

# **New study highlights expectation of partial liberalisation of the German betting and lottery market**

**MECN's new study analyses market developments in the period following the state treaty on gambling, Placanica, and the decision of the German Federal Constitutional Court**

Munich, 29 March, 2007 – The management consultants at MECN have just completed a new study analysing developments in the German betting and lottery market following the Federal Constitutional Court's decision, the state treaty on gambling, and the ECJ's decision in the Placanica case. The key result of the survey of market experts and MECN's detailed analysis: the industry counts on an opening of the market and amendment of the state treaty on gambling.

The recent months have arguably been very eventful for the betting and lottery market, in Germany as well as internationally. A list of recent events includes: the decision of the Federal Constitutional Court, the drafting of a new state treaty on gambling, decisions and measures of the European Court of Justice (ECJ) and the EU Commission, the prohibition of online gambling in the US, and the arrest of several CEOs of well-known Internet gambling providers. As Martin Oelbermann, partner at MECN, puts it, "The current developments make a detailed analysis of the future of the German betting and lottery market imperative."

The study is largely based on the results of a survey of market experts conducted in spring of 2007.

The following are some of the study's most important findings:

**Online poker offers great potential** – According to the experts surveyed, online poker sites profit from the current poker euphoria in Germany and are among the companies with the greatest future growth potential in the German gambling market.

**Liberalisation beginning in 2012** – The current state treaty on gambling will expire in 4 years. Many market experts consider this one indication that after expiration of this term – that is, from 2012 on – the German gambling market will be liberalised, at least in some segments.

**An amended version of the state treaty on gambling is expected** – The experts surveyed consider it likely that there will be an amended version of the state treaty.

**Tipp24 and Fluxx will NOT be banned** – As many as 75% of the experts surveyed think that one of the likeliest amendments to the gambling treaty will allow Internet lottery retailers, such as Tipp24 and Fluxx, to remain in business. They consider it unlikely that Tipp24 and Fluxx will be prohibited from doing business, particularly because that would be an unusually harsh measure against a business model that has previously been permitted and indeed promoted.

**Advertising for gambling on team jerseys and in stadiums will be permitted** – More than half of the experts surveyed assume that the strict prohibition of gambling advertising on team jerseys and in stadiums will be dropped. After all, if the prohibition were enforced, reporting on international sports events would be significantly reduced. For example, the German TV audience would have missed out on watching the final game in the handball world championship (the Polish team's jerseys were sponsored by BWin), and to see the Champions League match between FC Bayern and AC Milan (BWin also sponsors their jerseys) Germans would have to travel abroad.

**The decision in the Placanica case cannot simply be applied to**

**the German market** – The ECJ's decision in the Placanica case cannot be applied directly to the German market because of the difference between the Italian and German gambling markets.

The study can be obtained at [www.germany-gambling.mecn.net](http://www.germany-gambling.mecn.net)

About MECN: MECN is a network of experts on issues concerning the media and entertainment industry. Together they provide in-depth knowledge, analysis, and strategic advice to global clients.

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