The Online Gambling Landscape

The online gambling industry is a rapidly growing market. In the last year there was a 32% uplift in the number of visits from UK Internet users to the gambling sector, making it one of the most rapidly expanding industries online. To put that in context, the social networking category grew by just 4.5% over the same time period.

The online space is incredibly competitive, and despite the growth of online gambling over the past year, it is currently the 14th most popular category monitored by Experian Hitwise. Gambling sits behind the likes of Entertainment, Shopping, News and Media, Sports and Music, but still accounts for almost 1% of all Internet visits in the UK and is a more popular category than Health, Food and Charity online.

Although gambling is growing online, one of the things that become immediately apparent when you start to analyse the data is that the rate of growth differs significantly between countries and between segments within the gambling industry. There is a huge variation in gambling trends in different countries as the pie charts below demonstrate.

Visits to the Gambling industry in UK, US, Canada and Australia, September 2010
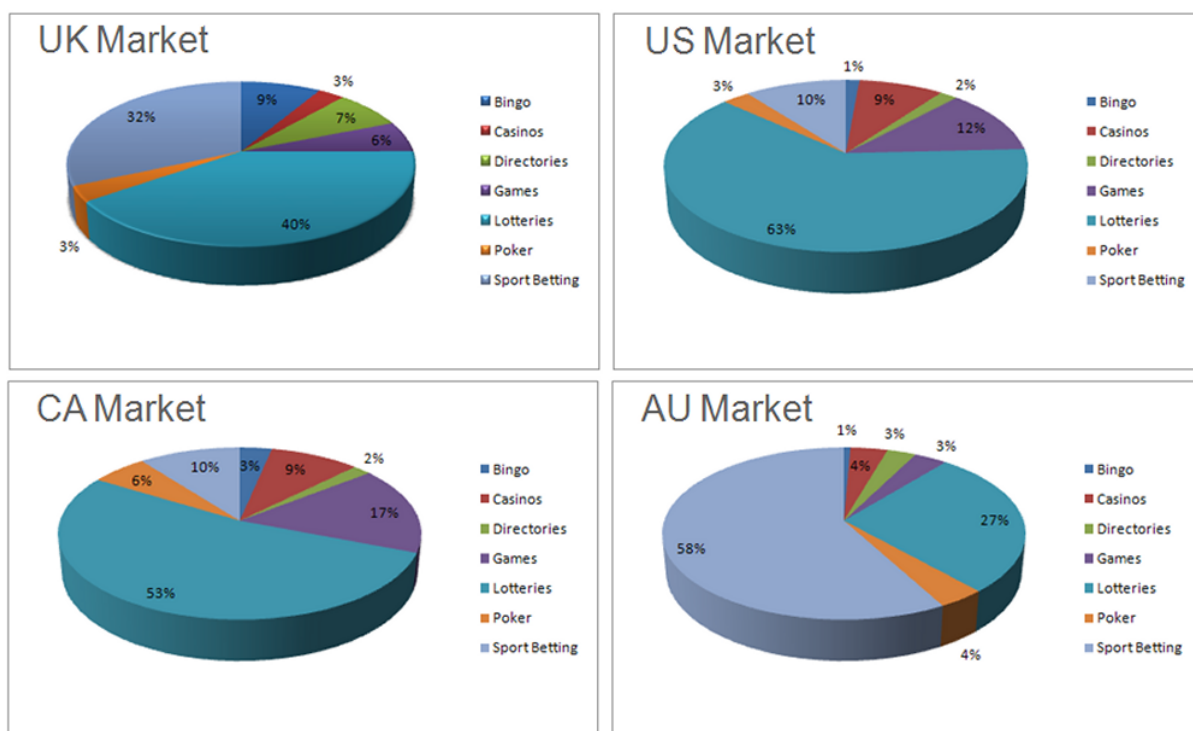
In the UK, US and Canada, lotteries are the most popular segment of gambling but the proportions are significantly higher in North America than in the UK. 63% of all visits to the gambling category in the US go to lottery websites, whereas over half of all visits to the Canadian gambling industry go to lotteries.

The strict online gambling regulations in the US explain the very high proportion of visits to lottery sites, which are all state run and are one of the few legal avenues for gambling in the country. In the

UK, the National Lottery is massively popular accounting for 32% of all UK Internet visits to the gambling sector, which is the major reason why lotteries account for 40% of the UK gambling market.

By comparison, lotteries in Australia are much less popular than in other markets. Only 27% of the Australian visits to gambling sites go to lottery sites, whereas the overwhelming majority traffic goes to Sports Betting sites Down Under.

Of all of the gambling markets online, the UK is the most diverse with the most even spread between Bingo, Casinos, Directories, Games, Lotteries, Poker and Sports Betting. Having said that, Sports Betting and Lotteries combined, account for 72% of the UK gambling market.
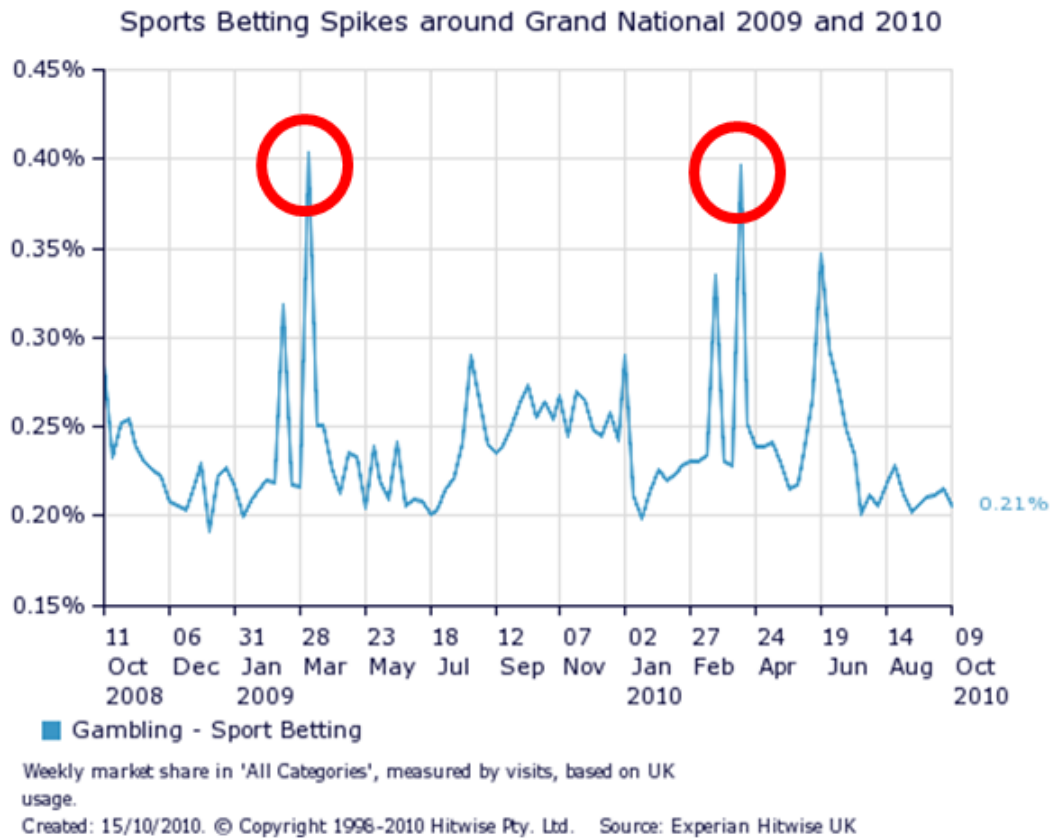
Sports Betting in UK

Although lotteries are the most popular form of online gambling, the National Lottery has a bit of a monopoly in the UK market. Sports betting on the other hand is both prolific and incredibly diverse. A quick look at the top 20 gambling websites gives a simple illustration of this point. Two of the top 20 websites are lottery sites (highlighted in light blue), whereas 12 of the top 20 are dedicated to sports betting (highlighted in dark blue), making it one of the most fiercely competitive industries within online gambling.

Most Popular Websites in Gambling ranked by Visits Share
Month of September 2010

	Websites (2,738 returned)	Visits Share
1	The National Lottery	32.02%
2	Betfair	4.82%
3	Ladbrokes Sportsbook	3.62%
4	Racingpost.com	3.28%
▲ 5	bet365	3.24%
▼ 6	William Hill	3.17%
▲ 7	Jackpotjoy	2.88%
▼ 8	Paddy Power	2.48%
9	King.com	1.98%
10	At The Races	1.80%
▲ 11	William Hill	1.74%
▼ 12	OddsChecker	1.56%
13	tombola	1.36%
▼ 14	Sky Bet	1.24%
▼ 15	Betfair.com - Racing	1.23%
▲ 16	Foxybingo.com	1.19%
▼ 17	Lottery.co.uk	1.07%
▲ 18	Betfair - Soccer	1.04%
▼ 19	IG Index	1.03%
▼ 20	Gala Bingo	0.82%

It will probably come as no surprise that the peak of traffic to sports betting sites comes on the weekend of the Grand National each year. The premier horse race event of the year is consistently responsible for the highest spikes of visits year on year.

Sports Betting Spikes around Grand National 2009 and 2010

Gambling - Sport Betting

Weekly market share in 'All Categories', measured by visits, based on UK usage.
Created: 15/10/2010. © Copyright 1998-2010 Hitwise Pty. Ltd.   Source: Experian Hitwise UK

The interesting point to note about the Grand National is that as more people produce content online around the Grand National, sports betting sites have to work harder in order to maintain their market share of traffic coming to their website. Sports betting websites increasingly are being squeezed by content driven sites including the News and Media sites.

Websites receiving traffic from search term 'grand national' in 2009 and 2010

Rank	Site	Search Clicks 04/04/2009	Rank	Site	Search Clicks 10/04/2010
1	The Grand National	25.38%	1	Aintree Racecourse	14.00%
2	MyBetting.co.uk	11.89%	2	Grand National	11.82%
3	Betfair	9.77%	3	The Grand National	11.53%
4	Grand National	8.68%	4	Facebook	3.42%
5	Google News UK	5.61%	5	Times Online	3.24%
6	Aintree Racecourse	4.78%	6	Grand National Guide	2.95%
7	Grand-National-World.co.uk	2.33%	7	Telegraph.co.uk Sport	2.87%
8	BBC Sport	2.23%	8	Aintree Grand National	2.78%
9	bet365	1.91%	9	The Independent	2.18%
10	Ladbrokes Sportsbook	1.80%	10	BBC Sport	2.16%
11	Times Online	1.73%	11	Guardian.co.uk/Sport	1.94%
12	Grand National Guide	1.62%	12	Paddy Power	1.89%
13	Guardian.co.uk/Sport	1.51%	13	MyBetting.co.uk	1.87%
14	www.grandnationaloffer.co.uk	1.47%	14	Betfair	1.81%
15	Google News	1.31%	15	Ladbrokes Sportsbook	1.78%
16	Facebook	1.13%	16	grand-national.betting-director.c	1.76%
17	Telegraph.co.uk Sport	1.08%	17	BBC Forums	1.65%
18	Aintree Grand National	0.87%	18	Daily Mail	1.61%
19	Sky Sports	0.77%	19	www.freebetting.co.uk	1.54%
20	Paddy Power	0.75%	20	William Hill	1.54%

The two tables above compare the top websites to receive traffic for the search term 'grand national' during the week of the Grand National in 2009 (left table) and 2010 (right table). What these tables show is that content-driven sites are taking the lion's share of the traffic, and sports betting sites either need to start utilising these sites as affiliates if they want to capitalise on the traffic during the busiest online betting day of the year.

Like any industry, the key to success with online gambling is to understand the needs, wants and desires of consumers. At Experian Hitwise we monitor the visits to over a million websites worldwide, over 7,000 of which are gambling sites. Unlike any other analytics tool, Hitwise is a barometer of the mood of the nation, and can provide invaluable insight when trying to reach consumers.

One of the interesting quirks of the online betting industry is that the mood of the country can have a significant impact on the betting behaviour of gamblers. The World Cup in South Africa is a classic example of this, as England's frustrating performances had a severely negative effect on visits to gambling sites.

The graph below shows the diminishing returns of visitors to the sports betting category at each of England's group games in the opening round of the tournament.

World Cup Traffic Spikes to Sports Betting

Gambling - Sport Betting

Daily market share in 'All Categories', measured by visits, based on UK usage.

Created: 15/10/2010. © Copyright 1998-2010 Hitwise Pty. Ltd.   Source: Experian Hitwise UK

The first spike in traffic is on the day of England's opening match of the tournament against the USA, a match England should have comfortably won, but ended up drawing 1-1. A few days later when England played Algeria confidence in the team had dropped, and with it the traffic to the gambling sites. England had an abysmal game against Algeria and were booed off the pitch, which meant that by the time the third match came around against Slovenia, betting confidence had slumped to its lowest peak of the World Cup.

Targeting Gambling Audiences

Such was the demoralising effect of the World Cup on gamblers that there was a slump in visits to sports betting sites at the start of the Premiership season. The graph below shows the difference in spikes between the beginning of the new Premier League season in 2009 and 2010, emphasising the betting fatigue from consumers post World Cup.

Premiership Traffic spikes August 2009 vs 2010
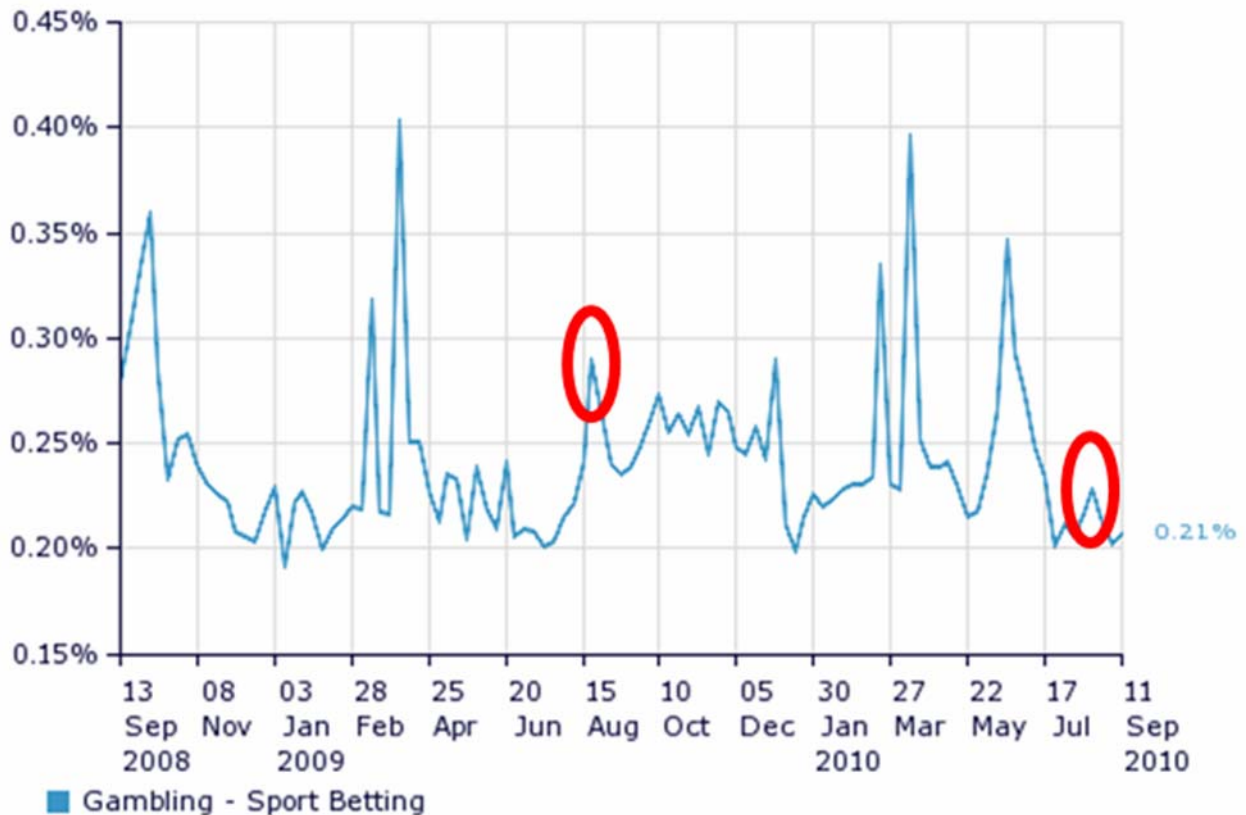
Gambling - Sport Betting

Weekly market share in 'All Categories', measured by visits, based on UK usage.

Created: 15/10/2010. © Copyright 1998-2010 Hitwise Pty. Ltd.   Source: Experian Hitwise UK

One of the key aspects for any online business is being able to target the right audience in order to maximise sales and ROI. Different people are attracted to different gambling platforms, and Experian's data can help make informed decisions on the type of people to target and where to target them online.

Experian Mosaic is Experian's household segmentation system that classifies the UK population into different groups or profiles based upon their demographic, behavioural or socio-economic characteristics. Mosaic is an extremely rich and detailed segmentation tool and goes way beyond the simple A, B, C1 economic grading system. Mosaic is a combination of over 400 data sources, including Census data, credit checks, loyalty cards and house sale prices to name just a few.

The spider diagram below demonstrates just how different the online audiences are for bingo websites compared to games websites against the benchmark of the online population as a whole.

Mosaic Groups visiting Bingo and Games websites, 12 weeks ending 25 September 2010
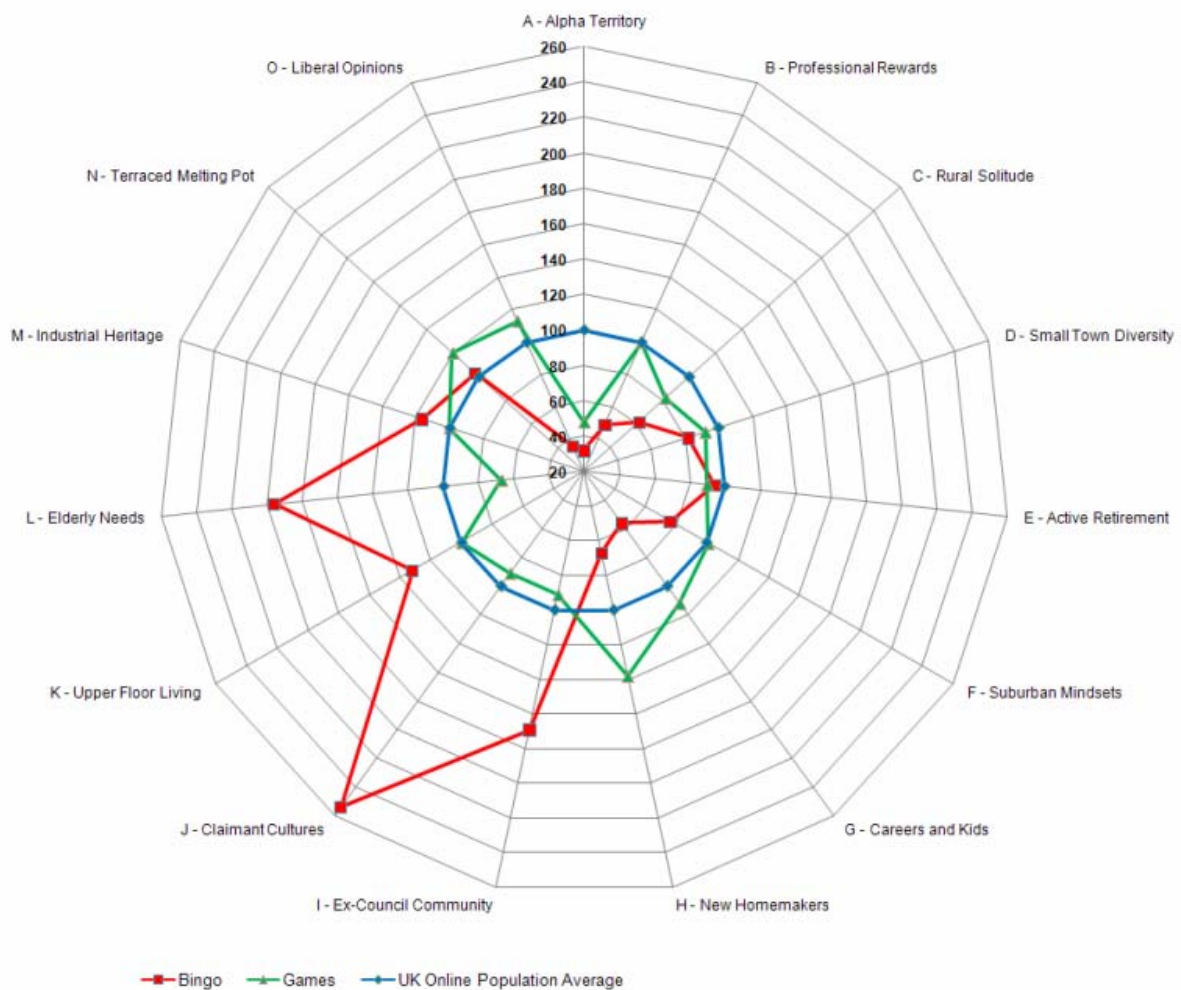
What this shows is that bingo sites are most popular with the Mosaic groups Claimant Cultures (disadvantaged low income families) and Elderly Needs (retired elderly people on benefits). Games websites on the other hand are most popular with the Terraced Melting Pot (ethnically diverse urban young singles and couples) and New Homemakers (young professionals in new starter homes) groups.

Once you know which groups of people visit which segment of the gambling category, it's a lot easier to target your main users by looking at other websites they visit a lot. The New Homemakers group visits a lot of dating sites and websites for new mothers including Bounty UK and BabyCentre UK. Claimant Cultures by contrast tend to visit a lot more social networks including Facebook, Bebo and Tagged.

Using Experian Hitwise to Help your business

The gambling landscape is growing and changing rapidly. The crucial point to accept is that online gambling is incredibly diverse. Picking your way through the plethora of potential pitfalls unaided is in itself, taking massive gamble. Experian Hitwise's data can elucidate the online world like no other

analytics tool, highlighting the online trends on a daily basis and picking out the key online audiences to target for digital marketing. In other words, our data is the closest thing you will get to a sure-fire bet.

For more information, please email support.uk@hitwise.com

About Experian Hitwise

Experian Hitwise is the leading online competitive intelligence service. Experian Hitwise gives marketers a competitive advantage by providing daily insights on how 25 million Internet users around the world interact with more than 1 million websites. This external view helps companies grow and protect their businesses by identifying threats and opportunities as they develop. Experian Hitwise has more than 1,500 clients across numerous sectors, including financial services, media, travel and retail.

Experian Hitwise (FTS:EXPN), www.experianplc.com, operates in the United States, the United Kingdom, Australia, New Zealand, Hong Kong, Singapore, Canada and Brazil. More information about Experian Hitwise is available at www.hitwise.com/uk.

For up-to-date analysis of online trends, please visit the Experian Hitwise research blog and the Experian Hitwise Data Centre.