

## Online Gambling Benchmarking – 2019/2020 edition

Comprehensive report analysing updated benchmarks, KPIs, margins, ... of the online gambling industry

London/Munich, August 2019

## Summary

MECN is proud to present the new 2019/2020 edition of our report “Online Gambling Benchmarking Study”. The first editions of the report were received very well, and as the online gambling market changes quickly, we are now happy to publish an updated version of our report.

As before, the report offers a comprehensive analysis and benchmarking of key performance indicators (KPIs), key business figures, relevant margins, and much more to enable executives in the online gambling industry to improve both controlling and operations.

The report is a must-read for all strategists and executives in the industry who want to save the time and money of compiling their own database – we have done it for you. Readers of the first editions of the report were impressed:

*“The report saved me and my team weeks of number crunching.” (CFO of online gambling operator).*

## Content of the report

The report offers unprecedented insights into the industry:

- **Current data and KPIs as well as historical data** – Our benchmark analyses are based on the most recent data and KPIs and also trace long-term developments.
- **Revenue growth benchmarks** are broken down by products/verticals.
- **Analyses of financial results**, such as EBITDA, EBIT, ... including comparison of margins.
- **Expense/costs benchmarks and margins**, such as marketing, staff costs, ...
- **Player/customer-related benchmarks**, such as active player development.
- **Product-related benchmarks**, such as product/vertical split, breakdown of casino revenues by type of games, ...
- **In-play/live betting benchmarks**, such as in-play/live betting’s share of total wagers, in-play/live betting gross revenue margins, ...

- **Mobile business benchmarks**, such as mobile share of total online business, mobile share of total online casino/gaming business, ....

- ...

In total, the report has **68 pages and ca. 90 graphs/exhibits**.

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 SEO benchmarking - which brands are doing the best job in SEO  
 The top advertisers/brands (gambling websites) on affiliate websites

Top affiliate betting advertisers/brands (websites) in key European markets  
 Top affiliate betting advertisers/brands (websites) in Germany, Spain, Italy, France,  
 Sweden, and the U.K.  
 Industry background of MECN survey participants

### List of mentioned companies

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888	Kindred
Ahaworld	LeoVegas
Bet365	Lotto24
Bet-at-home	Lottomatica
Betsson	Nektan
Better Collective	Net Gaming
Catena Media	NetEnt
Cherry Online Gaming	PAF Internet
Churchill Downs	Playtech B2B
Evolution Gaming	Plus 500
France total (ARJEL)	PPB (Flutter) Online
Gambling.com Group	Scout Gaming
Gaming Realms	Sisal
Global Gaming	Stars Group
GVC Online	Svenska Spel
Jackpotjoy Group	Webis
Jumbo Interactive	William Hill Online
Kambi	Zeal / Tipp24
Karamba	...

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## Sample pages of the report

**MECN Online Gambling Benchmarking – 2019**

**2.2 Overall trends**

We also asked about the future relevance of the key trends and topics – and this provided the following insights (see exhibit 5):

- Increasing regulation and related aspects, such as higher taxes and stricter regulations, will continue to have the highest strategic relevance.
- The increasing potential opening of the U.S. market is second also on the strategic topic.
- The formerly highly debated revenue stream coming from the B2B business of operators (e.g. B2B-Drugsafe...), seems to have lost in importance and is ranked last.
- The focus on existing customers seems to be more relevant than acquiring new customers.

**2.3 Growth potential of key products**

In addition to "general" trends and topics, we also analyzed the growth potential regarding nine revenues of the key online gaming/gambling products within the next 2 years (see exhibit 6):

- Mobile gaming leads** the ratings with most participants convinced that this is "up" to "very high" growth potential within the next 2 years.
- Real life money gambling** is the runner-up, but it is noteworthy that the overall assessment is "very uncertain" between "down" and "up". This indicates that the industry on the whole is not fully convinced that social gambling will finally make a significant contribution to revenue.
- Although live betting has been offered for years, it seems to still have significant growth potential.

**Exhibit 5: Strategic relevance of key trends/topics for the online gambling industry for the next 2 years – Survey results**

**Exhibit 6: Growth potential of key online gaming/gambling products – Survey results**

**MECN Online Gambling Benchmarking – 2019**

**5 Revenue growth**

**5.1 Total revenues**

In exhibit 31 we benchmark the revenue growth rates of 2011 and 2012. In most cases the figures used are not revenue after taxes. However, in a few cases net revenues were not reported, and we took gross revenues (gross volume) in place of net revenue income. This measure also includes some (T-Mobile providers) for the online gambling industry (e.g. DraftKings...).

- Average growth** – On average, revenues grew by 17% in 2012.
- Median growth** – The median growth rate in 2012 was 16%.
- Top growth rate** – Best practice growth in 2012 was achieved by Playtech with 53%. Best operator was Bet525 with 44%.

**Annual growth rates (development of operators)**

In exhibit 32 we show several growth developments:

- Growth rate of online exchange rates** – As explained above, we report constant exchange rates to isolate the overall growth trends in our view. This growth analysis is best suited for an overall picture of the industry because it isolates the development of the operator operators.
- Growth rate of the online exchange rates** – We also included the growth of the same in EUR with variable fluctuating annual exchange rates.
- Average growth rate** – The "average" growth rate per annum (see also exhibit 31) is the average growth rate of the sector in that year. In this regard, the use of the constant has no effect on the growth rate and "weight" as in the case of the two other growth rates!

**Exhibit 31: Annual growth rates of total online gambling revenue – benchmark 2011 and 2012**

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**12 Active players/customers**

Growth and development in 2018 and 2019

In exhibit 18 we benchmark the increase in the number of active players in 2018 and 2019. In most cases the active player figure refers to the entire year, but (DraftKings and Bet365) figures refer to the last quarter of the reporting year.

- Average growth** – On average, the number of active players grew by 17% in 2019. This increase is more than double the 2018 growth rate of 8%.
- Median growth** – The median growth rate in 2019 was 16%.
- Highest growth rate** – Cherry had the biggest growth in active players in 2019 with 21%.

**Cherry and DraftKings** – Best practice for growth in number of active players

For a better understanding of the two best practice growth examples, we offer the following additional insights:

- Cherry** – Increase of 21% is mostly due to the acquisition of Germany (see exhibit 19).
- DraftKings** – The strong increase is a further indication that also DraftKings (see exhibit 19) that the company is currently on a growth path. In addition, the number of acquiring customers increased by 15% compared to 2018. Nevertheless, the growth in the number of customers remains low with relatively low sales (see exhibit 17).
- In case of neither** the "strong year-on-year" growth supported by acquisitions has accelerated the growth.

**Exhibit 18: Overall growth of number of active players/customers – benchmarks 2018 and 2019**

**Exhibit 19: Overall development of number of active players/customers – 2007 to 2019**

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**19 Overview, comparison, and growth development**

**19.1 Overall product/segment split**

As most of the companies analyzed are active in all verticals, it makes sense to take a closer look at the breakdown by key product segments/verticals. In exhibit 120 we benchmark the product/segment split of total revenue in 2012 (to most cases the refers to net revenue):

- Average product/segment split** – On average, the companies analyzed made 41% of their revenue in the betting segment, 19% in other games, 13% in other games, and 13% in other games, such as bingo and skill games.
- The most balanced portfolio** – Since the merger of Betm Focus on betting and Playtech Focus on other and skill games, BetPartners has one of the most balanced product portfolios.
- Change in product portfolio** – Compared to the product portfolio in 2008 (see exhibit 121), we have found that the structure of the online gaming segment in the average product portfolio has declined significantly.

**Exhibit 120: Product/segment split of total revenue – 2012**

**Exhibit 121: Development of product/segment split of total revenue – 2008 to 2012**

**Exhibit 122: Product/segment split of total revenue – case study 2011 and 2012**

**Exhibit 123: Product/segment split of total revenue – case study 2011 and 2012**

**Exhibit 124: Product/segment split of total revenue – case study 2011 and 2012**

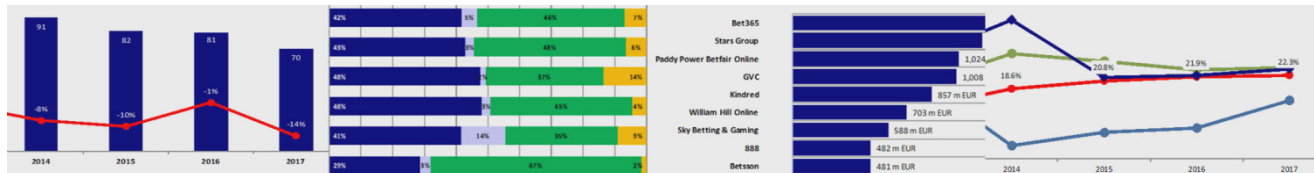
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MECN is a network of experts on issues concerning the media and entertainment industry. Together we provide in-depth knowledge, analysis, and advice to global clients. For the gambling industry, we provide market insights and strategic support to various clients ranging from bookmakers to state/public operators.

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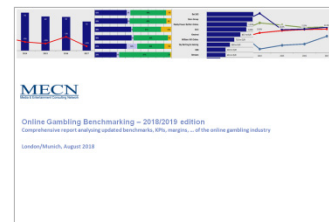
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