

PRESS RELEASE

2011 report of the online poker, horse racing and sports betting market Publication of ARJEL's data from the last quarter of 2011

On Tuesday 7 February 2012, the Chairman of the French Authority for the Regulation of Online Gaming, Jean-François Vilotte, gave a rundown of the online poker, horse racing and sports betting market in France during the presentation of the market data for October, November and December 2011. With 2.3 million active players' accounts in 2011, the online gaming market recorded a total of some 600 million euros in sports bets, more than a billion euros in horse racing bets, 7.6 billion cash game poker bets and 1.2 billion euros in entry fees to poker tournaments.

➤ Business report per sector:

2011 did not see the sports betting sector grow as expected. **Although the last quarter was the best one in 2011 for sports betting, the sector suffered a palpable drop in activity on all fronts: bets fell by 23%, its gross gaming revenue by 10% and the number of active players' accounts compared with the last quarter of 2010 by 17%.** A phenomenon attesting in particular to this is that betting for football and tennis – sports punters' two most popular sports – has decreased by 18% and 36% respectively compared with the last quarter of 2010. This can partly be explained by the reduction in players' return on investment (ROI) – from 84% in the last quarter of 2010 to 82% in the same quarter of 2011 – and the halving of operators' marketing expenses. **This drop in sports betting volumes is cause for concern for the regulator – if the players abandoning the legal market were to stumble upon illegal websites. It thus calls for an analysis of the economic model and the fiscal restrictions.** Also worth noting is the 52% share of "live betting" in 2011, which varies considerably from one discipline to the next: while it is largely favoured by tennis (72%) and volleyball (81%) fans, it only accounts for 41% of football bets.

A true reflection of French horse racing culture, horse racing drew ever increasing numbers of online punters in 2011 (502,000 active players' accounts in 2011, versus 365,000 in 2010), particularly in the over 55s category (13% rise in 55-64 year-old punters between the last quarters of 2010 and 2011). With 268 million euros in bets accumulated in the last quarter of 2011 (i.e. a 12% increase in bets compared with the same quarter of 2010), horse racing betting has seen a 29% improvement in operators' gross gaming income between the last quarters of 2010 and 2011 – to the detriment of players' ROI however – which has fallen from 79% in the last quarter of 2010 to 75% in the same quarter of 2011. **The sector's task for 2012 will therefore be to lay the groundwork for sustainable and viable competition between horse racing betting operators.**

Overall, with a total of 314 million euros in gross gaming revenue for 2011, the two poker markets (cash game and tournament) have proven how pressing it was to regulate a sector that already existed before the legal market opened in May 2010. In all, 1.2 million online poker players' accounts were active in 2011. That said, **the two activities have progressed at very different speeds, above all revealing a French penchant for poker tournaments.** Accordingly, in the last quarter of 2011, **the cash game had lost a little bit of the ground** it had covered in the same quarter of 2010 (3% drop in bets and 10% drop in active players' accounts), **while the tournament stream is still on the rise**, revelling in a 24% increase in entry fees and 16% more active players' accounts as compared to the last quarter of 2010.

➤ **Player profiles:**

All sectors considered together, the typical online player is male (88%), young (57% of players are under 35) and live in the Parisian region, south-east France, Nord-Pas de Calais or Corsica. He spends an average of €250 a year on accredited online gaming websites and tops up his account less than once a week by bank card (89%).

If we look closer however, each sector has its own typical player profile. **Sports punters are by far the youngest (38% are between 18 and 24 years old) and the most commonly male (92%). Horse racing punters, meanwhile, are both older (76% are over 35) and more often female (20% of players' accounts are opened by women). Most online players are poker players (52%) and almost half (46%) bet less than €30 a month in cash games and less than €10 a month in tournaments – more or less like the sports punters – 43% of whom bet less than €10 a month. The horse racing punter, though, plays more often and bets higher sums of money: 36% bet more than €100 a month.**

➤ **Operators' marketing expense trends**

In one year, operators have slashed their media budget in half (46 million euros as at the last quarter of 2011 versus 93 million euros as at the same quarter of 2010). This shows that operators have hugely turned their backs on buying space in popular media (56% drop in advertising investments in the press, TV and radio), focusing their attention instead on more targeted online operations, such as affiliate marketing¹ and referencing, for which operators ring-fenced almost a quarter of their marketing budget over the last quarter of 2011.

Among the market development segments with high potential in 2012, it is worth mentioning the rise in mobile and tablet uses. By the end of 2011, around **12% of online players were mobile Internet users**, connecting via their mobile phone or tablet (versus 10% in the 3rd quarter of 2011).

For the record, as at 7 February 2012, 46 accreditations had been issued to 34 operators:

- 15 in sports betting,
- 9 in horse racing betting,
- 22 in online poker.

¹ **Affiliate marketing** is a marketing practice in which a commercial website (retailer) promotes its products or services on its affiliate partner sites (banners, text links, etc.).