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“Can the online gambling industry continue to grow profits whilst protecting players?”

Stakeholder Interviews

A series of stakeholder interviews were conducted as part of a research project at Cass Business School, City University London, examining how the online gambling industry can deliver sustainable growth. The paper has been co-authored by Simo Dragicevic and Dr. George Tsogas of Cass Business School.

Introduction

The relationship between corporations and society is changing, with customer service, the environment and corporate ethics now at the forefront of all business stakeholders. In the aftermath of the financial crisis and other corporate crises, a company’s reputation has begun to matter more now than it did previously as consumers’ attitudes towards ethics changes.

The online gambling industry is a growing and dynamic industry and presents significant challenges to operators to remain competitive. Technology is driving increasing demands from customers as the players' experience must become richer, easier and more mobile.

The corporate social responsibility (CSR) or sustainability debate has particular relevance to the gambling industry given the shift towards focusing on encouraging wellbeing in society. Governments and regulators are becoming increasingly focused on the online industry to ensure gambling offerings uphold socially responsible standards that protect players.

The interviews focused on key topics of particular relevance to the issue of how online gambling operators can deliver sustainable growth:

- Are certain industries under pressure to do more than others to demonstrate their commitment to sustainability?
- Can and should more be done to protect vulnerable players in the online gambling industry?
- Is self-regulation a viable option for the online gambling industry?
- Are online gambling companies demonstrating progressive sustainability policies that really matter to customers?
- Is sustainability a brand differentiator?

This paper captures the collective views from a series of interviews conducted with senior industry, political, academic and charity stakeholders as part of research into this project.

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Stakeholder Interviews

Professor Alex Blaszczynski	Chair in Psychology, The University of Sydney *(date interviewed: 23 July 2010)*
Andy McLellan	CEO, GamCare *(date interviewed: 29 July 2010)*
Christel Schaldemose	MEP, Group of the Progressive Alliance of Socialists and Democrats, Member of the European Parliament's Committee on the Internal Market and Consumer Protection *(date interviewed: 20 August 2010)*
Clive Hawkswood	CEO, Remote Gambling Association *(date interviewed: 14 July 2010)*
Jean Moreau Jørgensen	Executive Director, World Lotteries Association *(date interviewed: 17 August 2010)*
John Carr OBE	Secretary, UK Children's Charities' Coalition on Internet Safety *(date interviewed: 19 August 2010)*
Dr. Jonathan Parke	Senior Lecturer, Centre for the Study of Gambling, Salford University *(date interviewed: 20 July 2010)*
Professor Roger Steare	Visiting Professor of Organisational Ethics, Cass Business School, and Fellow, ResPublica *(date interviewed: 1 July 2010)*
Tex Rees	Fair Gaming Advocate, eCOGRA (eCommerce Online Gambling Regulation and Assurance) *(date interviewed: 18 August 2010)*
Tim Phillips	Director of European Public Affairs, Betfair *(date interviewed: 7 July 2010)*

Whilst this paper captures the collective views from interviews conducted as part of this research, the paper in its entirety does not portray the stance of any individual or organisation that participated in the interviews

Executive Summary

- The online gambling industry has made significant progress in implementing progressive player protection policies and features and is considered a model industry in some aspects. However, given a small percentage of gamblers suffer negative consequences as a result of gambling, it is right that attention is focused on the industry. As the media can overly focus on problem gambling despite evidence showing that problem gambling has remained low, it is critical the industry approaches sustainability 'on the front foot' and drives the agenda

- Growth in the industry is being driven by a steadily increasing social acceptance of online gambling. The increased pervasiveness of online gambling is also due to general awareness advertising, and with this comes increased concerns about prevalence of gambling amongst the youth segment. However, although it is probable that problem gamblers will use the internet as one of many channels, research to date into a direct causal link between the internet and problem gambling is inconclusive

- Operators are best placed to spot signs of problem gambling and to put in place appropriate preventative measures. Online gamblers have to digest an enormous amount of information to be able to make rationale and informed decisions, therefore analysing a player's pattern of play to help detect signs of problem gambling could be very useful for players. Better informing players of win percentages and game characteristics could also help players become better informed risk takers

- Operators are open to adopting new responsible gambling features and this is evidenced by some lotteries who are now offering advanced features and some commercial operators who are collaborating with academics to advance research. These trends are likely to continue to grow, either via operators proactively differentiating and innovating or through more prescriptive consumer protection legislation. The industry, however, should be wary of adopting strong-arm approaches to responsible gambling and should focus on giving players the freedom and tools to make their own informed choices. Lessons can be learned from other industries on both effective and ineffective approaches to informing the consumer on public health issues

- Operators, however, face challenges to implementing more advanced approaches to player protection due to confusion in the definition and usage of the term problem gambling and due to a lack of consensus as to the triggers that cause problem gambling. There also remains an inherent conflict of interest between industry and academia and the industry is currently adopting a fragmented approach to advancing research. As the industry continues to consolidate in the short-term, it is likely that the dominant commercial operators will drive the agenda in the absence of more prescriptive legislation

- A patchwork of regulations currently exist due to national legislation and numerous overlapping standards that have evolved over time. Whilst these standards are being met by operators, the players' experience differs widely, therefore there is now a need to step back and re-assess what is required. The industry is beginning to address these issues, however resolving them will take time due to competing national interests

- The established operators are aware that they need to focus on industry specific sustainability issues, such as offering value for money, improving customer service and providing a fair and safe gambling experience. Some operators are actively putting these at the heart of their day-to-day sustainability practices. However, whilst many established operators do not consider player protection as a threat to long-term profits, other operators fear that taking a long-term approach to sustainability could have a negative impact on short-term profits. There is also typically no link stated between profits and sustainability despite the fact that no operator can effectively demonstrate sustainability without being a profitable operation

- Players are becoming increasingly savvy and now care more about whether operators are offering a fair and safe gambling environment, however the link between player protection and player retention is a new area that requires further research. Operators who are aware of their responsibilities towards customers, can show that they care about customers, and who offer responsible gambling features that are useful and helpful to players, will be able to differentiate their brands. This will help drive greater player loyalty and retention in an increasingly competitive market.

1. Are certain industries under pressure to do more than others to demonstrate their commitment to sustainability?

"Certain industries, such as gambling, can be quite defensive when approached on the subject of CSR. These industries are emotive and the public and stakeholders are not always presented with the facts"

Tim Phillips
Director of European Public Affairs, Betfair

Most felt that it was very easy to pick on some industries, such as Alcohol, Tobacco and Gambling, when discussing corporate sustainability, but it was pointed out that all of these industries are legal. "Certain industries, such as gambling, can be quite defensive when approached on the subject of CSR. These industries are emotive and the public and stakeholders are not always presented with the facts" (Tim Phillips), with emphasis typically placed on perceived super profits or the prevalence of problem gambling. It was felt that this was a challenge that the industry will most probably always have to deal with.

Despite this, "given that a small percentage of gamblers suffer negative consequences as a result of gambling, it is right that attention is focused on the industry for this reason. It is therefore reasonable to bracket gambling alongside other industries, such as tobacco and alcohol, as negative consequences from these industries place a burden on society" (Prof. Alex Blaszczynski). However , it was also argued that online operators should not have to do more from a sustainability perspective than other industries as all corporations, regardless of industry, should uphold the highest corporate standards.

It was also stressed that the gambling industry is different to tobacco and alcohol and that direct comparisons should not be made as these industries tackle corporate sustainability in different ways.

It was particularly important for the online gambling industry to tackle sustainability "on the front foot" (Tim Phillips) and drive the agenda to ensure an open and informed debate.

For example, "the industry has made tremendous progress in the past 5 years in implementing age verification controls since legislation was introduced in the UK" (Clive Hawkswood), and "the online gambling industry is now viewed as a model in this respect for other relevant industries with online consumer channels e.g. alcohol, tobacco, videos" (John Carr). The UK the industry also has done a great deal with the GREAT Foundation to ensure commercial operators fund relevant charities, such as GamCare. "Many lotteries have also been demonstrating excellent progress in the areas of game design and employee training. However, there is always room for improvement for all operators in the area of responsible gambling and it is therefore critical that operators undertake a philosophy of continuous improvement with regards to responsible gambling" (Jean Moreau Jørgensen).

There was an element of sympathy for the operators in that "the media tends to focus on and dramatise problem gambling stories" (Andy McLellan), despite evidence showing that problem gambling is relatively low globally. It would therefore be helpful if the media took a more balanced approach to reporting on the gambling industry and highlighted other relevant developments and topics.

"The online gambling industry is now viewed as a model [in terms of age verification] for other relevant industries with online consumer channels"

John Carr OBE
Secretary, UK Children's Charities' Coalition on Internet Safety

2. Can and should more be done to protect vulnerable players in the online gambling industry?

"The online channel is more prevalent with the youth segment, therefore this could be a factor in increasing the prevalence of problem gambling"

Prof. Alex Blaszczynski
Chair in Psychology, University of Sydney

"Although it is probable that some problem gamblers will use the internet as a channel, the research into a direct causal link is inconclusive and generalisations should not be made"

Dr. Jonathan Parke
Senior Lecturer, Centre for the Study of Gambling, Salford University

Increasing Social Acceptance

There were mixed views aired on the subject of whether more could and should be done to protect players. It was stressed that the growth in the online market has been primarily driven by a steadily growing social acceptance of online gambling and not due to an increase in the intensity of gambling by players. Coupled with this, there is evidence to support the argument that the levels of problem gambling have remained consistently low over the past 10 years.

Some argued that it was inevitable that problem gambling would be slightly higher for some forms of gambling, such as the internet and video lottery terminals. However, "there is no strong evidence to directly link the internet channel to problem gambling. Instead, those that participate in multiple forms of gambling were more likely to develop problem gambling characteristics. The online channel is more prevalent with the youth segment, therefore this could be a factor in increasing the prevalence of problem gambling" (Prof. Alex Blaszczynski). Further caution was highlighted in that "although it is probable that some problem gamblers will use the internet as a channel, the research into a direct causal link is inconclusive and generalisations should not be made" (Dr. Jonathan Parke).

Some highlighted that the pervasiveness of gambling is increasing through general awareness advertising and that this is driving greater gambling involvement. For example, "as the role of commentators on TV discussing betting odds is becoming increasingly widespread along with the growth in interactive TV, it will become easier for people to gamble on sports events via interactive media such as TV, telephone and the internet" (Prof. Alex Blaszczynski). "With this it becomes easier for people to gamble, especially demographics that are highly exposed to these types of marketing" (Andy McLellan), and "this raises concerns about the impact of problem gambling on the youth" (Christel Schaldemose).

Despite these concerns, it was argued that a key reason as to why the levels of problem gambling have remained relatively low was due to operators offering players appropriate tools to help them to manage their play, such as self-exclusions and limits, and that these features have proved very effective.

Pan-European Standards

Progress in player protection has also inadvertently unearthed further industry challenges. For example, implementing effective player protection in the area of self-exclusion is limiting in that a self-excluded player can sign-up to a different operator and continue playing. "Adopting a pan-European approach makes sense, such as a common database where operators share relevant data, but it is challenging to get agreement across the industry" (Tim Phillips). It was noted that "the industry has tried to collaborate in sharing data to better implement self-exclusions, however due to as privacy laws and differing technical standards across operators, this is challenging" (Tex Rees). It was also noted that "an integrated approach to self-exclusion poses challenges due to commercial sensitivities", and that "an independent body with no conflicts of interest would be required to oversee such a project" (Andy McLellan).

It was stressed that operators are collaborating and sharing data with relevant authorities to prevent crime, and that "the anti-money laundering and anti-fraud safety nets that the industry has put in place also contribute towards protecting players" (Tex Rees).

2. continued

"There is no consensus as to which triggers cause problem gambling from the academics, which makes implementing more advanced responsible gambling features challenging"

Clive Hawkswood
CEO, Remote Gambling Association

"The level of responsible gambling that a lottery demonstrates is, amongst others factors, dependent upon the stage of economic development and culture of the country or region in which they operate"

Jean Moreau Jørgensen
Executive Director, World Lotteries Association

Advanced Responsible gambling Tools

There is some confusion within both academia and the industry as to the definition and usage of the term problem gambling e.g. compulsive, vulnerable, pathological and problem are commonly used. It was noted that "although there are consistently used terms within academic research for pathological and problem gambling, these terms are used interchangeably and can cause some confusion" (Prof. Alex Blaszczynski). Also "the industry has to date perhaps focused too much on the term pathological gambling. However, this approach could be too conservative and narrow, in that although it would highlight a very small and easily identifiable group, it ignores a much wider group of players who could be negatively impacted by gambling" (Dr. Jonathan Parke).

It was also stressed that "there are doubts as to whether operators can accurately spot problem gamblers by undertaking further data analysis, and that it is not right to exclude players based on such an approach" (Tim Phillips), and that "an operator does not have sufficient evidence or clinical training to determine which players may be at risk of gambling problem" (Tex Rees). However, it was noted that "players are often presented with too much information to be able to make rationale and informed choices and are susceptible to taking the wrong decisions. Providing players with feedback on their play, such as if their bet frequency has increased significantly, could help promote more sustainable gambling practices" (Jonathan Parke).

Although "the technology exists to more pro-actively track players' behaviours, it is not easy to convince the operators to do this" (Andy McLellan). A barrier to progressing such an approach was that operators are acutely aware of the potential legal and liability risks associated with providing more feedback to players on their gambling behaviours. Also, "some within the industry have argued that tracking gamblers' behaviour violates privacy laws, however the same operators track gamblers' behaviours to target 'high rollers', which suggests there is some hypocrisy within the industry" (Prof. Alex Blaszczynski).

It was also noted that "the level of responsible gambling that a lottery demonstrates is, amongst others factors, dependent upon the stage of economic development and culture of the country or region in which they operate. For example, some mature European lotteries are focusing on very detailed responsible gambling approaches compared with lotteries in developing countries, which have less developed and sophisticated online industries e.g. lotteries with more focus on illegal gambling and legislative frameworks, focused on ensuring that basic responsible gambling features are in place" (Jean Moreau Jørgensen).

There was a consistent view in that more research is required to understand in greater detail the drivers of problem gambling. A key issue for operators is that "there is no consensus as to which triggers cause problem gambling from the academics, which makes implementing more advanced responsible gambling features challenging given that the industry takes the lead from academics in this space" (Clive Hawkswood).

Informing Players

Actively tracking a player's play triggered further debate around whether it is right for an organisation to be controlling or influencing what the player actually does, compared with a player making their own choices. One argument was that less interference with people's lives was better, although it was also stressed that whilst "the player is always responsible for his or her own gambling, the operator does owe the player a duty of care" (Tex Rees). In addition, "the operators are well placed to help people to gamble responsibly, provide educational opportunities, and also to spot signs of problem gambling and to put in place preventative measures" (Andy McLellan).

2. continued

"Player protection is extremely important and the industry cannot become complacent. It is therefore likely that in future, more will be expected from operators from both a national and pan-European regulatory perspective regarding consumer protection"

Christel Schaldemose
MEP, Member of the European Parliament's Committee on the Internal Market and Consumer Protection

This was also phrased as allowing players to become "informed risk takers" (Jean Moreau Jørgensen). It was suggested that lessons could be learned from the food industry, which provides consumers with detailed and easily understandable information about food content to help them make better and more informed choices. It was also stressed that for any advances in this area, "it is imperative that any protection features offered to players are not forced upon players but instead are player driven" (Tex Rees).

It was also argued that "offering information on win probabilities on games would be beneficial to players as very few are aware of these. For example, players are not aware that some games are highly volatile, and thus pay out less frequently but in higher amounts." (Dr. Jonathan Parke).

It was said that operators could adopt more advanced responsible gambling features "as a means by which to differentiate their products and retain players" (Andy McLellan). It was also stressed that "player protection is extremely important and the industry cannot become complacent. It is therefore likely that in future, more will be expected from operators from both a national and pan-European regulatory perspective regarding consumer protection" (Christel Schaldemose).

Advancing Research

The debate on how best to advance research into problem gambling produced differing views. "There are inherent commercial conflicts between academia and the industry which inhibits progressing research. For example, if research indicated certain practices could be linked to problem gambling, and these practices were financially lucrative, then the industry would have to act" (Prof. Alex Blaszczynski). In addition, "there is now increased commercial interest from different groups, resulting in a fragmented approach to developing greater understanding. A more open and collaborative approach within academia and the industry would help advance understanding and perhaps foster greater acceptance of developing more advanced socially responsible gambling tools" (Dr. Jonathan Parke). Open standards and methodologies are now readily accepted across many industries and the online gambling industry could learn from how other industries have created value through open and collaborative approaches.

It was stressed that operators are, however, increasingly collaborating with clinical and academic institutions to advance research. "Taking responsible gambling further by analysing data to try to predict problem gambling behaviour is a very new area that RGA members are actively exploring, and operators are very open to adopting new features if they can be proven to be accurate and if they add value to the customer experience" (Clive Hawkswood).

However, despite some arguing for more detailed approaches, it was noted that "many gamblers are aware of the risks of gambling and continue to gamble despite knowing they are causing harm to themselves or their friends and family". Therefore "strong arm or sledge hammer tactics by governments to change behaviours do not work, whereas getting customers to think more about their behaviours in subtle ways could be more effective" (Andy McLellan). The effectiveness of warning messaging in other industries, such as tobacco, is inconclusive, therefore undertaking a similar approach to players messaging in online gambling could prove ineffective.

"It is imperative that any protection features offered to players are not forced upon players but are player driven"

Tex Rees
Fair Gaming Advocate, eCOGRA

3. Is self-regulation a viable option for the online gambling industry?

"Over regulating is not always the answer to more sustainable practices in that it can create the opposite of the intended outcome as organisations look to find ways around the rules"

Prof. Roger Steare
Visiting Professor of Organisational Ethics, Cass Business School

"Jurisdictions where online gambling remains illegal will continue to struggle to control some of the risks to consumers because they do not have a structured means to implement and monitor the necessary controls "

Tim Phillips
Director of European Public Affairs, Betfair

Who Should Regulate?

Whilst the majority felt there is currently sub-optimal regulation across the industry as a whole, it was argued that "over regulating is not always the answer to more sustainable practices in that it can create the opposite of the intended outcome as organisations look to find ways around the rules" (Prof. Roger Steare). However, it was stressed that self-regulation would not be politically viable as the industry has vested interests. "Self-regulation of the industry is not sufficient alone in the absence of any pan-European regulation, therefore elected governments need to take the lead to ensure that jurisdictions are regulated to ensure players are adequately protected" (Jean Moreau Jørgensen). It was also highlighted that governments too had vested interests, and an alternative proposal was to "implement a regulatory body independent of government. Such a body would ideally include a broad stakeholder group, including The Treasury, Community and Welfare Groups and Independent Auditors" (Prof. Alex Blaszczynski).

A further consideration was that "policy makers face challenges in understanding the nature of the internet and consumer behaviour in enough detail to be able to define the right approaches . The industry remains relatively new and is changing dynamically, making it difficult to keep pace of social and technological change and innovations" (Tim Phillips). More should be done to better educate the policy makers and to deepen their knowledge, however there was no obvious organisation to drive this forward. It was also highlighted that "government is in a difficult position with regards to regulating the industry in that it gets criticised whatever it does or does not do e.g. not protecting the consumer enough, intervening too much and so undermining operators' autonomy, by controlling stakes and prizes in certain land-based games, and putting in place a too harsh fiscal regimes which drives operators abroad" (Andy McLellan). Getting politicians actively engaged has also been historically challenging due to the political sensitivity of the subject.

State Monopolies

The debate also centred on the need for a more consistent approach to regulating European online gambling to better protect players. Many believed that pan-European regulation was still some way off as there are significant hurdles to overcome e.g. standardising age limits for gambling across jurisdictions. Also, "national jurisdictions are very protective of their rights to legislate and protect tax revenues from offshore operators" (Christel Schaldemose). It was highlighted that in jurisdictions where online gambling is banned or monopolised there is evidence of a higher prevalence of problem gambling. "Jurisdictions where online gambling remains illegal will continue to struggle to control some of the risks to consumers because they do not have a structured means to implement and monitor the necessary controls "(Tim Phillips).

It was also noted that state-controlled monopolies could be more susceptible to higher levels of problem gambling due to the borderless nature of the internet. Whilst is was argued that "although many state monopolies believe they offer superior responsible gaming features, many fall short of the standards of many of the commercial operators" (Tex Rees), it was also argued that "whilst consumers would get more choice [through liberalisation of markets], it was not clear whether player protection would also improve" (Christel Schaldemose).

"Government is in a difficult position with regards to regulating the industry in that it gets criticised whatever it does or does not do"

Andy McLellan, CEO, GamCare

3. continued

"A number of overlapping standards for responsible online gambling have been developed and there is now a need to step back and re-assess what's required for the industry"

Clive Hawkswood
CEO, Remote Gambling Association

"Some commercial operators have continued to try to aggressively gain market share in markets where they do not hold licenses"

Christel Schaldemose
MEP, Member of the European Parliament's Committee on the Internal Market and Consumer Protection

It was also stated that national operators could be under more pressure to actively promote responsible gambling features compared with the commercial operators. One explanation for this was that state lotteries "suffer from 'altruistic deviance', in that raising money for good causes via gambling can have unexpected negative consequences" (Prof. Roger Steare). An alternative point of view was that some state monopolies "have justified their monopoly status for online gambling based on their responsible gambling standards" (Clive Hawkswood). Such approaches could force commercial operators to have to adopt increased responsible gambling features in order to compete in these markets. "There is an element of sympathy on this particular point towards the commercial operators who generally provide more competitive odds to players compared with state operators" (Dr. Jonathan Parke), yet still could not compete in certain markets. Therefore, "getting an effective balance to any national regulations is important" (Jean Moreau Jørgensen).

A Patchwork of Standards

It was acknowledged that "due to the lack of uniform regulations in the past, a number of overlapping standards for responsible online gambling have been developed and there is now a need to step back and re-assess what is required for the industry" (Clive Hawkswood). Progress is being achieved, for example "one of the primary objectives of CEN [European Committee for Standardisation] is to develop a common framework of minimum standards that both the jurisdictions and the operators can all buy into and implement" (Tex Rees). However, whilst "there have been further efforts to progress this, such as the Schaldemose Report to the European Parliament on the integrity of online gambling, getting consensus is extremely challenging" (Jean Moreau Jørgensen).

It was also stressed that "some commercial operators have continued to try to aggressively gain market share in markets where they do not hold licenses, even though the Court of Justice has ruled that member states are entitled to restrict opening up national markets" (Christel Schaldemose). This is "driving the need for self-regulation amongst the commercial operators in the absence of being effectively regulated by the national operators, which is further exacerbating the regulatory patchwork in Europe" (Jean Moreau Jørgensen).

In term of implementing standards, "the majority of operators are now offering what was termed 'Level 1' responsible gambling features, such as age verification, limits and self-exclusion. Although the industry has done a great job in achieving this level, there remain inconsistencies in how these practices are applied. For example, with regards to account statement information, some operators make it easy for players to view net expenditure whilst others do not. Therefore, whilst the standards are being met on paper, the player's experience can differ widely" (Dr. Jonathan Parke).

It was stressed that industry dynamics have, and will continue to influence the adoption of standards. "It's likely that consolidation will result in fewer and bigger companies that dominate, and typically the larger companies all implement similar responsible gambling features" (Clive Hawkswood).

"Whilst the standards are being met on paper, the player's experience can differ widely"

Dr. Jonathan Parke
Senior Lecturer, Centre for the Study of Gambling, Salford University

4. Are online gambling companies demonstrating progressive sustainability policies that really matter to customers?

"There are examples where the internal company culture is driving CSR to be at the heart of day-to-day business activities rather than a series of one-off activities"

Andy McLellan
CEO, GamCare

"There is typically no link stated between profits and sustainability, something that is clearly wrong given that no online operator can demonstrate sustainability without being profitable"

Prof. Roger Steare
Visiting Professor of Organisational Ethics, Cass Business School

The industry is generally aware of the key areas it needs to focus on from a sustainability perspective. "The majority of the established and serious online gambling operators are aware of what they need to do from a CSR perspective and they understand that trust is an important element of establishing their brands with the consumer" (Christel Schaldemose). It was also stressed that "there is a strong commercial incentive to do so in that operators will not get licensed unless they demonstrate this" (Tim Phillips). It is therefore vitally important that most efforts are centred on the specific issues associated with the industry, such as offering value for money, improving customer service and providing a fair and safe gambling experience.

However, due to the CSR expectations on large corporations, "the larger online gambling firms were expected to have a broad CSR agenda as this is what is expected of large corporations" (Clive Hawkswood). Therefore, the gambling industry is no different from any other industry and was susceptible to accusations of 'greenwashing'.

"Some operators are genuinely concerned about their players and have worked hard to improve the skills and knowledge of front-line staff, and have as a result gained certification from GamCare. Such operators are now 1 to 2 steps ahead of what's actually required of them to comply with. Therefore, there are examples where the internal company culture is driving CSR to be at the heart of day-to-day business activities rather than a series of one-off activities" (Andy McLellan). The internet also "allows online operators to be much more proactive in the area of player protection compared with the bricks and mortar operators and the wider public may not be aware of this" (Tex Rees).

It was also stressed that the industry does lot for charities and communities, "however, there are cases where operators have kept a low CSR profile due to perceptions that CSR initiatives are only undertaken to paint the industry in a more positive light. This dilemma has fostered differing views across the industry, with many believing this is shame as good causes should be championed and encouraged" (Clive Hawkswood).

A key concern raised was the aggressive marketing tactics from some operators, and it was highlighted that "this phenomenon was more prevalent in the online gambling industry compared with many other industries" (Christel Schaldemose). It was stressed that "the industry needs to take a more medium to long-term view on sustainability as some operators are still too focused on short-term profits. There is a fear that taking a long-term approach to sustainability could have a negative impact on the short-term profits of operators" (Dr. Jonathan Parke). It was further argued that more could be do to demonstrate a commitment to relevant CSR initiatives as some operators remain cautious about supporting initiatives to further research into problem gambling behaviours. An example was cited in a jurisdiction where online operators were resistant to supporting an academic initiative to conduct player surveys via their websites.

Generating sustainable profits was critical for the industry and "operators should not be afraid of putting profitability at the heart of their sustainability policies. There is typically no link stated between profits and sustainability, which is clearly wrong given no online operator can demonstrate sustainability without being profitable" (Prof. Roger Steare).

"There is a fear that taking a long-term approach to sustainability could have a negative impact on the short-term profits of operators"

Dr. Jonathan Parke
Senior Lecturer, Centre for the Study of Gambling, Salford University

5. Is sustainability is a brand differentiator?

"Operators who are responsible, sensitive to players' needs and who are sanctioned by accredited bodies, are more likely to attract players to their sites"

Prof. Alex Blaszczynski
Chair in Psychology, University of Sydney

"A transparent customer experience is an important element of the overall package"

Tim Phillips
Director of European Public Affairs, Betfair

Building Trust

Brand value and awareness across the industry is hugely important given the intense competition in the industry. "Building trust is incredibly important to operators as players need to know that they can gamble in an environment that is fair", although "it is very difficult to answer whether progressive CSR policies have a direct impact on brand value in the industry" (Dr. Jonathan Parke). Being upfront and transparent were viewed as very important factors to enable operators to build enduring and meaningful relationships with players, as "a transparent customer experience is an important element of the overall package" (Tim Phillips).

"There is therefore large potential upside for any operator that can differentiate and lead the market with progressive responsible gambling policies and features. Operators who are aware of their responsibilities towards customers, can show that they care about customers, and who offer responsible gambling features that are useful and helpful to players, will build longer-term and more enduring relationships" (Andy McLellan). Players are becoming "increasingly savvy and feedback from them suggests that they do look to see whether online operators have the requisite accreditations and that they offer a comprehensive set of responsible gambling tools, even though they may not actively use them" (Tex Rees).

Also, "operators who are responsible, sensitive to players' needs and who are sanctioned by accredited bodies, are more likely to attract players to their sites. For example, the government approved sports betting sites in Australia have higher traffic" (Prof. Alex Blaszczynski). Also, "offering value added services, such as informing players of spend and changes to their playing patterns, could be considered important 'add-on' features to the existing core gaming offerings and these types of features could enhance a player's experience and thus enhance an operator's brand" (Jean Moreau Jørgensen).

There are examples of some operators offering unscrupulous practices, such as the manner in which initial deposits and bonuses cannot be cashed-in. It was felt that such practices are not conducive to developing long-term relationships and enhancing the operator's brand. "The link between player protection and player retention is a very interesting area to explore, however little or no research exists in this space" (Dr. Jonathan Parke), and it was felt that the operators would be best placed to assess the links between the two. It was noted that "brand awareness across the industry is hugely important given the intense competition in the industry. The industry has in the past year or two shifted emphasis towards customer retention as opposed to acquisition" (Clive Hawkswood).

Value is Key

There was a strong case made for focusing on what matters most to the customer to increase brand value. For example, some operators have managed to differentiate their brand with the consumer by offering a betting experience that offers greater value for money with very competitive odds i.e. betting exchanges.

"Players are becoming increasingly savvy and feedback from them suggests that they do look to see whether online operators have the requisite accreditations and that they offer a comprehensive set of responsible gambling tools"

Tex Rees
Fair Gaming Advocate, eCOGRA

5. continued

"Some lotteries have used safety and responsible gambling as a core element of their branding to the consumer in the same way as companies in other industries e.g. Volvo"

Jean Moreau Jørgensen
Executive Director, World Lotteries Association

Alternatively, "some lotteries have used safety and responsible gambling as a core element of their branding to the consumer in the same way as companies in other industries e.g. similar to how Volvo have used safety as a core feature of its brand strategy. However, it is unclear how important this element of the operator's brand is to the player" (Jean Moreau Jørgensen). It was also stressed that "it is economically critical that their brand is associated with being safe and reputable" (Tex Rees).

What the customer values also depends on the games they play. For example, "the player's interactive experience is very important in online poker, however this is not as an important factor in sports betting as the players typically spend less time on the site. " (Clive Hawkswood).

Relationships and Community

It was acknowledged that developing close and meaningful relationships in the online world is challenging. It was argued that as with many other online companies, many online gambling operators "offered a deeply inhuman experience, with very few able to reach out and give their customers a 'metaphorical hug', and the bigger the corporation becomes, the harder it is for them to connect with their customers" (Prof. Roger Steare). However, it was highlighted that "some industry gambling verticals, such as poker and bingo, are building community experiences via online chat forums that encourage community building" (Clive Hawkswood). On a final note, it was said that "corporations and the online gambling industry in particular are very young, and looking back to how institutions and communities have survived over centuries can provide valuable lessons learned in what is required to form durable and sustainable organisations" (Prof. Roger Steare).

"The bigger the corporation becomes, the harder it is for them to connect with their customers"

Prof. Roger Steare
Visiting Professor of Organisational Ethics, Cass Business School

If you would like to understand more about the research being undertaken at Cass Business School then please contact either Simo Dragicevic (simo@bet-buddy.com) or Dr. George Tsogas (g.tsogas@city.ac.uk). For further information about Bet Buddy then please contact Simo Dragicevic or visit www.bet-buddy.com.