

In 2011 the online gambling industry will focus on casual players – social gaming, online lotto/number games, ...

New report provides unique insights into casual gaming and gambling sectors

London/Munich, January 19, 2011 – The online gambling industry has reached its full stature – as have its long-standing business drivers: betting, poker, and casino games. Therefore, many operators are now looking for new revenue streams. After years of focusing on heavy gamblers, the industry is now concentrating on casual players and turns a hopeful gaze on social networks, online lotteries, bingo, and others. Because of the growing need for in-depth information about these segments, the consulting firm MECN has now published its new second edition of the report „Casual Gaming and Gambling on the Internet“.

Online casual gaming and gambling have been around for some time but have generally kept a low profile. Now this is about to change, and the industry is increasingly looking at the casual sectors as new growth areas:

- Recent heavy investments by PartyGaming, 888, Playtech, ... in the online bingo industry indicate the casual segment's growing importance.
- Social gaming offers, such as Zynga Poker, are currently dominating the strategic discussions in the online gambling industry.
- Casual players are the primary revenue-generating segment in liberalised markets such as France and Italy.
- Fantasy sports and skill gaming are more and more used

as strategic entryways into markets with legal restrictions (e.g., U.S.).

- Online lotto/numbers games have moved into the spotlight as remaining „untouched“ sectors; they are estimated to be worth USD 5.5 billion in gross revenues by 2015.

85% of gambling operators plan to increase their efforts in social networks

The success of social gaming/poker came more or less overnight and took traditional online gambling operators by surprise. As 888's CEO Gigi Levy put it: *„The industry had a blind spot„*. For example, Zynga Poker has now more than 36 million active users per month and has between 200,000 and 400,000 online players at any time – much more than leading poker rooms.

However, the online gambling industry is striking back and is launching its own social gambling offers. The rapidity and determination with which this is happening comes as a bit of a surprise: 85% of all operators surveyed expressed their intention to increase their efforts in social networks/gaming in the next 2-3 years.

Gross revenues of online numbers games estimated to grow to USD 5.5 billion by 2015

So far, the online lotto/numbers games sector has been playing only a minor role in the public discussion – wrongly so, in our opinion. The online lotto/numbers game market is still dominated by state operators, but this could change very soon, as co-author Martin Oelbermann explains: *„Large private operators will soon discover online lotto and numbers games. What started in 2009 with hefty investments in bingo will spread to lotto and numbers games – maybe already in 2011„*.

Gross revenues in the numbers game (retail and Internet) market come to around USD 100 billion, and the segment is still largely dominated by retail-focused state lotteries.

Yet, the Internet will inexorably advance and shape this sector too. According to MECN's estimates, total sales of Internet lotto/numbers games (lotto, keno, scratch/instant) amounted to around USD 1.9 billion in 2010 and will grow to USD 5.5 billion by 2015.

Clearly, the race is on to seize the USD 5.5 billion jackpot. Will state lotteries dominate the field, or can off-shore operators repeat the success that made them dominant the online sports betting market? How quickly private operators enter the lotto/numbers market will likely depend on how fast the traditional sectors lose their growth potential. Martin Oelbermann adds, *„The race to win over casual gamblers is surely on, and lotto/numbers games will play a vital role in this race. Therefore, state lotteries and NGO operators should start getting ready if they do not want to lose their last stronghold„.*

MECN's new report: Casual Gaming and Gambling on the Internet – 2nd edition

The report provides analyses of the most relevant sectors in the casual gaming and gambling market – social gaming, bingo, skill gaming, lotto and numbers games, fantasy sports, ... It closely examines business models, revenue sources, success factors, industry outlook, recommendations, ...

The report also includes unique insights MECN gathered from a survey of ca. 40 market insiders and operators.

For more information visit www.casual-gaming.mecn.net