

## About the report

This bellwether report was conducted between 15 February and 5 March 2018 with Clarion Gaming's Ampersand Group to gauge the level of optimism/pessimism in the industry and to identify some overarching industry trends emerging in the sector. 150 responses were received and the report summarises the survey results.

Ampersand is an 800-plus strong group of industry experts and advisers who have joined to help drive Clarion's event and content strategy and set up as a networking opportunity for the sector.



## Executive Summary

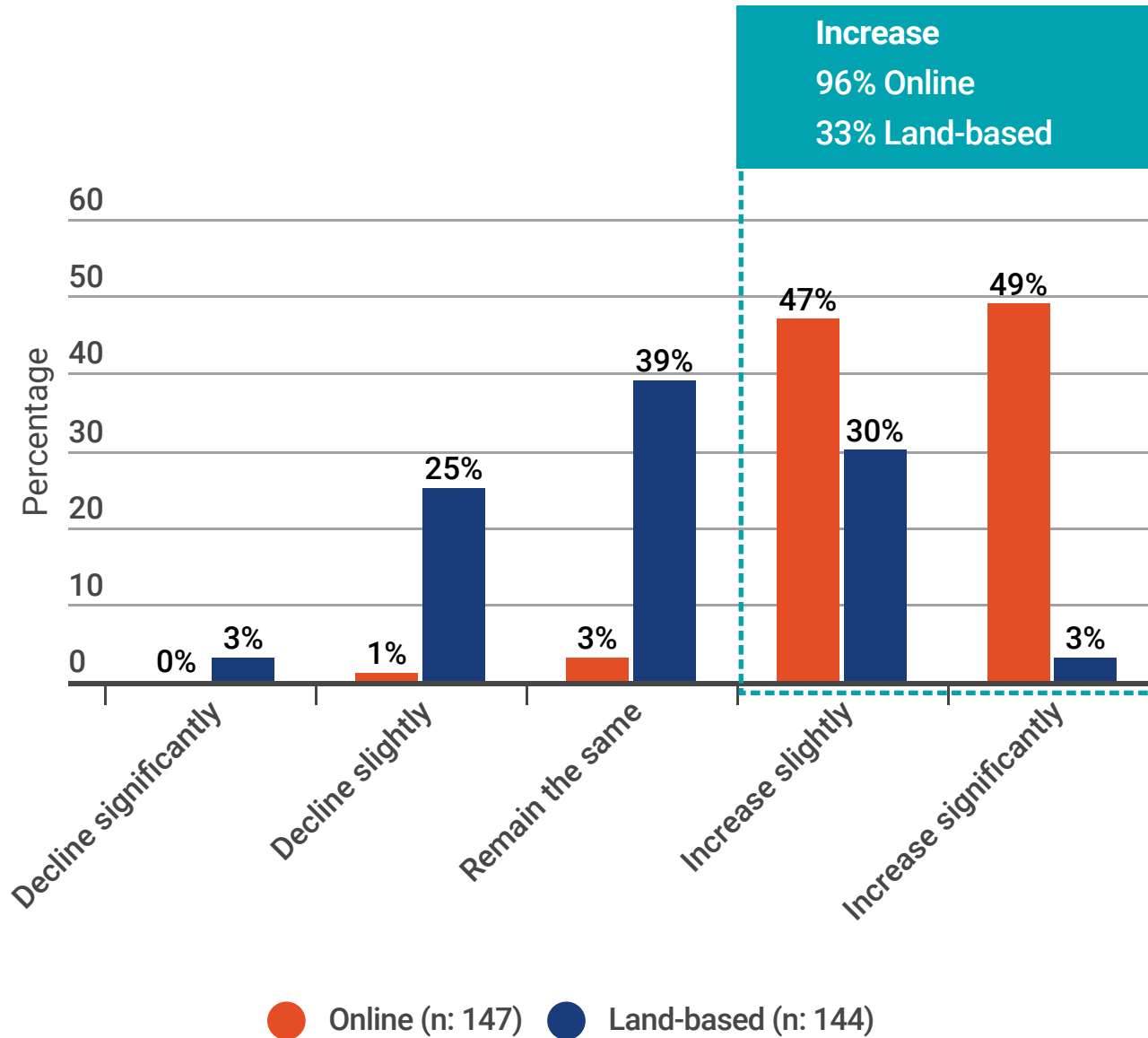
- ★ **Online gaming core delivery channel/ opportunity in marketplace - and expected to increase significantly over next 12 months**
  - Broadly considered a growing segment with untapped potential – that appeals to younger generations
  - In turn, approximately ¾ are 'optimistic' about own organisation's performance during timeframe
- ★ **Sports Betting (in USA) also key anticipated opportunity in gaming industry**
  - Upcoming (positive) change in US regulations and (potential) huge market size core drivers
- ★ **Biggest threats to gaming industry focused on strict regulation and illegal/ irresponsible operators**
  - Perception that strict regulation has a detrimental impact on industry growth and innovation, whilst burdening operators with high financial costs of compliance
  - In turn, illegal and irresponsible operators thought to yield an unfair competitive advantage over those compliant, whilst causing stricter regulatory environment through malpractice
  - Similarly, regulator and operator behaviour (i.e. compliant / non-compliant) most likely to impact businesses – positively or negatively dependant on nature of behaviour
- ★ **Expansion into new markets and negative industry perceptions most important prompted developments**
  - USA and Africa core new geographical markets exciting as potential expansion targets
- ★ **Business development and innovation key senior roles identified to drive business growth**
  - Second tier mentions included roles across new product development, marketing and sales
- ★ **Artificial intelligence and blockchain are key technologies panel would invest in**
  - Secondary themes included machine learning, online gaming and virtual reality

# Online key anticipated growth area over the next 12 months

Q. Do you think that the following industry sectors will grow, remain the same, or decline over the next 12 months? (Base: respondents with an opinion of each)

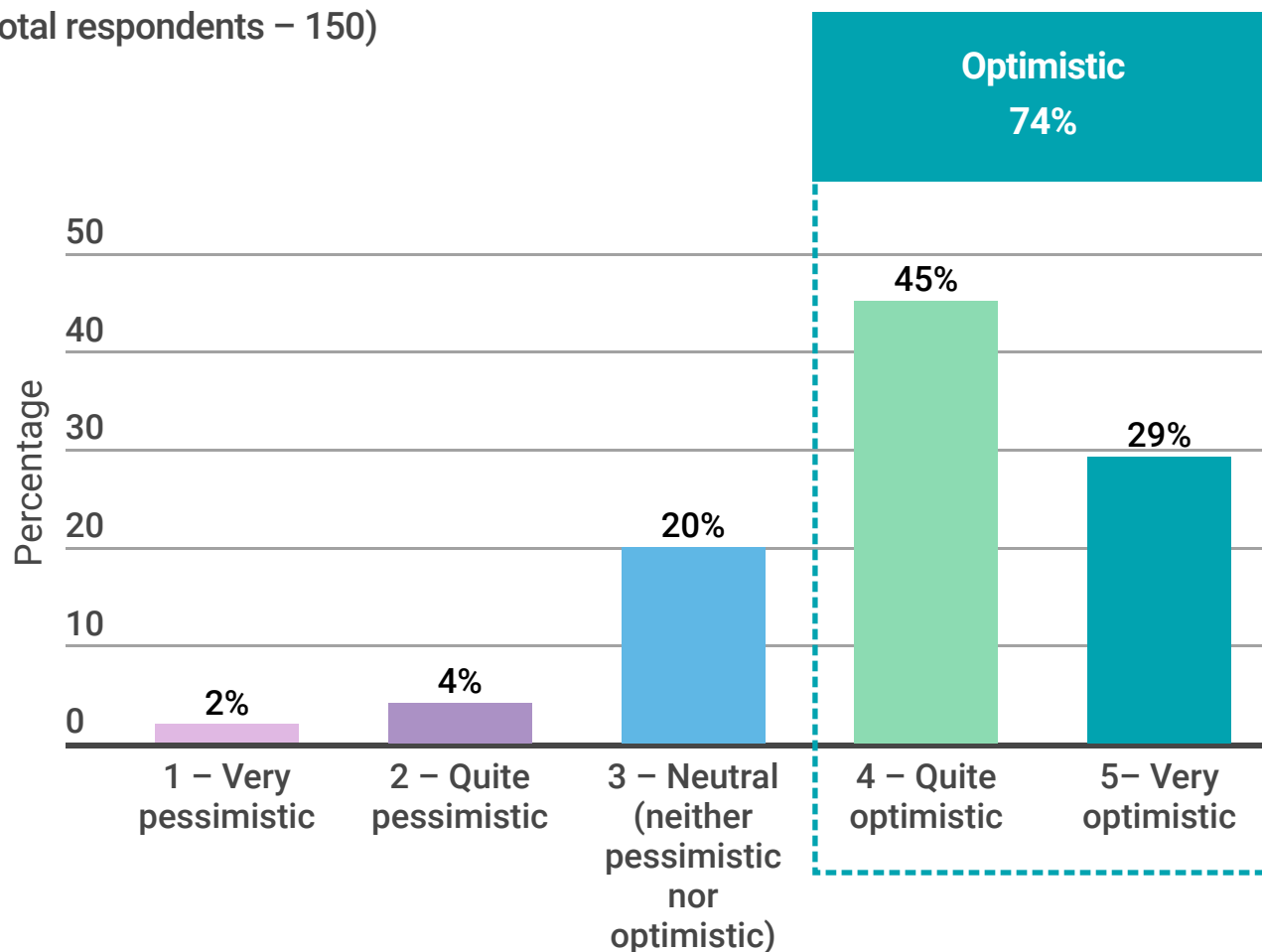
Online Mean  
4.4

Land-based Mean  
3.1



# Approximately ¾ are 'optimistic' about their organisation's prospects in next 12 months

Q. And more specifically, how optimistic or pessimistic do you feel about the prospects of your organisation in the coming 12 months? (Base: total respondents – 150)



Mean  
4.0



- 1 – Very pessimistic
- 2 – Quite pessimistic
- 3 – Neutral (neither pessimistic nor optimistic)
- 4 – Quite optimistic
- 5 – Very optimistic



## Biggest opportunities in the gaming industry broadly considered to be online gaming and sports betting in the USA

Q. What are the biggest opportunities in the gaming industry and why? (Base: total respondents – 150)

### Online Gaming

Growing sector/  
untapped potential

“ For land based casinos there is a lot of potential to be found by going online ”

Attracting younger audiences (e.g Millennials)

“ Millennials do not gamble in land based venues consequently there is room for change ”

### Sports Betting

Large potential market size (USA)

“ Huge population ready for an influx of quality betting opportunities ”

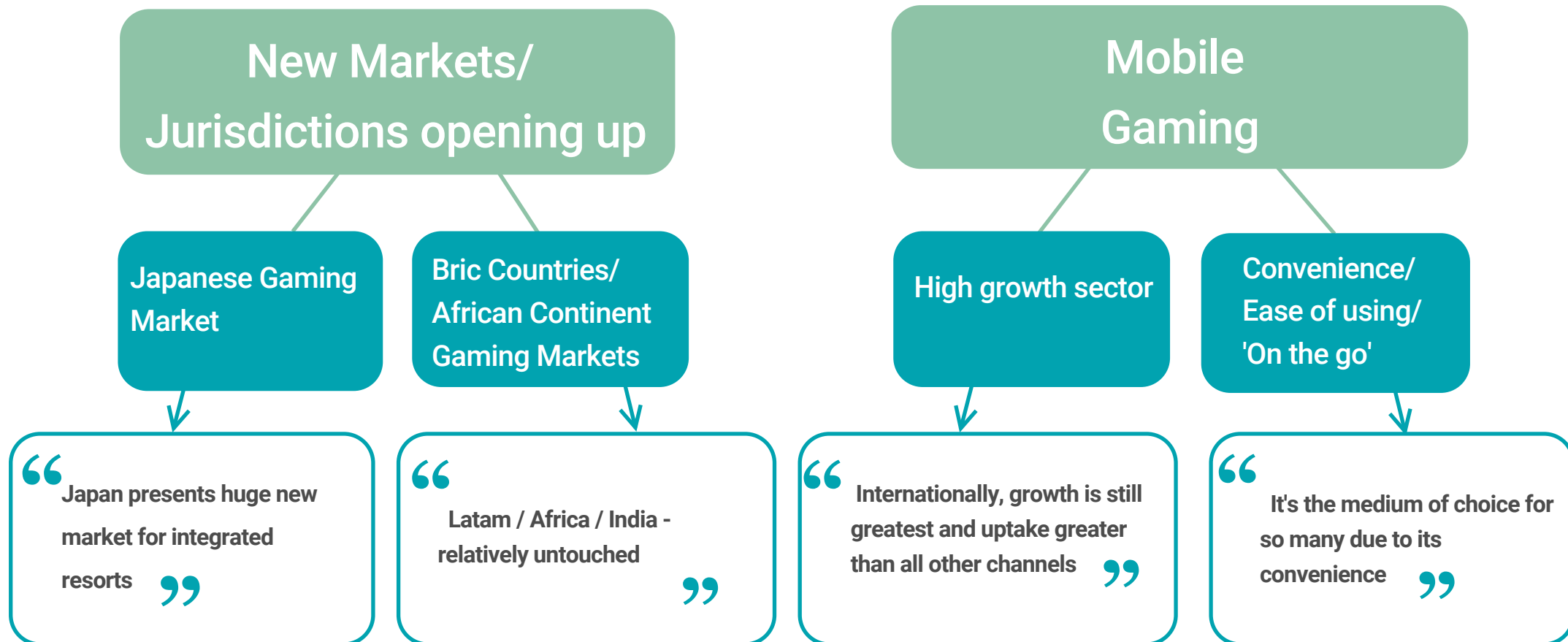
Upcoming favourable change in regulations (USA)

“ Probable decision allowing sports betting from the US Supreme Court ”



## Tier two opportunities surrounded opening of new markets / jurisdictions and mobile gaming (cont.)

Q. What are the biggest opportunities in the gaming industry and why? (Base: total respondents – 150)

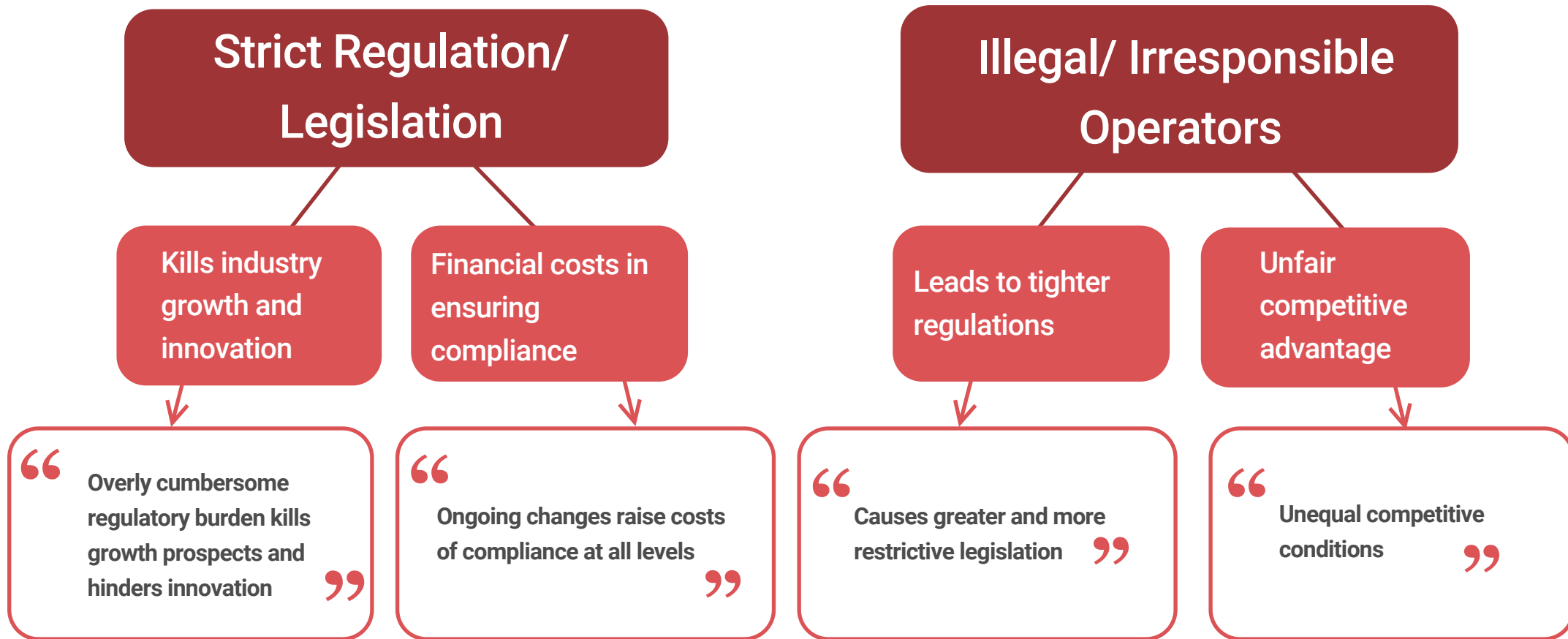


Other opportunities (5+ mentions): Product innovation through technology, e-sports, gamification, connecting land-based with online gaming, social gaming, skills-based gaming, blockchain, lotteries, crypto currencies



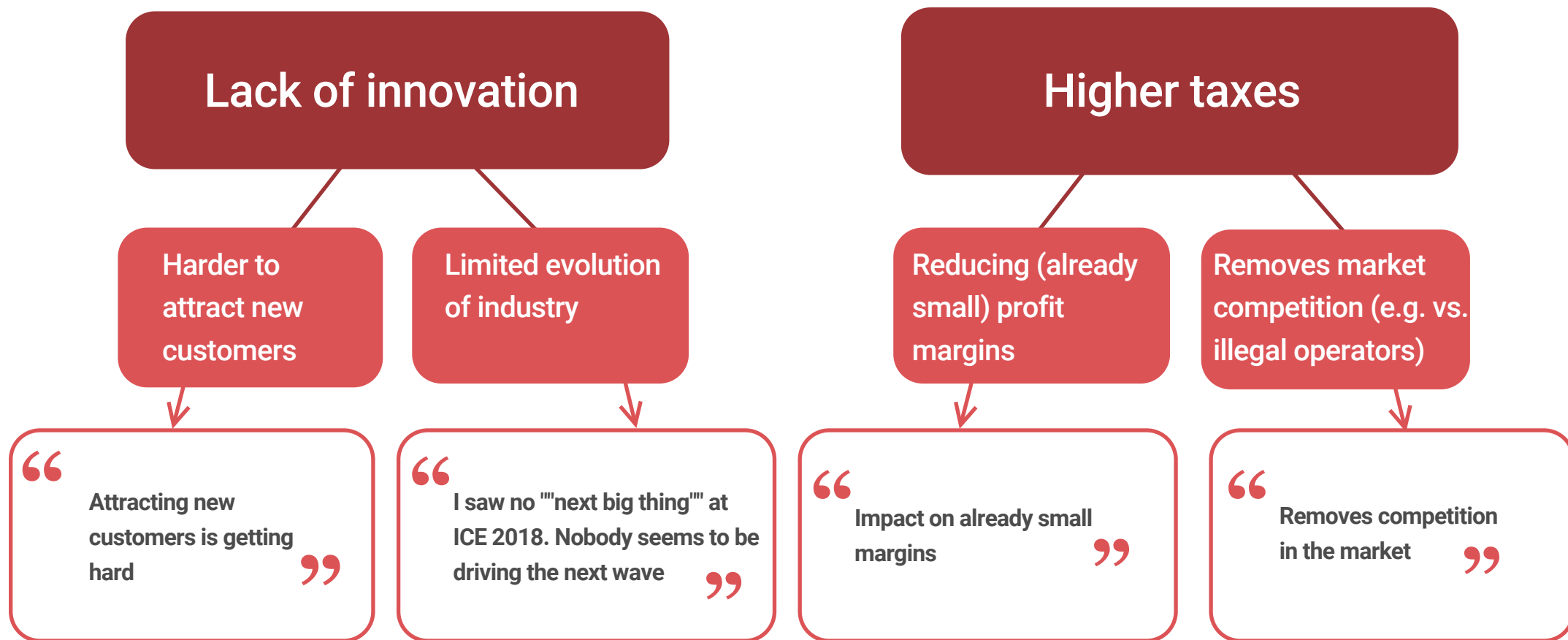
## Core threats focused on strict regulation and illegal / irresponsible operators

Q. And what are the biggest threats to the gaming industry and why? (Base: total respondents – 150)



## Lack of innovation and higher taxes secondary threats to gaming industry (cont.)

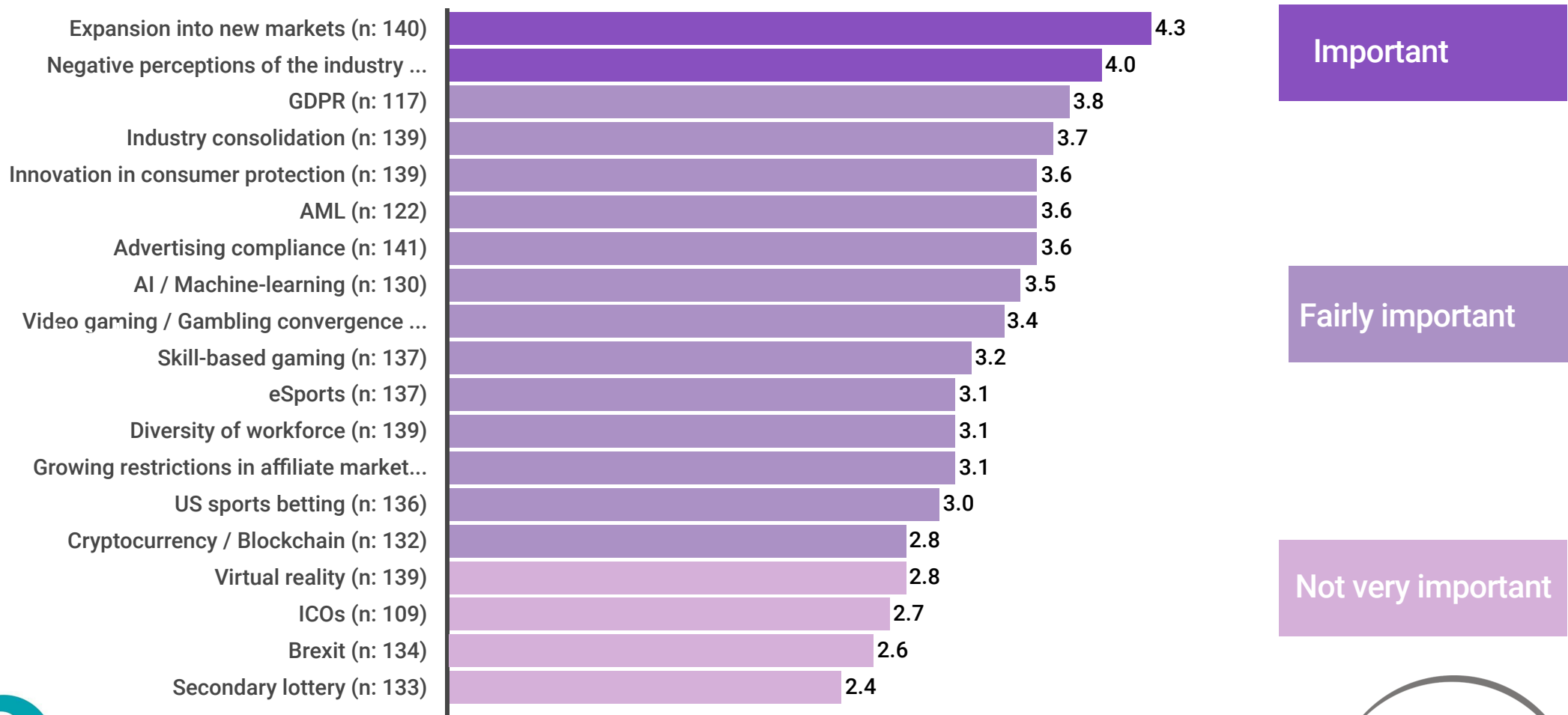
Q. And what are the biggest threats to the gaming industry and why? (Base: total respondents – 150)



Other threats (5+ mentions): GDPR (General Data Protection Regulation), market competition, economic outlook, money laundering within industry, decline of land-based casino gaming, poor regulatory compliance of operators

## Expansion into new markets and negative industry perceptions trends ‘most important’ for businesses

Q. How important are the following industry trends and developments for your business?  
 (Base: respondents with an opinion of each)



Graph depicting mean score out of 5 where 5 is very important





# USA and Africa 'exciting' geographic markets as expansion targets

Q. What new market (geographically) excites you as a potential new expansion target?  
(Base: total respondents – 150)

## CORE NEW MARKETS



## SECOND TIER NEW MARKETS



## Key roles of interest focused on business development and innovation

Q. If you could create a new senior role within your organisation to drive the growth of your business, what would that role be? (Base: total respondents – 150)

Head of/ Business Development Director 	Head of/ Director/ VP of New Products/ Markets Developments	Innovation Officer/ Manager/ Director 
Head of/ Customer Experience and Relations Manager	Head of/ Sales Manager/ Director	Marketing Expert
Data Analyst/ Officer	Corporate Strategy/ Affairs/ Counsel/ Development	Head of Growth



# Regulators and operators core organisations considered to positively impact businesses

Q. Are there any specific organisations or types of company that have had a positive impact on your business – or might do in future? (Base: total respondents – 150)

## Have positively impacted

- ★ Regulators
- ★ Regulators/ Liscensed operators
- Online Operators/ Platforms
- Data Suppliers/ Analysts
- Cloud/ IT Platform Providers
- Sports Betting Industry Players

## Might positively impact in future

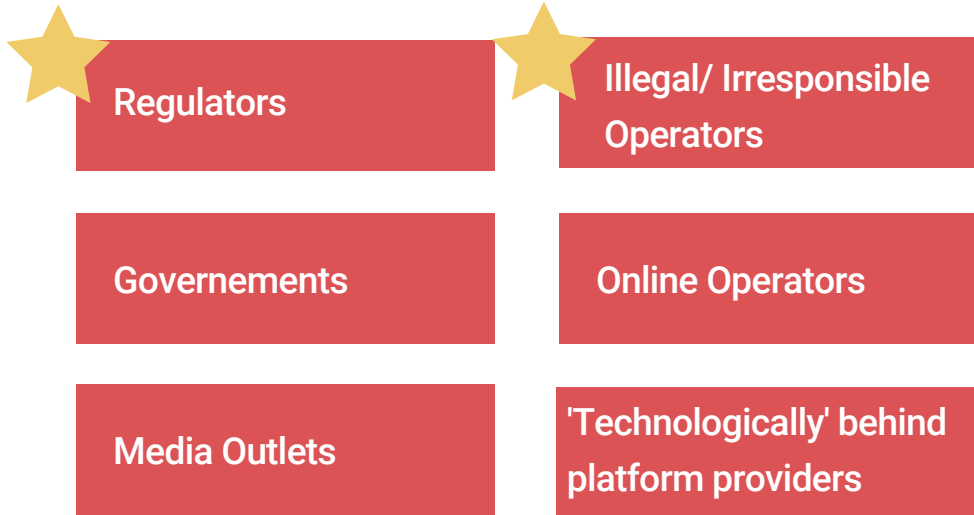
- ★ Regulators
- Innovative Technology Companies
- Governments
- Gaming Development Companies
- US Government/ Supreme Court
- Operators (e.g. Gambling, Slots)



# Regulators, central governments and operators key organisations negatively impacting businesses

Q. Are there any specific organisations or types of company that have had a negative impact on your business – or might do in future? (Base: total respondents – 150)

## Have negatively impacted



## Might negatively impact in future



# Bet365 and Playtech core gambling sector companies aspired to, whilst Google, Apple and Amazon core others

Q. What company within and outside of the gambling sector do you aspire to?

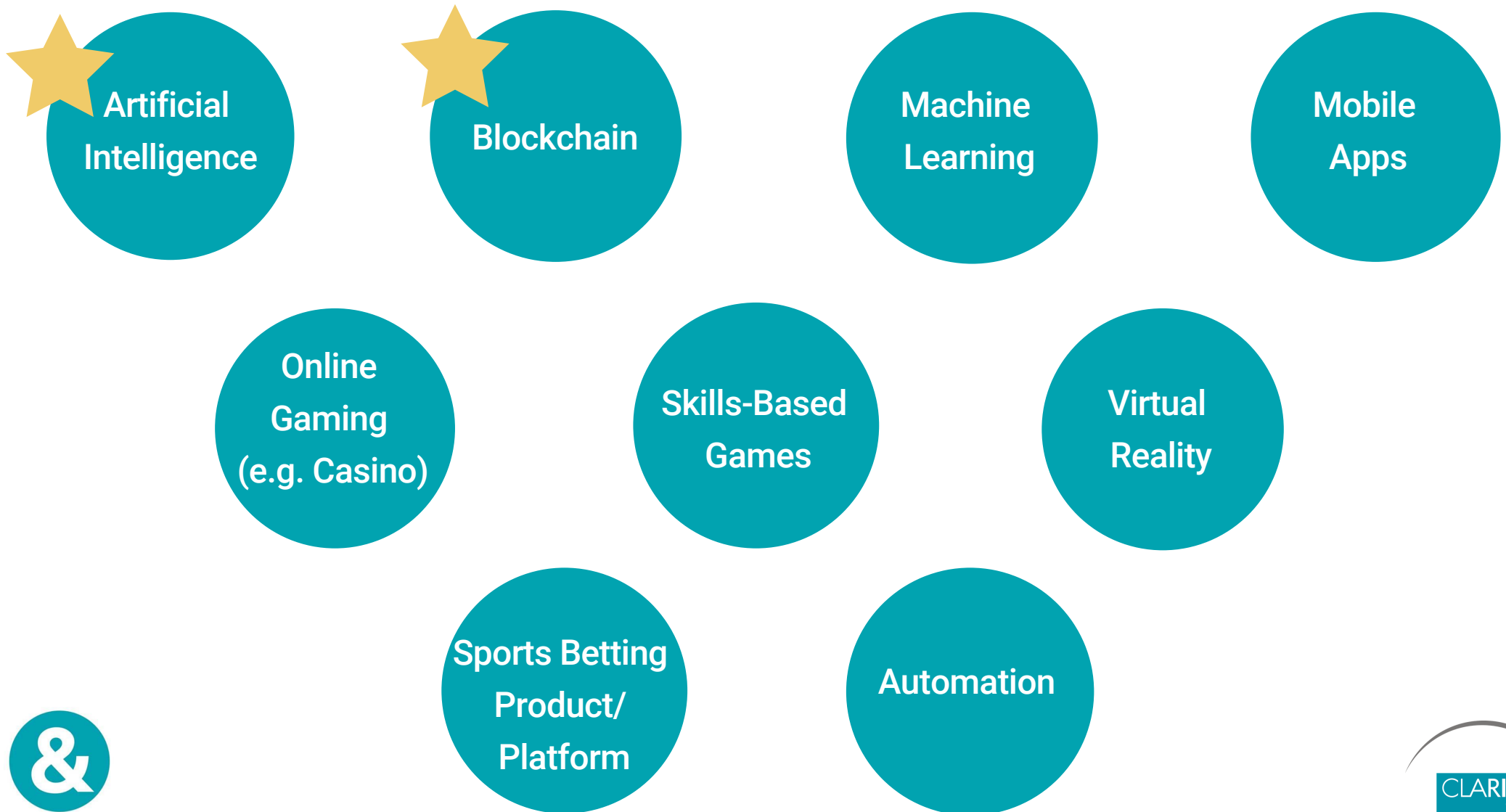
(Base: total respondents – 150)



## Artificial intelligence and blockchain key technologies for investment

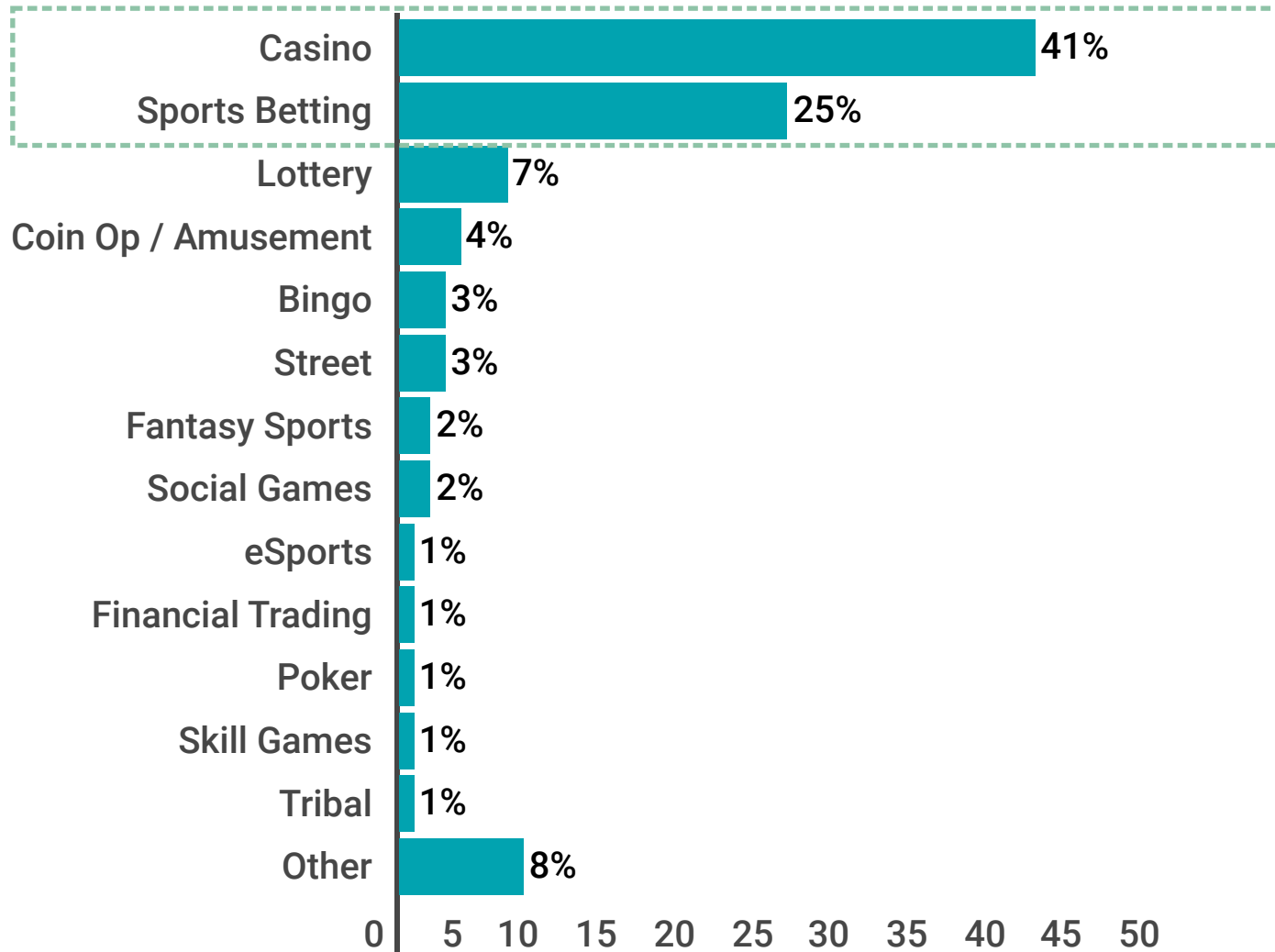
Q. If you had \$500,000 to invest in a new technology, what would that technology be?

(Base: total respondents – 150)



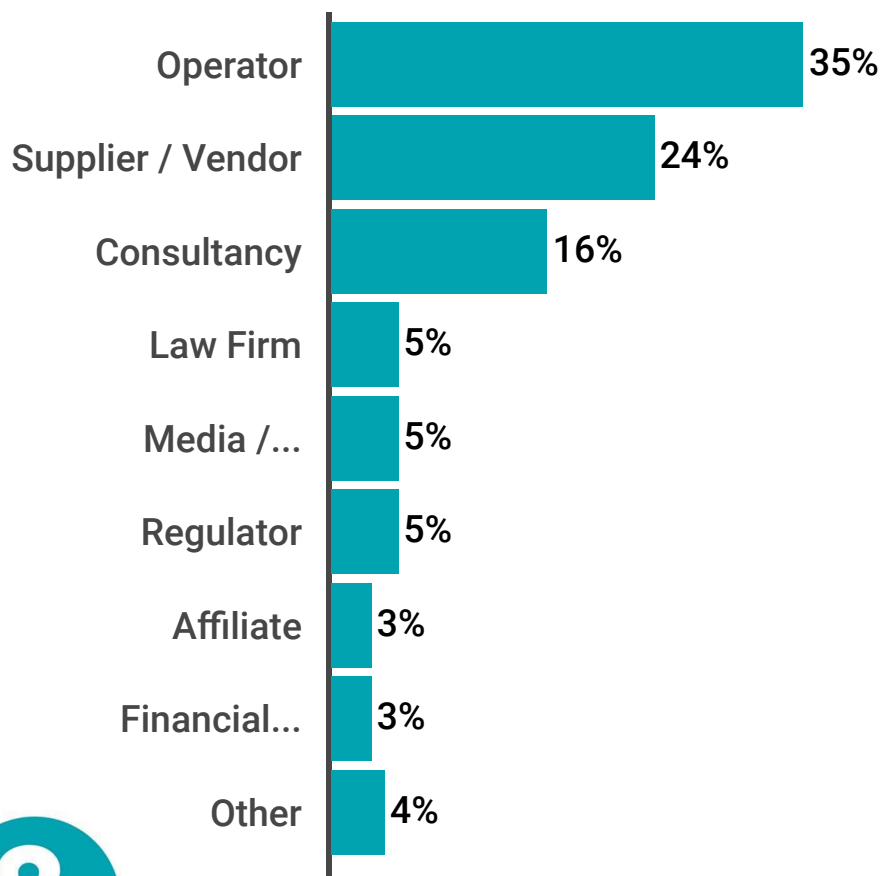
# Approximately 2/3s predominantly involved with either casino or sports betting gaming

Q. Type of gaming predominantly involved with. (Base: total respondents – 150) NB. Displaying joint top 5

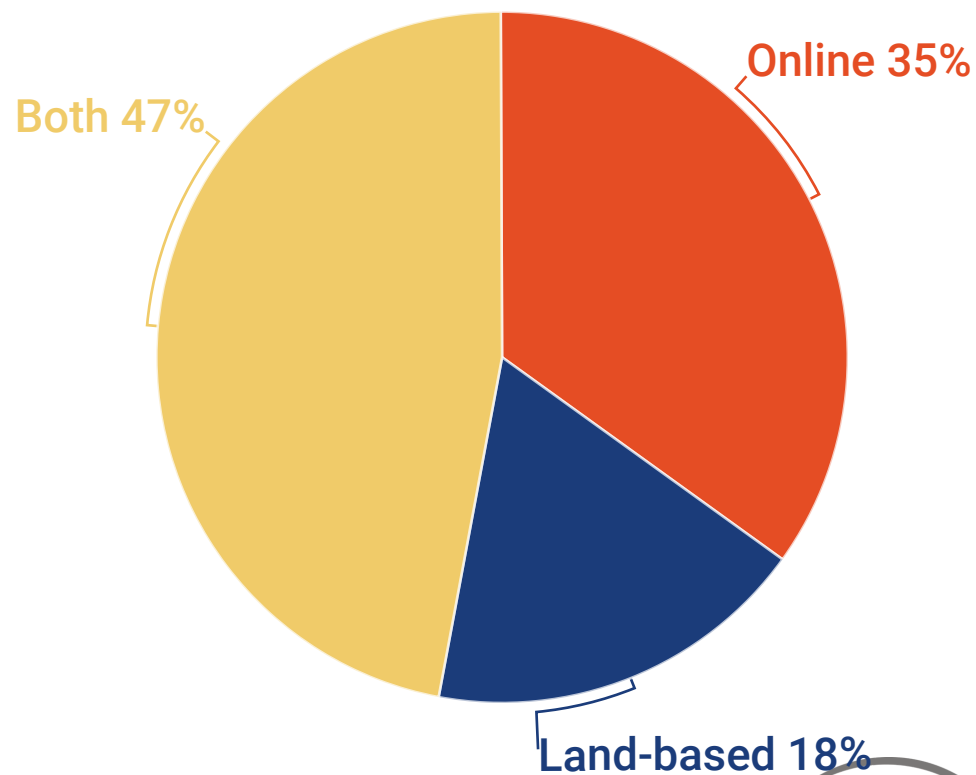


# 59% work for an operator or supplier / vendor, whilst 8 in 10 have an online presence

Q. Organisation type. (Base: total respondents – 150) NB. Displaying options selected by >1%



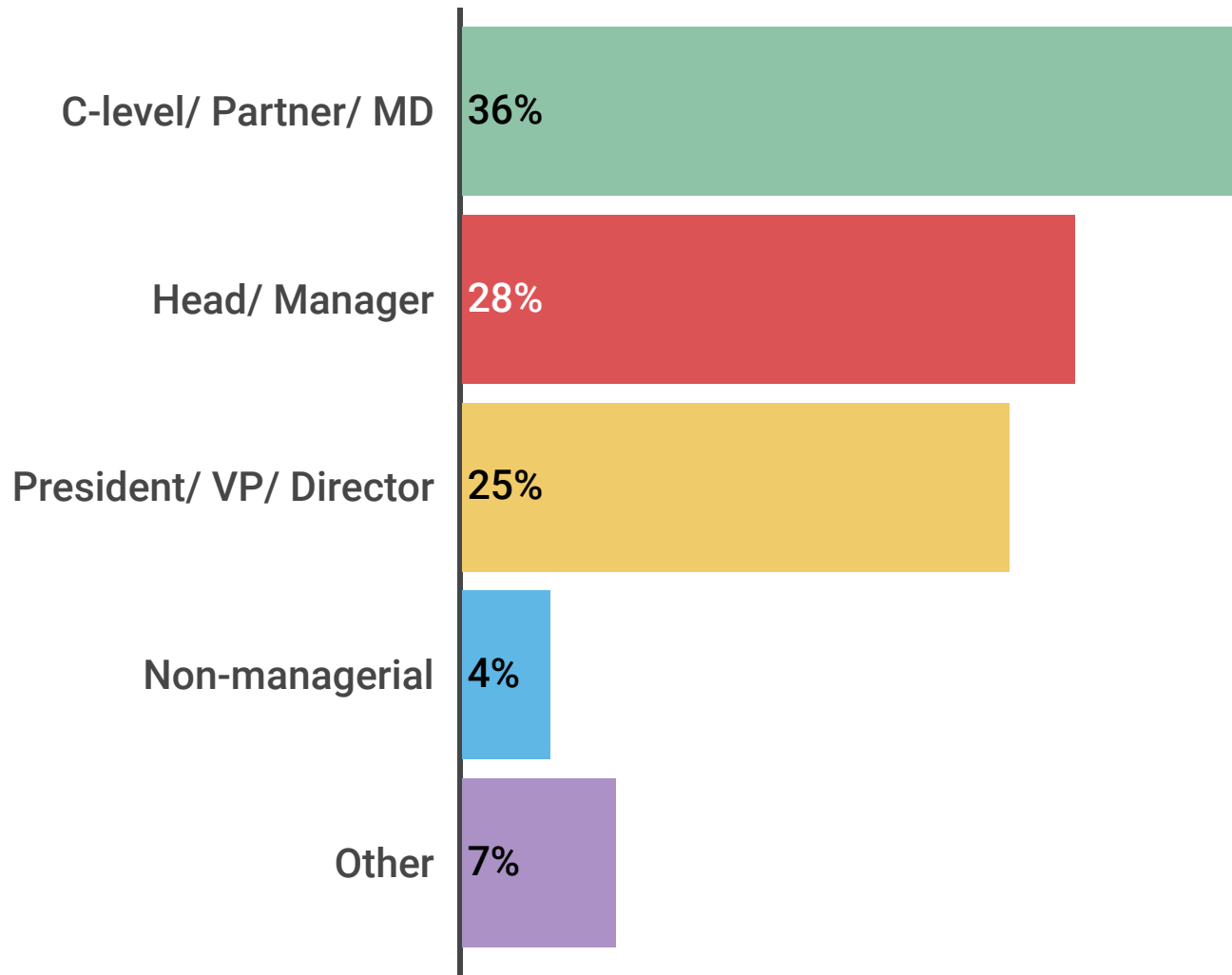
Q. Delivery channels. (Base: total respondents – 150)





# Approximately 9 in 10 work in a senior position – over one third are C-level

Q. Job title. (Base: respondents where available – 138)



## Europe core region involved with for work

Q. Region. (Base: respondents where available – 138) NB. Displaying options selected by >1%

