

A Marketing Road Map towards Online Casinos: From Compliance to Implementation in Greece

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Abstract: *Challenges and opportunities offered by today's Internet technology are unique for e-gambling companies, promising the recovery of their value by the transmission of land-based to online casinos. The development of an integrated marketing strategy, defining marketing decisions regarding the brand name, the online games portfolio, the customer service, the customer relationship management and the payment /security options in compliance to the institutional environment of the Internet, is considered as very important for the successful implementation of online casinos. The aim of this paper is to examine the challenges and limitations of e-gambling, especially of online casinos, worldwide and in Greece, exploring the present situation, the emerging trends, as well as the legislation and the implementation options. Based on the literature review, an interview- questionnaire has been developed and sent by e-mail to experts/ executives of the Casino Industry, in order to examine their perceptions and attitudes towards the implementation of e-gambling. The analysis of the experts' survey aids in reaching valuable conclusions that will help the business community attain in depth knowledge of how an offline Casino will go online. Finally, a roadmap is proposed to support the implementation of e-gambling in Greece, and potential trends regarding online casinos are summarized based on the analysis of the data provided.*

Keywords: *e-gambling, online casinos, marketing roadmap, Internet Casinos Industry*

INTRODUCTION

Internet gaming opens a whole new area for exploration, creativity and convenience. But, it also brings up regulation issues, legal stipulations and the potential, yet unlikely, replacement of “brick-and-mortar” casinos. Online casinos, also known as Internet casinos, are online versions of land-based casinos enabling gamblers to play and wager on casino games through the Internet. Thanks to the multitude and fame of online casinos, e-gambling has become one of the favorite forms of entertainment, rising into an Internet industry.

The purpose of this work is to approach the way e-Gambling operates around the world, its emerging tendencies and relevant legislation in Greece, as well as its application perspectives in our country.

For the documentation of this study a review has been conducted on sources and statistical data of international organizations. In order to broaden e-Gambling in Greece, a questionnaire has been drawn up in interview form and sent via e-mail to Casino Industry Expert Executives. Based on the analysis of gathered information, conclusions are resulting from the positions recorded of Executives on the implementation of e-Gambling in Greece and on industry's development perspectives.

The Global Gaming Market

According to the newspaper TO VIMA (2011) in relation to tax evasion fight, black economy in Greece is by large the largest compared to all EU and OECD Member States and it is estimated to be between 25% and 37% of GNP. This amounts to an annual loss of tax revenues of €15 bn, an amount representing approximately 30% of total tax revenues of 2010 state budget. The reversal of this situation requires a planning that should include institutional reforms, organizational changes in tax administration and targeted operational actions in sectors where extensive tax evasion is noted.

According to the Ministry of Citizen Protection (Deal online) Internet gaming turnover is estimated by Hellenic Police competent services authorities to be € 5 bn and revenue loss for Greek Government to €2 bn. Greek banks become involuntarily accessories to this tax evasion as these specific online transactions are effected by credit cards. The Ministry of Justice is already drawing up a bill in order to control transactions via Internet.

On Internet there are WebPages operating whose object is the conduct of gambling that should be conducted legally in casino rooms. These companies have their registered office abroad and do not pay taxes to Greek State. The money of Greek users- players is transferred abroad through Greek banks.

In order to prevent all this, Greek Finance Ministry since the middle of 2011 has proceeded to regulate gaming market by creating a Gaming Board (E.E.E.P.). An appropriate supervising, regulatory and control framework is created, so

that the participation of citizens to entertainment and technical gaming be maintained at a controlled level, customers minors and other vulnerable social groups be protected from addiction to gaming, and to ensure that gaming and entertainment gaming are organized and conducted in accordance to law and do not become the object of illegal abuse and illicit gain and entertainment and betting activity be directed to legal providers in order to eliminate illegal betting and criminal offences it is fostering (fraud, money laundering, etc.).

Within this framework, the companies engaged in casino sector in general and by extension the State too, in order to increase their profitability are adopting new forms of service provision. Of course, essential role in this effort also plays the rapid development of technology and more specifically Internet technology. Henceforth casino games will be possible to be available via electronic channels (e.g. Internet Gambling) and the development of bank operations to this direction is significantly affecting their operation mode (Table 1). 56% of traditional casino gamblers are age 45 or older, while less than 5% are between the ages of 21 and 45. US adults are making over 30 million annual visits to casinos. The number of gambling/gaming interactions online is in the billions.

In Europe where various types of online gambling are legal in several jurisdictions, online gambling has grown into a vigorous and substantive enterprise (Europe generates approximately 45%, Asia 25% and the US 25%, regarding the global gambling revenue).

Online technology has an ever increasing influence on all types of commerce, and the entertainment business is no exception. Gaming is part of the entertainment sector. With the increasing competitive threats for casinos from commercial gaming and lottery systems, opportunities for growth in other areas of gaming entertainment cannot be overlooked. People in the business are aware, the demographic for traditional casino gaming skews older, with the average age of the customer at 45 years old. Thus, new prospective customers for gaming operations by definition will come from the younger demographic. For example, the average teenager in the US now sends an average of 50 texts per day. Gaming companies like Zynga, that operate the Facebook games, Farmville and Mafia Wars, and other games like Zynga Poker, reports that in 2009 they had more than 9 million online interactions every day, and as of today, that number is over 20 million, with just one game, Farmville, generating over 18 million daily interactions. And that is merely one company. Revenue from online gaming not associated with gambling was approximately \$12 billion in 2009 and it is now forecast to grow to over \$25 billion by 2015 (Geiger Johns Associates, 2010)

The Entertainment Software Association (ESA, 2010) reports, that, 67% of American households play computer and video games. The average game player is age 34, that 25% are under 18 years that 49% are 18-49 years and that 26% are 50+ years. ESA also reports that 42% of heads of households play in wireless devices such as cell phones and PDA's.

Table 1: The global online gaming market in coming years

The global online gaming market in coming years	
Countries	Situation & Trends
United States:	<i>Horseracing remains the only form of regulated online gambling e-gaming market after New Jersey governor Chris Christie vetoed its intrastate e-gaming bill at the 11th hour in March, citing constitutional concerns.</i>
Canada:	<i>Horseracing remains the only form of regulated online gambling e-gaming market after New Jersey governor Chris Christie vetoed its intrastate e-gaming bill at the 11th hour in March, citing constitutional concerns.</i>
Australia	<i>The Australian online gambling market is restricted by the country's Interactive Gambling Act, which has been in place since 2001, preventing operators from offering online presence in the Australian market, such as Sportingbet, and the Paddy Power-owned Sportsbet.poker and casino. This has led to millions of Australian dollars being spent on unlicensed offshore sites. However, a number of UK operators maintain a successful presence in the Australian market, such as Sportingbet, and the Paddy Power-owned Sportsbet.</i>
India:	<i>Goa and Sikkim are the only two states to have legalized gambling to date. The state of Sikkim announced that it would be awarding three online gambling licenses to local operators in 2010, with lottery provider Future Gaming and Agilsys Managed Services thought to be among the licensees. This prompted interest from William Hill and Betfair, with Ladbrokes confirming that it entered discussions with a local company to launch a sportsbook platform, though nothing has so far materialized. Sportech has a JV with local brand Play win for a multi-channel sports gaming business, but with 1.2% broadband penetration, India's betting market remains almost entirely land-based.</i>
South Africa:	<i>Following the World Cup, online gambling was banned in South Africa, with the support of national regulator the Guateng Gambling Board. Only sports betting is permitted. Strict penalties were threatened for operators and players who ignored the ban.</i>
Brazil:	<i>Latin America's second largest e-gaming market after Mexico remains unregulated, despite former president Luiz Inacio Lula da Silva stating his intention to introduce a ban on payments to and from gaming sites and legislation requiring Brazilian ISPs to block access to banned sites. Despite the continuing obstacles of low broadband penetration and payment processing capabilities, GGY (Gross Gaming Yield) from the market grew by 360% between 2005 and 2010. (Markets report, 2011)</i>
EMEA	<i>European markets expected to regulate in 2011:</i>

Greece:	<i>The EU's sixth largest gambling market, the Greek government plans to generate revenues in the region of €700m. Operators will have to be a registered company in Greece or have a permanent base there. The Greek government has voted for a 30% gross profits tax on online gaming, industry sources have told e-Gaming Review, rejecting the 6% turnover tax proposed in the initial draft it presented to parliament in January.</i>
	<i>The Greek government plans to issue 15-50 five-year licenses this year. Sportingbet, which generates 15% of its NGR from the territory, last month declared its intention to apply for a license in Greece.</i>
Denmark:	<i>Seen by private operators as the most favorable model proposed to date, the Danish government reassured companies earlier this year that the complaint over proposed e-gaming tax rates lodged with the EC would be resolved by June and that the market would open by this autumn. To avoid further delays it plans to open the licensing process as soon as it hears back from the EC.</i>
Spain:	<i>A change of heart in tax proposals makes this market a possibility by the end of 2011. In early February, the Spanish cabinet approved a draft law to regulate all forms of remote gaming, including mobile. The bill has gone before the country's congress but will have to pass to the senate and then be notified to the EC, laying the foundations for a potential legislative framework to be put in place by the end of 2011. This is not expected to take place before June.</i>
Germany:	<i>Germany's 16 federal states are split over whether to allow private operators into the country's online sports betting and e-gaming markets. The possibility of each state regulating on a state-by-state basis is likely.</i>

Casino Experts Interview Research

An interview- questionnaire has been developed and sent by e-mail to experts/ executives of the Casino Industry, in order to examine their perceptions and attitudes towards the implementation of e-gambling.

Methodology Approach

The information gathering has been conducted using a questionnaire sent by e-mail/Internet to selected Gaming Industry experts. The questions were open-ended ones and gave the possibility to interviewee to reply in detail. In total, 20 interview questionnaires have been sent to Gaming Industry Experts. Three of them are working in Greece and the others in Europe, Asia and USA. From the 20, 11 have been returned completed. That means participation percentage to research reached 55%, a percentage considered satisfactory and statistically significant for the proper conduct of research. Basic tools of analysis constituted the descriptive statistics, using the repetition frequency ratio of sample's similar remarks for the interpretation of research results.

Structure and analysis of research

The questionnaire is composed in total of 10 open ended questions and the interviewee is given the possibility to develop his opinion in free text for each question separately.

On the 1st question about the possibility of traditional casino to transfer their clients to online casino the interviewees replied positively at a percentage of 73%, while 27% replied that although an effort will be made in order to achieve the target, most probable is the creation of a new category of players. As an example table players of land based casino are mentioned who would accept this transition with the greatest difficulty as it appears that they don't like games where numbers are generated at random sequence. Those who replied positively believe that once the players of a casino would feel comfortable with the reputation and reliability of the online version of the casino in which they used to go, then they will start to search the advantages that online gaming may offer to them (e.g. Online advertisements, translated to prizes that may be cashed in the traditional casino and vice-versa.).

In relation to the 2nd question about whether they believe that online casino will bring about a new, huge revenue flow, the interviewees replied positively by a percentage of 82%, while 18% replied that there will be a significant revenue increase, but it will not be a huge one. On their opinion the players who are betting small amounts are enjoying the activities of the online casino. Those who replied positively argue that the online casino are not restricted by the same legislative obstacles as the traditional casino and also they may develop, implement and offer new games and marketing offers, much faster than traditional casino do. For them it is certain that online casino would attract new players and consequently will bring new revenue flow.

To the question (3) as to whether they believe that the new players visiting casino webpages are expecting to find some of their favorite games, which they already know from land based casino rooms and whether such a thing would be helpful for the transition to online casino, all those interviewed replied positively by a percentage of 100%, as they believe that it helps players to identify themselves with the online entity. Casino players know what games are 'popular' and what games are 'entertaining'. If these games are also available from their home (provided they are not disposed to visit the casino) it would be more probable to play online, given the fact the distance to the location then does not constitute a problem.

Furthermore, In relation to how much important do they think the brand name of a land based casino is, and whether the copy of this brand name online would be worth the pain, all replied positively by a percentage of 100%, stating that brand name is the main advantage for casino that is going to operate online. A casino that has earned the respect of its players will be in a position to go online much easier rather than if it would have to use a new brand name. Also, the

players would feel more comfortable on visiting a traditional casino and express eventual problems on the website of that casino.

In questions 5 and 6 an effort is made to finally understand whether online casino is fiction or reality and how much important is for the players the fact that they will be able to have the same gambling experience and variety on Internet they had in land based casino, so that it would constitute an extension to gaming experience they already have in the premises of these casino.

In real terms all those interviewed agreed that the same casino will be available 24/7, from any location, mentioning characteristically that the traditional casinos have the opportunity to broadcast live online games and although this is still at a very initial stage, is increasingly gaining ground.

On the question about how much important is for the player connected online/offline with his favorite casino, to find the content of his favorite games when he enters this webpage, the interviewees replied positively by a percentage of 91%, while 9% replied that it is not so important. Those who replied positively argue that traditional casino must ensure that online gaming constitutes an extension of the gaming experience the player already have in the premises of the casino. Theoretically the site will retain player's history and will 'remember' his favorite game, so it will help the player to play the game.

In relation to the question how much important for the players to be able to have access to gaming content designed especially for them (local content), the respondents replied positively by a percentage of 91%, while 2% of them replied that most successful contents are usually the off the shelf ones. If, on their opinion, a game is good, then the player will spend time to play it. Those who replied positively argue that in each jurisdiction the perception of players is different but for Greece local content of a game constitutes a basic factor of success.

The total of those interviewed replied positively by a percentage of 100%, on the question concerning current difficult economic conditions and if they would expect the online sector to satisfy the requirements of players and increase revenues, believing that in periods of difficult economic conditions online players do not differ from the players of traditional casino, as it should always the game to be worth its money, i.e. value for money. They also argue that by having a large number of players betting small amounts is always considered a success but it will be difficult for someone to retain them within such a competitive environment. Creating a loyal clientele on your website is a hard job, but nevertheless those interviewed insist the future of revenue increase for Greek land based casino lies on going online.

On the question whether the fact that one of the obligations of Internet gaming license holders is the webpages providing online gaming to have a domain name ending in '.gr' and whether this on their opinion gives a margin to large companies providing online gaming, to come and invest in Greece, in the present period of economic recession, the interviewees replied positively by a percentage of 73%, while 27% of them replied negatively. Those who replied positively argue that large companies will be willing to invest in a market that has a tendency for gambling. They will attempt to have a presence in Greece even though a return to profits is not imminent. Those who replied negatively argue that domain names ending in '.gr' will be heavily taxed in accordance with new legislation and consequently the companies will prefer to stay offshore. The investment for someone to start a site is not so high but gaining and retaining clients is costly. The existing sites with a large data base of players will be able to shift to '.gr' site without particular costs. They conclude that, high taxation would prevent a large number of companies to proceed to investment and not website's start up costs.

In relation to the question, whether they believe that finally the legislation would prevent a large number of players to use Internet, because of the fact that on webpages the identification of players has to be ascertained before payment of participation cost, contrary to the traditional casino, where the players may maintain their anonymity, those interviewed replied positively by a percentage of 27%, while 73% replied negatively. Those who responded positively believe that big players would prefer to keep their anonymity, and so they would avoid playing on online casino. Those who responded negatively believe that if gaming market is sufficiently controlled and only the existence of online casino by subscription is allowed, then this obstacle will be surmounted as there would not be any other alternative for the players. They also believe that legislation will continue to be amended until the online business finally opens its gate to websites ending in '.gr' because the Government wants to collect taxes and consequently it will do anything possible in order to maximize its proceeds.

Roadmap for a land-based casino to on-line casino

Based on the literature review and the research findings a roadmap of four phases is proposed for the transition towards the on line casino in the Greek environment (Table 2).

Table 2: Roadmap for a land-based casino to on-line casino

Phases	Objective
	<p>Phase 1, are completely for free and require, no payment by players to casino. We need to establish the following:</p> <ol style="list-style-type: none"> 1) The Gaming Portal / Web Site. 2) The portfolio of games that will be made available in play-for-fun mode. 3) The scope of services needed at launch and on-going to ensure success. <p>Players would be required to register an account at the gaming portal. There are a number of key areas in addition to the actual games themselves that will need to be considered and planned for at launch and on-going live running of the play-for-fun gaming portal to ensure that casino's players have an enjoyable experience on-line and return again and again to play the games. This can be achieved through setting up, for example:</p> <ol style="list-style-type: none"> 1. Tournaments. 2. Leader Boards. 3. Competitions. 4. Frequent Player Points. 5. On-Line Schools. <p>All of the above enhance the game play experience of the players. An example could be a series of Poker Tournaments leading up to a main event where the winner of the tournament is recognized for their success by providing them with a token that classifies them as a previous tournament winner. Frequent Player Points can be awarded to players that potentially could be exchanged for vouchers that can be used on property for such things as accommodation and dining. Perhaps also free chips upon arrival at the Casino.</p> <p>In addition, the loyalty program that players have with the casino should also be considered and perhaps integrated with the loyalty program for the on-line interactive casino suite. Points that players earn on-line could be redeemed on property and exchanged for loyalty points at the casino. This creates a direct link to the on-line and off-line world and creates a synergy that players would appreciate. On-line schools and gaming strategy is an area where the web is a perfect medium for players. They can go to the casino web site, learn to play games, understand gaming strategy in advance of a trip to the property thereby enhancing their real-world gaming experience at the casino.</p>
	<p>Phase 2, are completely for free and require, no payment by players to casino. This phase is to make certain services / games available only to players that qualify as frequent players and through the success that they have had in playing the games on-line. This would provide recognition to loyal players that could perhaps make a greater range of games and services available to them that further enhance their satisfaction of being a casino Customer. Having an "exclusive" member services area could be used to motivate players while playing for fun. Being a member of the casino On-Line Club would entitle players access to areas such as, for example:</p> <ul style="list-style-type: none"> Specialized one-to-one Training on games. Exchange of frequent-player-points for products or services at the Casino. Access to unique blogs and community forums managed by casino. Tournaments – free to enter, with prizes such as Casino visits/ VIP treatment/ Limo from home to Casino.
	<p>The third phase is to perhaps offer a subscription-based service where players pay a fixed fee per month to gain access to a range of specialized member services. This could include specially discounted offers to stay at the casino properties along with access to on-line tutorials on game strategy and how to improve their potential success rate while visiting the Casino. It could also, subject to regulations, be set up so that players can enter a Poker Tournament or Black Jack on-line that carries a prize pool. The prize pool would be financed by the subscription fees collected from the members.</p> <p>Phase 1 and phase 2 are completely for free and require no payment by players to casino. However, should casino wish to monetize the play-for-fun activity they may consider launching a Subscription Based Service charging members something in the region of €20.00 per month that entitles them access to the VIP Member Services On-Line Club. The Member Services would be built upon the services established in phase 2. Examples could be:</p> <ul style="list-style-type: none"> Access to Poker / Blackjack tournaments that have a prize pool of €x,000 (the prize pool being financed by the Subscription fees collected from participating members). Dining at Casino. Specialized VIP Services directly linking in to the established loyalty program at the Casino. Specialized leader-boards showing the elite among casino's on-line players (provides recognition and increased player loyalty). Access to premier events at the properties through either free tickets or discounted tickets.

All that need to be done is the enablement of the on-line cashier that will allow a player to make a financial deposit and then play the games for real winnings. Having built a database of players and gained the experience in running an on-line interactive gaming offering all that remains is the enablement of the On-Line Cashier to allow players to start playing for real at the on-line gaming suite as soon as casino receives the appropriate license.

Also, what is important to note, is that casino's should endeavour to maintain the play-for-fun principles and Member Services as all players may not necessarily wish to convert to Real-Money gaming so a balanced operation will need to be defined with the player demographic and behavior fully understood.

Conclusions and Proposals

The new competitive environment that is taking shape has already shown the first signs of change of gambling in Greece. During last 15 years we got used to see in Greece operating casino, in the style of Las Vegas when in the entire Europe all casino are much smaller in size. The volume and value of transactions are being continuously reduced and competition becomes intense, with immediate effect the need to increase productivity and cut costs of casino businesses. Technology is the basic factor for every casino pursuing to gain a comparative advantage.

E-gambling is promising to bring recovery of transaction value in casino businesses, as it brings casino to PC monitor via Internet making it for its customer to play in one of the games of his liking, continuously and 24 hours/day without needing to move. The opportunities and possibilities offered today by Internet technology are unique, and online casino may offer a huge range of various games. And all this is offered to the customer who will be in the familiar environment of his home, with any conditions he wishes.

Summarizing the results of the analysis above, we could say that gaming industry, and in particular online betting is a sector with particular dynamics at global level, mainly because of the rapid penetration and extension of Internet technology. The presence of an effective legislative regulatory framework in our country would make feasible the legal organization, operation, conduct and management of online gambling. The market has to be regulated in order to provide businesses activity and for Government to collect taxes from this activity. By such a regulation it will possible to put an end to illegal online betting which amounts to many millions annually.

Gaming industry experts believe in the potential of traditional casino to transfer their clients to Internet casino and that the brand name of the traditional casino is the main advantage for a casino going online.

Most experts consider that for Greece local content of a game constitutes a basic success factor, and believe that access possibility for similar game must be provided. Gaming industry experts' more general position shows that despite the present period of economic recession in Greece large companies of this industry will try to have a presence in Greece even though the return to profits is not immediate, given the fact that Greek market is a market with a tendency to gambling. Moreover, most of them believe that the relevant legal framework in Greece will continue to be amended until the online business open its gates to '.gr' websites because Greek government wishes to collect taxes and maximize its proceeds.

On the basis of present study, further research may be conducted on mobile gambling by a comparative study of e-gambling/ e-casino applications for all countries and a relative assessment of these applications as well, for which as a basis, present situation's relevant mapping may be used, as all elements support the fact that Internet gambling is going to play a great role as much in Greece and at global level as well, as it is in its development phase.

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