

# The German Gambling Market 2016

## Status Quo 2015 and Market Outlook 2016

*– Sample –*

Prof. Dr. Klaus Goldhammer | Goldmedia GmbH Strategy Consulting | Klaus.Goldhammer@Goldmedia.de | www.Goldmedia.com



# About The Report: The German Gambling Market 2016

## Markets Covered

- This report covers all gambling markets in Germany that **are regulated and/or are subject to taxation**. This includes the grey market for private sports betting operators as well.
- Territorial revenues of online casino and online poker platforms (unregulated markets) and EU and Non-EU (e.g. Asia/Offshore) sportsbetting operators not paying taxes but accepting deposits and placements from players located in Germany (black market) are **not covered** by this report.

## Methodology

- Goldmedia compiled official data published by gambling authorities, tax administrations and publicly available company information to represent the total German gambling market of 2015.
- The forecast of the German gambling market for 2016 is based on business projections of gambling companies and gambling associations as well as several expert interviews conducted during April and May 2016.

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GGR in Different Gambling Segments 2012-2015

GGR Share (%) in Different Segments 2012/2015

Total Lottery Stakes in Germany 2015

Casino GGR in Germany 2015

Gaming Machines GGR in Germany 2015

Total of Betting Stakes in Germany 2015

Betting GGR in Germany 2012-2015

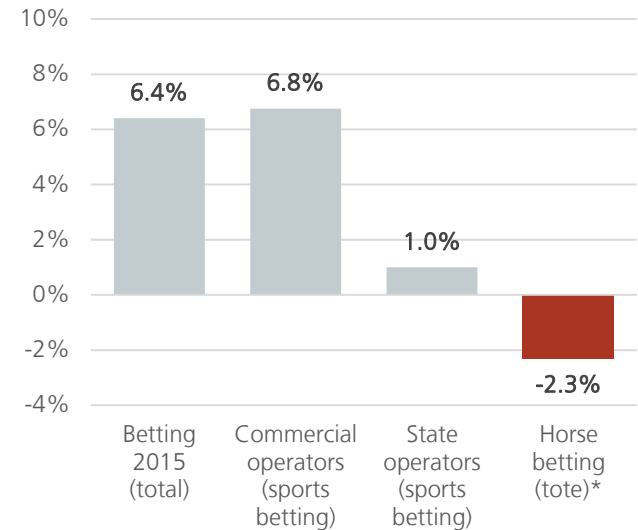
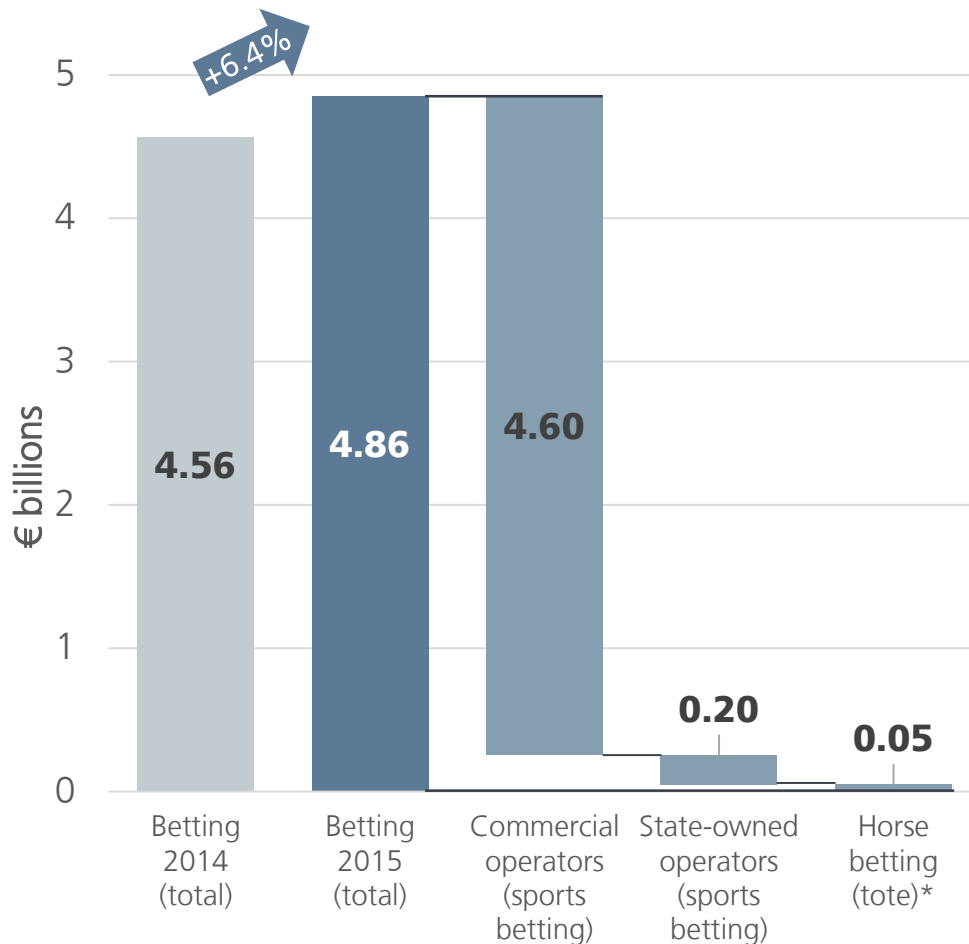
Sport Sponsorships in Germany 2016

Forecast of Gambling GGR in Germany 2016

# Total Wagers up to € 4.9 Billion – Commercial Operators controlled 94.8 % of the Wagers

Total betting wagers in Germany 2015, € billions

Year-on-year growth 2014-2015, in %



- Betting shops and online betting show a strong 6.8% growth compared to 2014
- Share of wagers for state-owned betting products: 4.2%
- Growth of state-owned betting products below average
- Horse betting tote (1.0% of wagers) with low market impact and a further decreasing market share due to zero or negative growth

\* incl. estimates

# Legal Limbo provides the Ground for Business Expansion in Germany

## Status quo of the sports betting market in Germany

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- The private sports betting market in Germany is called a „grey market“, because the regulation process is on hold since September 2014. The process was interrupted by preliminary injunctions shortly after the conclusion of the concession procedure for 20 licenses.
- The licensing regime could not be implemented due to legal actions launched by several applicants who fulfilled the minimum requirements but did not succeed in the selection procedure (“beauty contest” tender instead of auction). The unsuccessful applicants thereupon claimed contradictions between the German Interstate Treaty on Gaming and the European directive on freedom to trade (Art. 56 AEUV) as well as procedural errors.
- In this legal limbo the sports betting market in Germany is thriving once again. Online platform operators GVC (i.a. Bwin, Sportingbet), Bet-at-Home and Interwetten all report a very strong double-digit increase in net gaming revenues for 2015 (from 10 to 21%) with Bet-at-Home and Interwetten already reporting a strong to very strong growth in revenues for Q1 2016.
- This kind of growth is based on extensive marketing efforts in terms of sponsorships, above-the-line advertising (e.g. TV Spots) and online marketing. All sports betting operators who define Germany as a core market continue to operate and actively advertise their products regardless whether they are among the designated license holders or not.
- Sports betting TV ads have been barely prosecuted by media authorities for the last two years and none of the currently 14 Bundesliga (1<sup>st</sup> and 2<sup>nd</sup> league) sponsorships of private betting operators have been prohibited.
- On the national level, besides self-imposed measures, no official measures or barriers have been implemented to channel online gaming behavior (e.g. guidelines for players) or to obstruct the technical access to certain online platforms (eg. IP- or payment blocking).
- On regional and local levels, authorities prosecuted intermediaries of sports betting services transferring bets to EU-bookmakers for operating without a license. But these attempts have mostly been fought of in local courts because as of now a German license for brokering bets cannot be legally obtained whereas state owned lotteries continue to offer sports betting products. In other cases betting shops have been closed for disregarding regulations of the Interstate Treaty, mainly on live betting.
- Currently four main conditions apply to do business in Germany
  1. for betting operators: to hold a valid EU betting license and
  2. for betting operators with retail betting shops (self-owned and franchise): to pay the betting tax (5% of the stakes wagered)
  3. for betting shop operators (corporate, franchise and independent brokers): to pay municipal betting shop taxes (like entertainment taxes), if such a tax is raised by the respective municipality.
  4. for betting shop operators: to comply with Interstate Treaty regulations on live betting (level of prosecution differs regionally)
- Moreover, media companies and sport teams who want to sell advertising and sponsorships to betting operators must comply with the advertising directive of the interstate treaty.
- On the national level, tax payments for remote betting and gambling activities are not enforced. Nevertheless, all major online betting operators who are among the designated license holders (or are striving to obtain a German license in the future) are all paying taxes.
- Betting operators and brokers in the retail business presumably pay taxes since they are under review of local authorities. Among them big players with nationwide retail networks (corporate shops and franchise networks) as well independent regional retail shop operators (bigger ones are Crown, KKG, Kalkmann, Schickle) who often convey bets to EU bookmakers without a franchise contract.
- According to the Financial Committee of the German Federal Parliament, 63 commercial betting operators payed betting taxes in Germany in 2015 (47 in 2012). Thus there is still a gap between the number of tax paying betting operators (63) and the number of online betting operators with a full-fledged German offering (>90).
- Beyond tax revenues, there is no information on which of the operators and brokers fulfill the requirements for youth and customer protection and the prevention of gambling addiction (e.g. provisions on limits and live betting restrictions) according to German license regulations, since a monitoring of compliance has not been implemented.

# Interested in the full report?

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**Goldmedia GmbH Strategy Consulting**

Oranienburger Str. 27 | 10117 Berlin-Mitte | Germany

Tel. +4930-2462660 | [www.Goldmedia.com](http://www.Goldmedia.com)