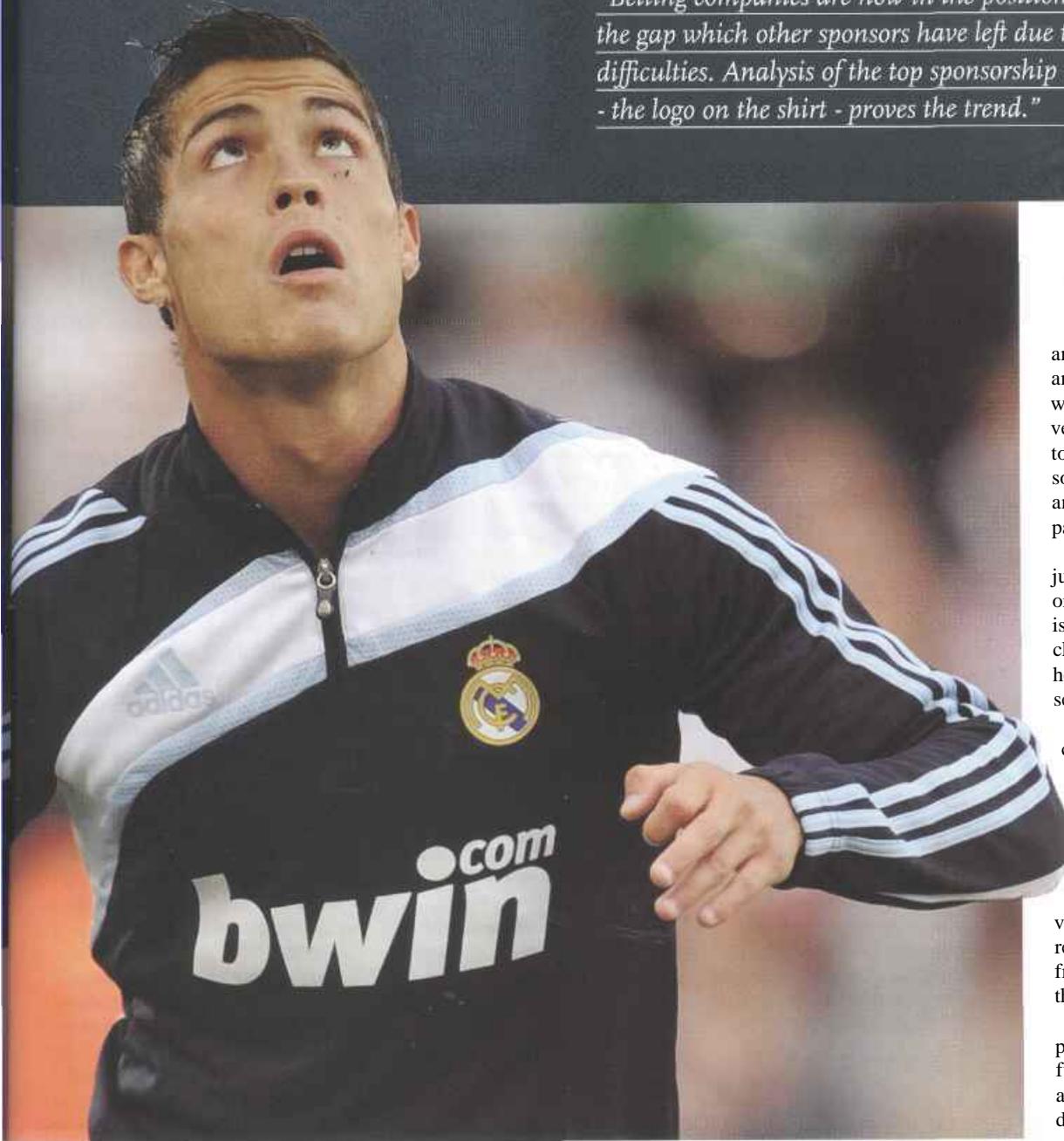
It's not only shirt sponsorship that is upping the ante for the gambling sector involvement in sport. 188Bet



has signed two 'official partnership' agreements with Aston Villa and Chelsea, while Betfair, the leading betting exchange brand, has signed up for three years with current Premier League champions Manchester United.

The United deal underscores why the two sectors seem made for each other. Oscar Nieboer, global brand and marketing director at Betfair, explains that the two 'Number Ones' in their respective fields are the perfect fit.

"Betting companies are now in the position to fill the gap which other sponsors have left due to financial difficulties. Analysis of the top sponsorship tool in football - the logo on the shirt - proves the trend."



Ronaldo and Real Madrid raise the profile of Bwin - Getty Images Sport

"One reason [for the deal] is our assessment of football in the UK and internationally," he said. "Horsereading was our focus, but with the World Cup one year away, we are taking the brand mainstream and football has a wider market appeal. There is also likely to be much more growth in football going forward."

Nieboer adds: "We also want to bring something different to the game and its supporters... We intend to use this partnership

to reward both Manchester United fans and football supporters across the season with unique content and real access from inside the game." United itself is sold on the fan engagement argument - as well as the fee for the deal.

"Betting on the outcome of game for fans has become a big part of the experience," Richard Arnold, commercial director at Manchester United, told *SportBusiness International*. "There's a big demand from fans

and the fact that this can be served inside the stadium and online makes it a great offering for them."

Another aspect that appealed to United was the link with Betfair's marketing flair and innovation.

"The whole relationship is very innovative, from the Betfair platform itself to the way it harnesses how our fans and rival fans feel about the club," says Arnold. "Betfair's rights include unique behind the scenes access for customers, such as interviews

and questions with the manager and unique content in the written word. One of the things that is very appealing is Betfair's ability to conduct innovative campaigns; some of their work around Ascot and the Ashes (cricket) has been particularly strong."

For clubs or organisations from jurisdictions in the United States or Europe where online gambling is banned or discouraged, such a close relationship between rights holder and gaming operator, may seem strange.

Arnold however has no such concerns. "We went through a long period of diligence in the process of selecting a gaming company and one of the things about Betfair is its transparency - they have no vested interest in the result. They are also very strong from a corporate responsibility point of view and from a technological point of view, they have a very robust platform."

And if United's policy of partnering brands which can further their cause internationally appears diminished by the Betfair deal, Arnold responds,

"In the online gaming industry, the legislation in the UK means that we have some of the leading companies around the world to partner with: innovative and exciting brands.

"We had offers from the US and Far East but being from the UK when you are an online firm is a moot point."

Indeed, Betfair's Oscar Nieboer revealed the firm was "looking and talking" to other clubs, both domestically and internationally about partnerships - and true to his word, Betfair has now announced a two-year sponsorship agreement

with FC Barcelona, making it the 'Official Betting Partner' of the Catalan giants.

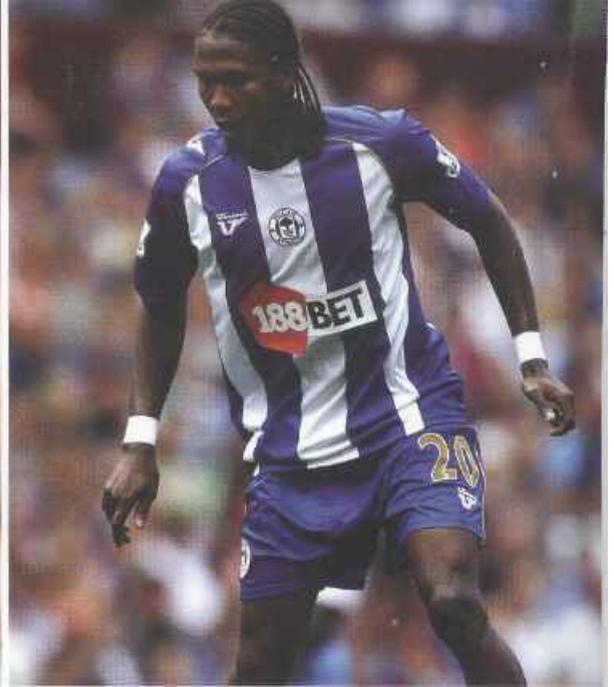
Fragmented Europe

It should be stressed that European jurisdictions have yet to regulate the online gambling environment in the same way as the UK. But some European markets are catching up - and this is directly reflected in marketing activity. According to *iGaming Business*, the number of La Liga teams in Spain now sporting the logos of online operators are on a par with that of the UK in the early 2000s.

Similar growth is being witnessed in other EU countries such as Italy. In fact the biggest online gaming sponsorship deals in football are now in Spanish and Italian territories, where Austrian operator Bwin has set up landmark deals with Real Madrid and AC Milan. In the case of the Spanish giants, the sponsorship is thought to be worth around €45m over three years.

The Vienna stock-market listed Bwin Group has over 13 million registered customers and offers everything from bingo to poker. Football betting leads its sports operation - and when Bwin signed up with Real Madrid in 2007 it capitalised on an online gambling trend that continues to develop among Spanish consumers, despite the Spanish government's reluctance to enact legislation that will regulate online gambling at a national level.

Another gambling operator Unibet, for example, features on the shirts of financially troubled



Double vision... 188Bet sponsor both Bolton Wanderers and Wigan Athletic in the Premier League - Getty Images Sport

Valencia in a deal worth €6 million per year, according to Spanish news reports. Malaga is sponsored by William Hill and Sevilla FC has signed with 12Bet.com (after three years with 888).

In Italy, a similar regulatory environment has allowed Bwin to work with AC Milan, while in France, the regulatory picture will become even clearer when national liberalisation laws on online gambling kick-in at the start of 2010.

This law can't come soon enough for Olympic Lyonnais, which were forced to start the new French football season without displaying the name of their shirt sponsor BetClic, after the French football association rejected the club's request to display the logo.

The Spanish, Italian and French leagues are far better positioned to benefit from the online boom than elsewhere in Europe. Portugal, for example, was once considered

among the more accessible online gaming markets - and when BetClic signed up with 11 clubs in the top league for this season they gazumped Bwin which had title sponsored the entire national league from 2005-2008.

But in a move that will encourage other European governments to hold onto their gambling monopolies, the EU recently upheld the Portuguese government's gambling restrictions as legal. The decision, which arose from a legal challenge brought by Bwin and the Portuguese League, could jeopardise the sponsorship contracts made by BetClic with the 11 Portuguese clubs.

In fact, one club president was so concerned he urged the other 10 clubs to strike in order to pressure the government to change its legislation in line with Spain and Italy (see LEGAL VIEW). If the Portugal ruling is

bad news for sport, one lawyer has called the situation in Germany "a complete farce". When Bwin, for example, bought the exclusive rights to include FC Bayern in its advertising activities until the end of this season, legal concerns meant that the sponsorship was confined to Bwin's play-for-free poker site, free-Bwin.com. Small wonder that the German football league complains that Germany's prohibitive State Treaty on Gaming causes millions of euros to be lost in sponsorship revenue each year.

Confusing? You bet. As is the situation Stateside, where the previous Bush administration passed a prohibitive anti-gaming law that has seen some online gaming operators jailed.

Although there are indicators that this legislation may change under the Democrats, any federally regulated online gambling system is likely to be fiercely protected and run by the major Nevada casinos.

Anúncio

Commentary by Stephanus Tekle, Senior Consultant, SPORT+MARKT

Sports sponsorship is the most relevant and most promising platform for betting companies in order to reach their target group.

Gambling firms are willing to buy into this marketing tool and continue their development as one of the most important industry sectors for sports sponsorship.

With betting companies' natural connection to sport, sponsorship engagements represent the most promising tool to reach their target groups. The upcoming SPORT+MARKT Betting Report provides consumer insight on the betting industry in Europe and the findings underline the standing of the communication platform.

On average, over 60 per cent of respondents in Europe place bets on their favourite club or sport. This provides an extraordinary fit for advertising - an income which is warmly welcomed by clubs and other sports entities alike, especially at times of crisis.

Due to the betting ban in various European markets - amongst the key markets Germany and France - the advertising investment of betting companies only flows into those selected sports markets where they do not have to fear any legal consequences, such as Spain and England. Of course, the legal situation is the number one selection criterion for betting companies. But not only the legal situation makes the football clubs of the Spanish and English league attractive propositions. Clubs of the Premier League and Primera

Despite the unwanted attentions of government regulators, the online sector continues to grow its customer base - and now it has a new weapon in its marketing arsenal: live sports content.

Bwin are again leaders in this field with more than 10,000 live stream events every year and up to 15 parallel live broadcasts at peak times. In a landmark deal which ends at the close of this football season, Bwin bought the rights to the Bundesliga outside Germany and have now signed up the rights to the Spanish Primera and Segunda Division until 2012 for more than 30 European countries including Germany, Austria and 50 other countries worldwide.

"Bwin has become one of the leading live sports broadcasters," claims Bwin Co-CEO Manfred Bodner. "Like no other web platform, Bwin.com offers an unprecedented choice of different sports, ranging from football to roller hockey. We are at the leading edge of the market and continue to expand our line-up."

, With an average of 30 sport events broadcast daily, Bwin has clearly gained a strong foothold in live content and other operators, notably Bet365, have followed

their approach. Alberto de Torres Lacroze, Bwin's international PR marketing manager, explains the company's strategy.

"Bwin is aiming to offer its customers the best variation of sports content possible, particularly when it comes to live streaming. Clearly, the better your content is and the more variety you cover, the more people feel attracted to join and to stay longer, which eventually might result in placing more bets.

"The Bundesliga rights, for example, represent a key part within Bwin's broad positioning as the premium sports betting and live video provider.

"Nevertheless there are no specific markets that we target with the Bundesliga rights. As the Bundesliga is a premium product in Europe in general, the positive effect could be observed in all European markets.

"That's pretty much a similar situation for La Liga. The attractiveness is given for all markets in Europe, not to a particular one.

"The goal has not been to push one market, but to extend our general live streaming portfolio." De Torres Lacroze adds that Bwin not only focuses

Division represent the top assets in international sports business. International success provided a global fanbase contributing to global media exposure. This international presence also enables the betting sponsors to contact their target group in markets with legal restrictions. With their target group being football fans, they can count on them following not only matches of the domestic league but also of international competitions as well as foreign leagues.

Betting companies are now in the position to fill the gap which other sponsors have left due to financial difficulties. An analysis of the top sponsorship tool in football - the logo on the shirt - proves the trend. As of right now, betting companies spend over €55 million on jersey sponsorship in the top five leagues - and this of course excludes the Bundesliga, one of the two strongest shirt sponsorship markets in Europe.

Despite legal barriers, betting companies have also shown successful pan-European success stories. Bwin provides such an example. They are now the best known betting provider engaged in sports sponsorships in Spain, Germany and Italy.

All in all, betting companies already belong to the three most important sectors of sponsors. With the planned lifting of the betting ban in France and if other markets follow, gambling companies will become the most important financial support for professional sports.

on top sports (FIBA basketball and MotoGP included), but also provides a platform to many other more marginal sports, including the Badminton Europe Confederation or the European Pool Billiard Federation.

But can he envisage a day when online operators compete for major domestic rights with the big networks? "For really niche sports that might be probable, but surely not for the rights of big

competitions. For small federations and tournaments Bwin is already producing on its own to bring the content to a broader audience."

The gaming sector's relationship with sports rights is set to run and run. The depth of the relationship, however, will ultimately be determined by national legislators - and at this stage in the game, no one can predict with certainty how that particular story will pan out.

LEGAL VIEW: Antoinette Jucker of international legal firm Pinsent Masons

THE European Court of Justice ruling that Portugal is within its rights to pass laws awarding a lottery and sports betting monopoly to a state-controlled non-profit company (Santa Casa) is not a great surprise. It reflects the fact that there is no harmonisation on games of chance across member states. Provided a member state has a public interest reason for doing so, and behaves proportionately, it can regulate the conduct of gambling as it sees fit. The ruling will be a blow to Bwin and other online gambling operators who have tried to break state monopolies elsewhere in the EU, and will reinforce the general trend among EU member states to restrict access to their national gambling markets to state-approved monopolies and licensed operators. The ramifications are that operators will concentrate on markets where this kind of activity is broadly legal which could be good news for sports in the UK and Ireland.