Gambling Market Germany 2020

MARKET RESEARCH   MARKET FORECAST   USER RESEARCH   JULY 2020

About the Report

The report ‹Gambling Market Germany 2020› presents the market develoments of the lottery, betting, casino and slot machines sectors since 2015. The report also includes market forecasts for all segments up to the year 2024. **All forecasts reflect the impact of the 2020 pandemic.** A strong focus of this report is the scheduled market liberalisation of the Online Casino market in Germany in 2021.

Based on user research, the acceptability of the player protection measures envisaged by the Interstate Treaty on Gambling has been assessed for the first time and a **forecast for the impact of the planned online casino legislation on the market** has been made.

MARKET SITUATION + MARKET TRENDS	
Markets considered	This report covers both regulated (white) and unregulated (grey) gambling markets in Germany. Unless indicated otherwise, the revenues presented include both the land-based and the online sector.
Sources and Methodology	The report is based on data provided by official statistics, reports from regulators, annual reports from companies, background talks with market experts as well as on the exclusive field research conducted and modelled by Goldmedia Strategy Consulting GmbH. Those 2019 numbers that had not been published by April 2020 have been estimated. The forecast for the German gambling market from 2020 onwards is based on the business forecasts made by gambling companies and associations as well as on interviews with experts, conducted in April 2020.

USER RESEARCH AND CONJOINT ANALYSIS

Type of Interview	**Online questioning (random selection) on an Online Survey Panel plus online questioning (self-selection) of CasinoOnline.de users.**
Time Period	1st–29th February 2020
Methodology	Choice-Based-Conjoint Analysis (CBC) with preceding and following direct questioning about user preferences with regards to various types of online gambling.
Sample	**n=385 Online Casino users who played online slots within the past 12 months.** Sociodemographic data of sample (examples): 87% = Men 50% = 30–39 years of age 31% = GCSE Level 54% = >3,000€ household disposable income

Content

Key Facts 1: Gambling Market Germany 2020

1. Growth 2019

In 2019, the gross gambling yield (GGY) on the German gambling market has increased by 850 M to 16.3 Bn €, a significant growth (+5.5%) compared to the previous year.

2. Market Shares

With a total of 42.0%, slot machines remain the highest yielding market segment in 2019. Lotteries take one third of the market share. Casinos and betting make up for the rest.

3. Past Trends

Within the four years since 2015, the gambling yield on the German gambling market increased by 2.6 Bn € (+18.9%). This equals to a CAGR (2015 – 2019) of +4.4%.

4. Betting & Casino

Betting and Casinos are the clear winners in 2019. They both presented a double-digit growth rate of 18.6% and 10.6% respectively compared to the previous year.

5. Forecast 2020

The closure of land-based gambling businesses leads to an increase in online gambling, which, however, cannot compensate fully for the drop in earnings. Compared to 2019 a total drop in earnings of 12.9% is expected throughout the gambling market.

6. Forecast 2024

Despite the undeniable impact of the 2020 pandemic, the intermediate-term outlook remains positive. Up to the year 2024, the market is expected to grow to 18.2 Bn € with a CAGR of +6.5%. Particularly the regulation of online gambling is expected to inspire new momentum.

Key Facts 2: User Survey about Online Casinos
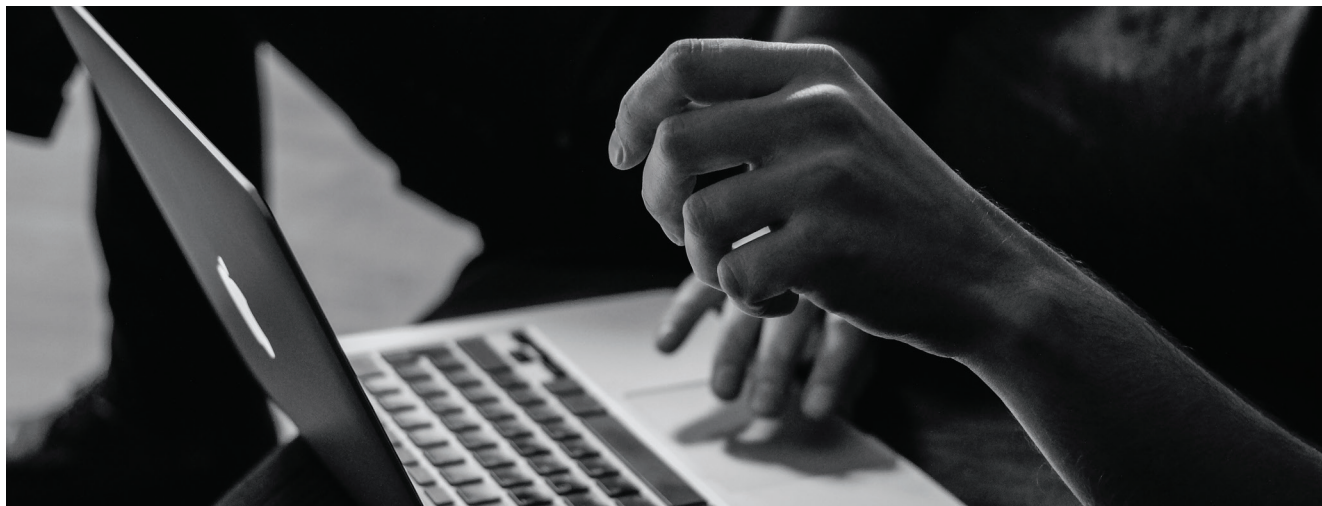
1. Gambling Frequency

12% of the interviewed users play online slots every day, 32% play them usually once a week.

2. Type of Device

With a majority of 65%, most people use a smartphone when playing online slots.

3. Customer Acquisition

Customer acquisition is primarily achieved through online advertising (39%), very little through social media (9%). Friend recommendations prove to be effective as well (28%).

4. Gambling Budget

52% of the interviewed players spend less than 50 € per month for online casino games. 47% of online casino players deposit more than 50 € per month.

5. Approval of Player Protection

The player protection measures agreed upon by the government are welcomed by most people: between 77 and 81% of the people questioned consider them useful.

6. Licenced Games

Given the choice, 62% of German players would prefer online slots licenced by German authorities. Despite the less strict player protection measures, 38% would consider casino games licenced by another EU country to be more attractive.
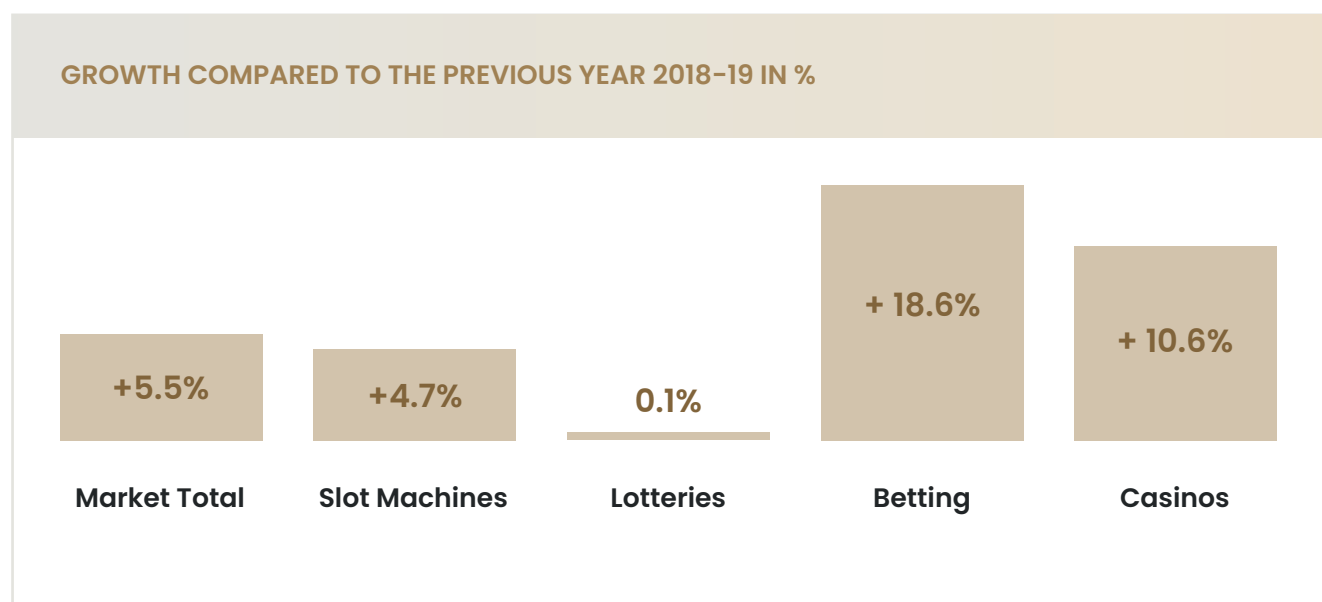
Market Research

Gambling Market 2019

Gambling Market 2019: Gambling Yield

The gambling yield on the German gambling market has grown by 850 M € in 2019, a significant growth compared to the previous year (+5.5%). Online gambling made up for 21% of the total gambling yield. Betting and Casino registered the biggest growth compared to the previous year, with a two-digit growth rate in both sectors (+10% in both sectors respectively). The highest yield (6.83 Bn €) was generated by land-based slot machines. Lotteries did not profit from the overall market growth; however, their yields reached the same level as in 2019 (4.78 Bn €).

GAMBLING YIELD ON THE GERMAN GAMBLING MARKET 2018-19 IN BN €

Market Total 2018	Market Total 2019	Slot Machines 2019	Lotteries 2019	Betting 2019	Casinos 2019
15.41	16.26	6.83	4.78	1.53	3.11

GROWTH COMPARED TO THE PREVIOUS YEAR 2018-19 IN %

Market Total	Slot Machines	Lotteries	Betting	Casinos
+5.5%	+4.7%	0.1%	+ 18.6%	+ 10.6%
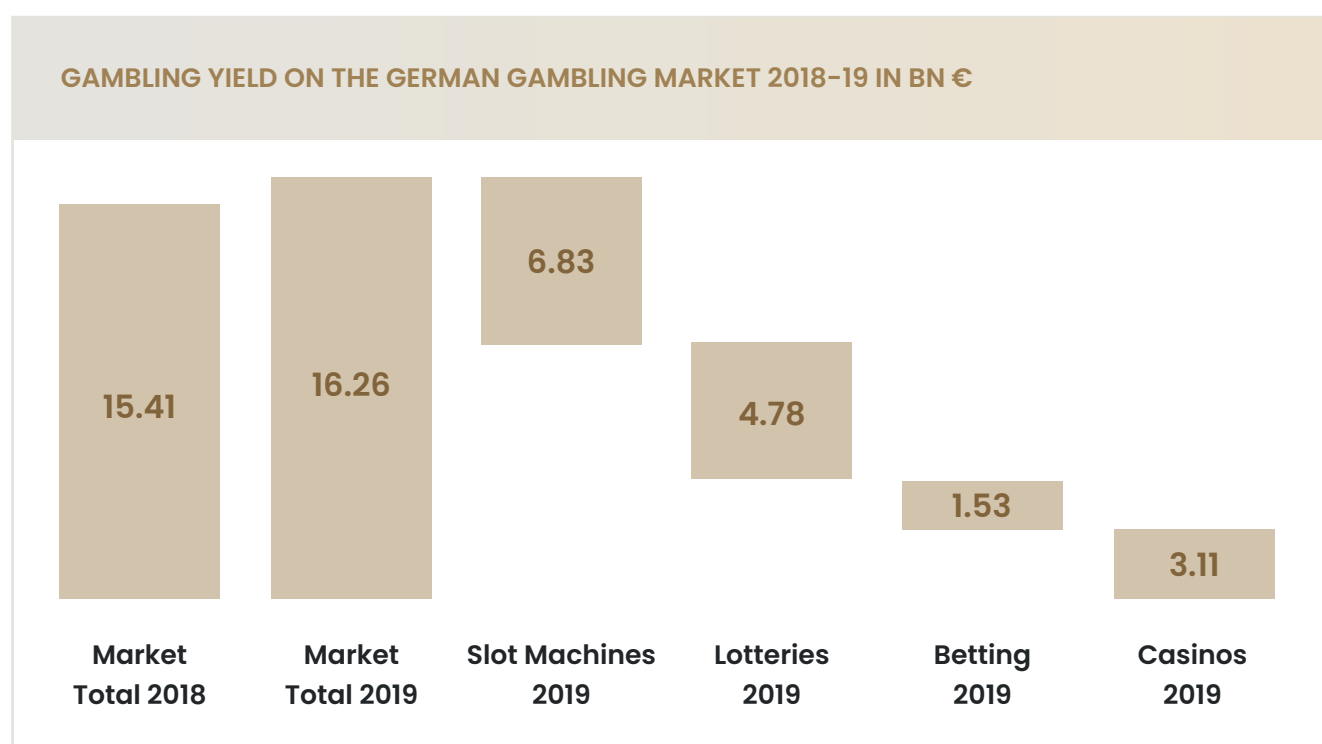
Gambling Market 2019: Market Shares

With 42%, slot machines remain the most yielding sector within the German gambling market. However, they were not able to increase their market share further in 2019. Lotteries have lost another 1.6% of their market share and made up for a total of 29.4%. The winners in 2019 have been the smaller market segments, the betting shops and casinos. In 2019 the betting market has grown by 1% to 9.4% of market share. Casinos in the meantime gained 0.8% of the market share.

MARKET SHARE ON THE GERMAN GAMBLING MARKET IN 2018 AND 2019 IN %

2018: 15.41 BN. €

Casinos
18.3%

Betting
8.4%

Slot Machines
42.3%

Lotteries
31.0%

2019: 16.26 BN. €

Casinos
19.1%

Betting
9.4%

Slot Machines
42.0%

Lotteries
28.4%

Source: Goldmedia Gambling Market Germany 2020
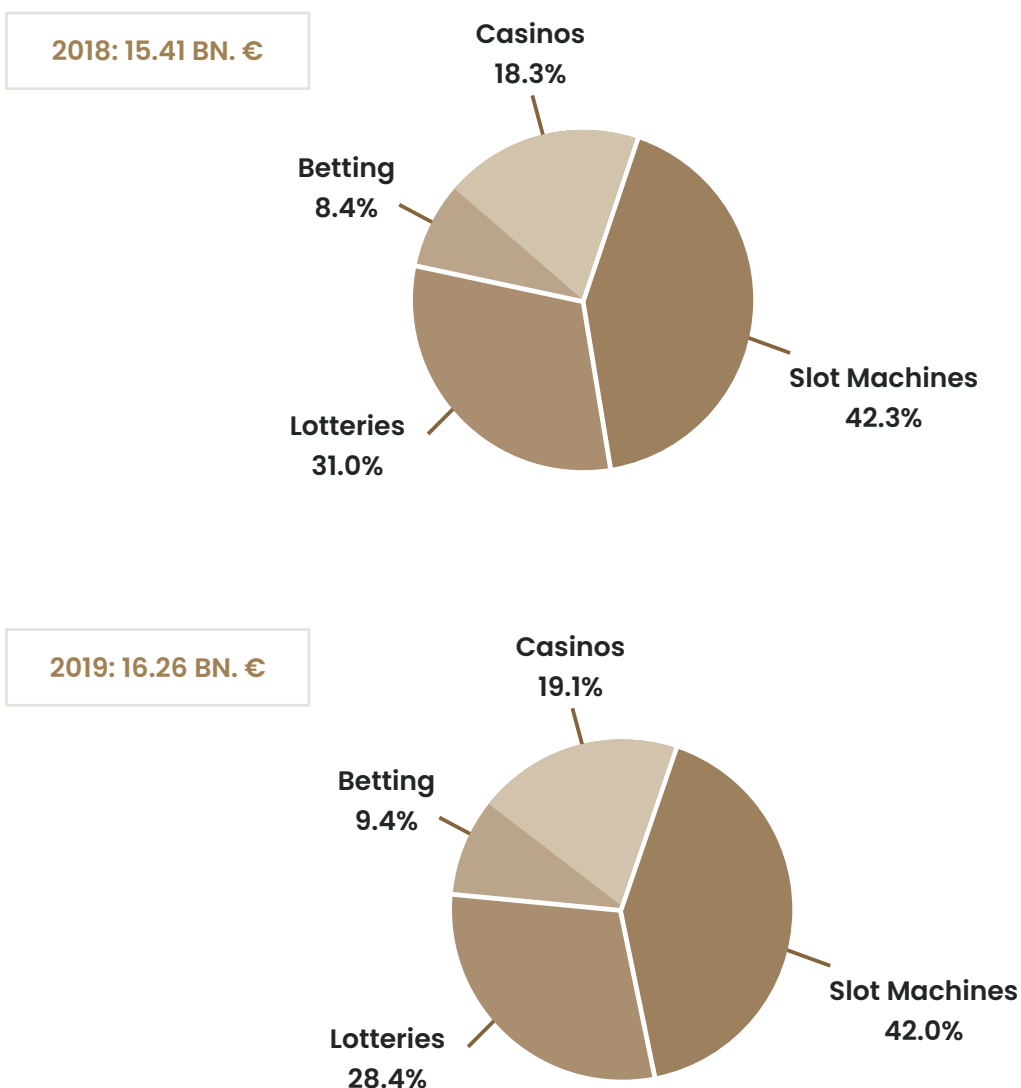
Development of the Gambling Market 2015 – 2019

Between 2015 and 2019 the yield from the German gambling market grew by 2.58 Bn €. The gambling market has therefore grown by +18.9% to 16.26 Bn € within four years. This is the equivalent of an average yearly growth rate of +4.4%. The big winners of the past four years are betting and casino. Both achieved an average two-digit growth rate: the yield from the betting sector has grown by +16.2% on average every year since 2015. The yield from the casinos sector has grown by +14.0% yearly.

GAMBLING YIELD IN GERMANY PER SECTOR BETWEEN 2015 AND 2019 IN M €

	2015	2016	2017	2018	2019
Total	13,677.3	14,404.6	15,166.0	15,408.2	16,257.4
Betting	841.2	959.5	1,136.8	1,292.4	1,532.3
Lotteries	4,671.9	4,773.7	4,623.878	4,776.8	4,782.2
Casinos	1,843.0	1,990.4	2,483.6	2,814.0	3,112.8
Slot Machines	6,321.1	6,681.0	6,921.7	6,525.0	6,830.0

● Betting ● Lotteries ● Casinos ● Slot Machines

CAGR 2015–2019

Total	Betting	Lotteries	Casinos	Slot Machines
+4.4%	+16.2%	+0.6%	+14.0%	+2.0%

Source: Goldmedia Gambling Market Germany 2020

Land-based Gambling & Online Gambling 2019

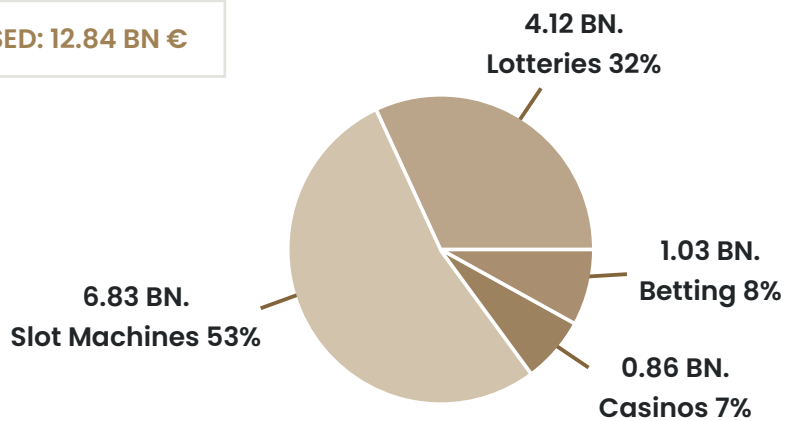With 53.2% the slot machine sector is the most yielding sector within the land-based gambling market. Land-based lotteries follow with 32.1% market share. Within the online gambling market online slot machines are the most yielding type of game with a market share of 66.0%. Online lotteries have a market share of 19.4%, online betting 14.6%. Online betting has double the market share within the online market than betting has within the land-based market.

MARKET SHARE IN THE LAND-BASED GAMBLING MARKET IN GERMANY IN 2019 IN %

LAND-BASED: 12.84 BN €

- 4.12 BN. Lotteries 32%
- 1.03 BN. Betting 8%
- 0.86 BN. Casinos 7%
- 6.83 BN. Slot Machines 53%

MARKET SHARE IN THE ONLINE GAMBLING MARKET IN GERMANY IN 2019 IN %

ONLINE: 3.41 BN €

- 0.66 BN. Online Lotteries 19%
- 0.50 BN. Online Betting 15%
- 2.25 BN. Online Casinos 66%

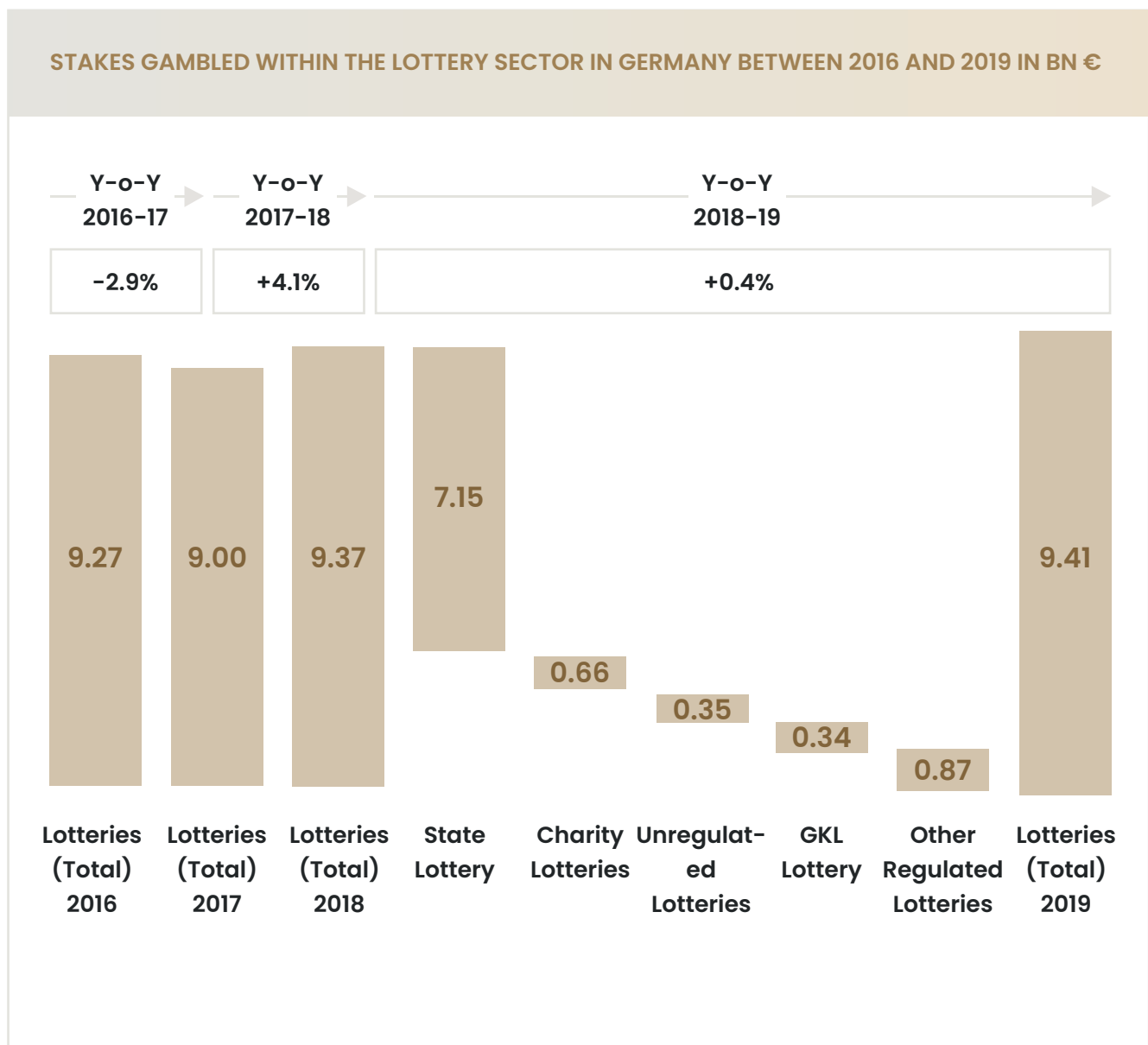*Source: Goldmedia Gambling Market Germany 2020*
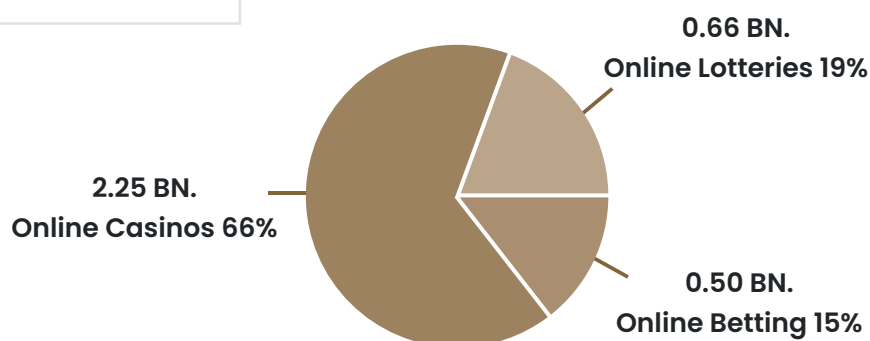
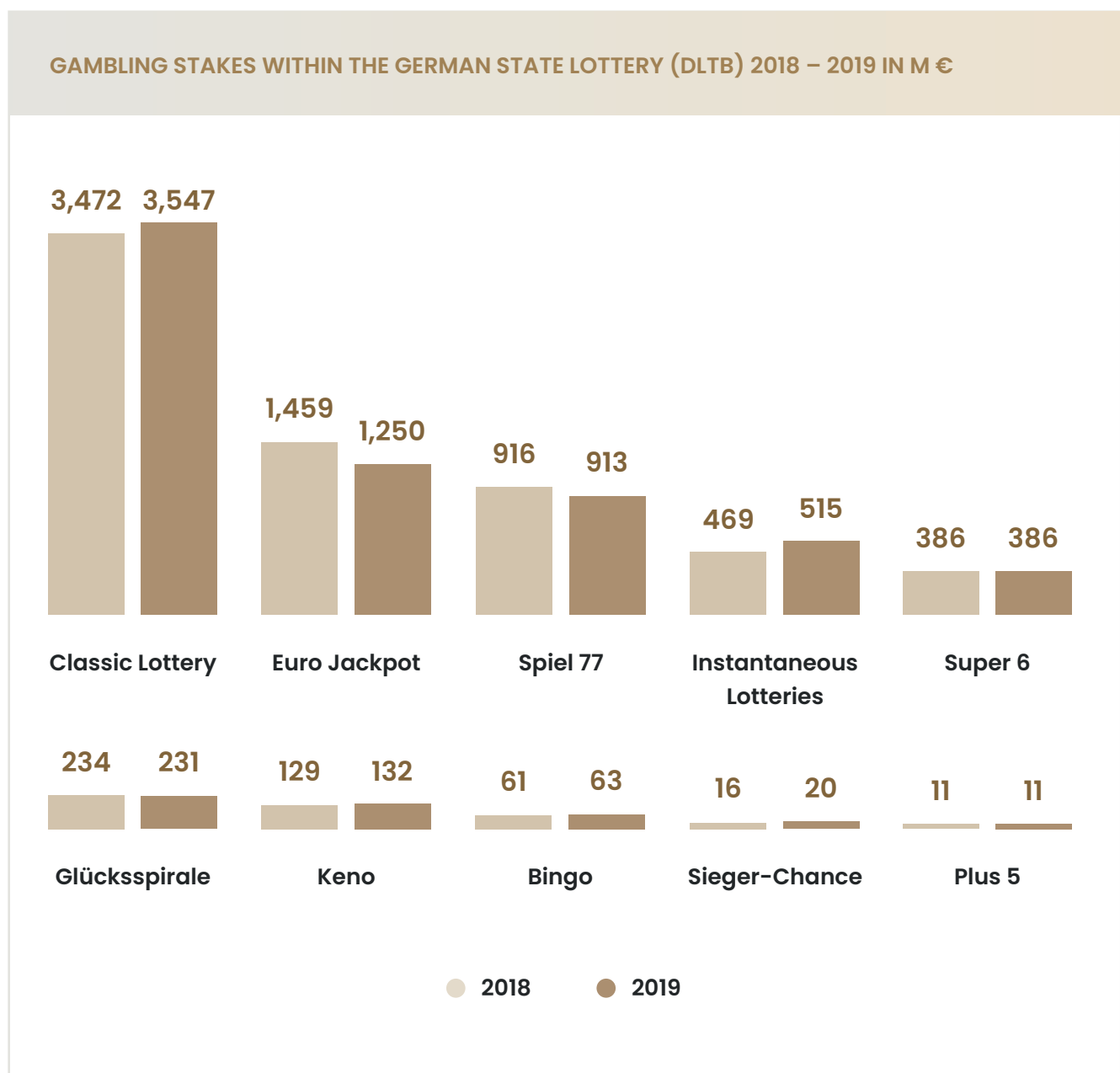# Lotteries

Market Analysis 2019

Stakes in Lottery

The amount of money staked within the lottery sector has grown by +4.1% from 2017 to 2018. One main reason for this has been a number of high jackpots within the Euro Jackpot lottery as well as within the German state lottery (Deutscher Lotto- und Totoblock, DLTB). Even though there was no repetition of such series of jackpots in 2019, the amount staked remained constant (+0.4%). Between 2016 and 2019 the stakes submitted online increased by 9.0% (from 2016 to 2018 it was a 7.9% increase). Despite the positive trend, the online business of the German state lottery cannot acquire new customers to any significant extent.

STAKES GAMBLED WITHIN THE LOTTERY SECTOR IN GERMANY BETWEEN 2016 AND 2019 IN BN €

Y-o-Y 2016-17	Y-o-Y 2017-18	Y-o-Y 2018-19
−2.9%	+4.1%	+0.4%

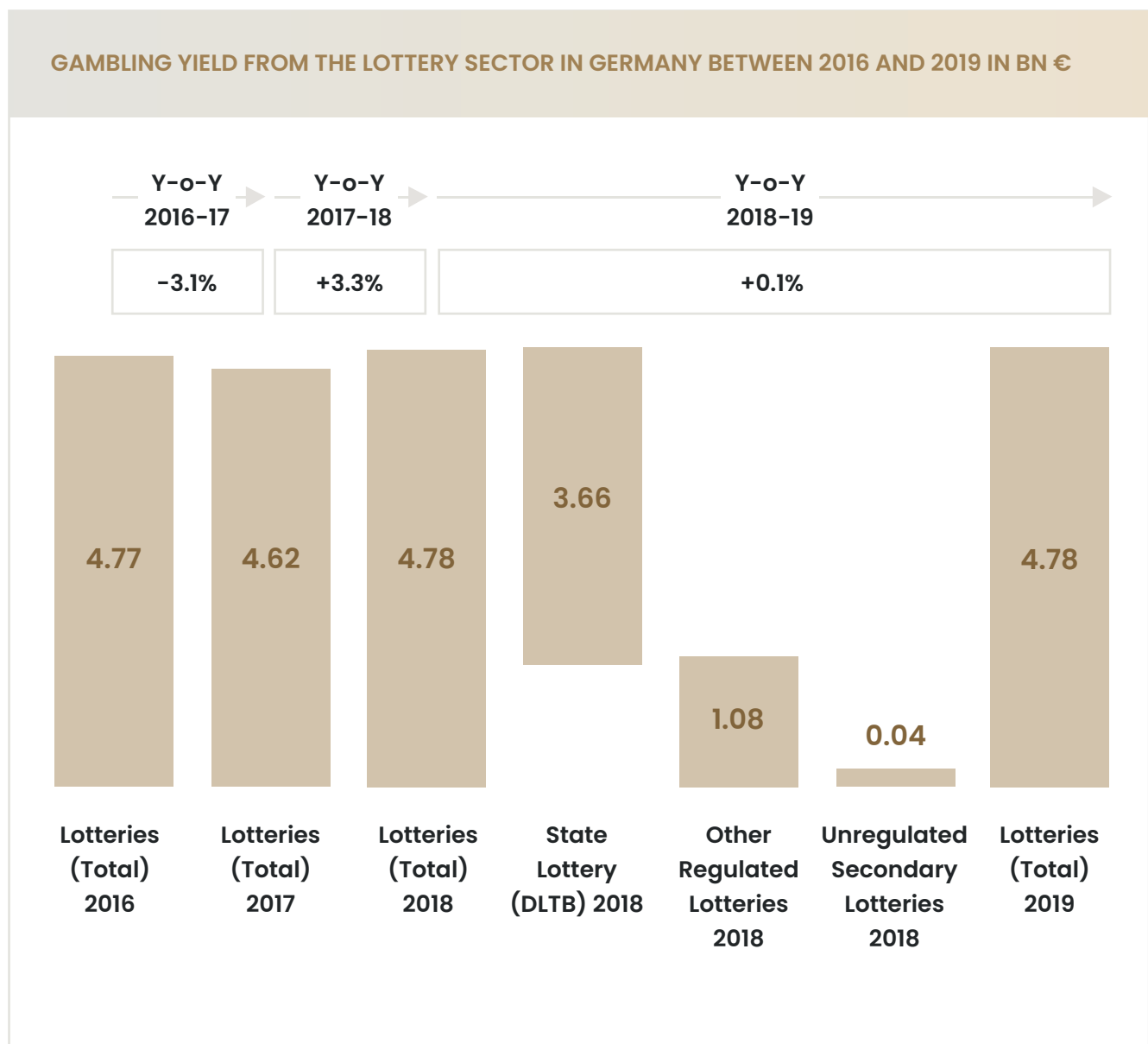| Lotteries (Total) 2016	Lotteries (Total) 2017	Lotteries (Total) 2018	State Lottery	Charity Lotteries	Unregulat-ed Lotteries	GKL Lottery	Other Regulated Lotteries	Lotteries (Total) 2019
9.27	9.00	9.37	7.15	0.66	0.35	0.34	0.87	9.41

Gambling Stakes within the Germany State Lottery (DLTB)

The amount of money staked within the German state lottery remained stable in 2019, with a decrease of only -1.2% compared to the year before. The classic lottery, however, recovered from its previous decrease in yield in 2018 and gained another +2.2% in 2019. Generally, the classic lottery remains the most yielding product of the German state lottery. As expected the stake-record reached in the Euro-Jackpot in 2019 could not be reached again. Nonetheless, the Euro-Jackpot, as well as the instantaneous lotteries (+9.8%), remain the most promising types of games, in terms of yields, within the State Lottery.

GAMBLING STAKES WITHIN THE GERMAN STATE LOTTERY (DLTB) 2018 – 2019 IN M €

Classic Lottery: 3,472 / 3,547
Euro Jackpot: 1,459 / 1,250
Spiel 77: 916 / 913
Instantaneous Lotteries: 469 / 515
Super 6: 386 / 386
Glücksspirale: 234 / 231
Keno: 129 / 132
Bingo: 61 / 63
Sieger-Chance: 16 / 20
Plus 5: 11 / 11

● 2018　　● 2019

Gambling Yield from Lotteries

The gambling yield within the lottery sector has increased by +3.3% between 2017 and 2018. Again, the biggest contributor has been the numerous jackpots of the Euro-Jackpot and the state lottery jackpot. In total, the state lottery generated a gross gambling revenue of 3.66 Bn €. 459 M € of this has been generated online and via commercial operators. The unregulated secondary lotteries only generated 44 M € in total gambling yield, which compared to the regulated lottery sector turns out to be a relatively small amount.

GAMBLING YIELD FROM THE LOTTERY SECTOR IN GERMANY BETWEEN 2016 AND 2019 IN BN €

Y-o-Y 2016-17	Y-o-Y 2017-18	Y-o-Y 2018-19
−3.1%	+3.3%	+0.1%

Lotteries (Total) 2016	Lotteries (Total) 2017	Lotteries (Total) 2018	State Lottery (DLTB) 2018	Other Regulated Lotteries 2018	Unregulated Secondary Lotteries 2018	Lotteries (Total) 2019
4.77	4.62	4.78	3.66	1.08	0.04	4.78

Casinos*

Market Analysis 2019

Yields from Casinos and Online Casinos

The downwards trend within the land-based casinos sector has successfully been interrupted in 2015. Since then, the casino sector yield is increasing significantly. In 2019, the yield surpassed the previous year by +23%. The focus on slot machines has led to an increase in visitors (+14.1%) as well as to higher amounts staked per player (+10%). A similar gambling yield in the casino sector had last been registered in 2007. The growth of the unregulated online casino sector on the other hand remained stable in 2019, with a plus of 6.2% compared to the previous year.

GAMBLING YIELD IN CASINOS IN GERMANY 2018-19 IN MIO €

Y-o-Y
2018-19

+10.6%

2,814	3,113	2,160	700	160	93
Casino (Total) 2018	Casino (Total) 2019	Online Casino 2019	Land-Based Casino Slot Machines 2019	Land-Based Casino Games 2019	Online Poker 2019

GROWTH RATE COMPARED TO THE PREVIOUS YEAR 2018-19 IN %

+23.0%
Casinos

10.6%	6.2%	31.8%	4.2%	−2.6%
Casino (Total)	Online Casino	Land-Based Casino Slot Machines	Land-Based Casino Games	Online Poker

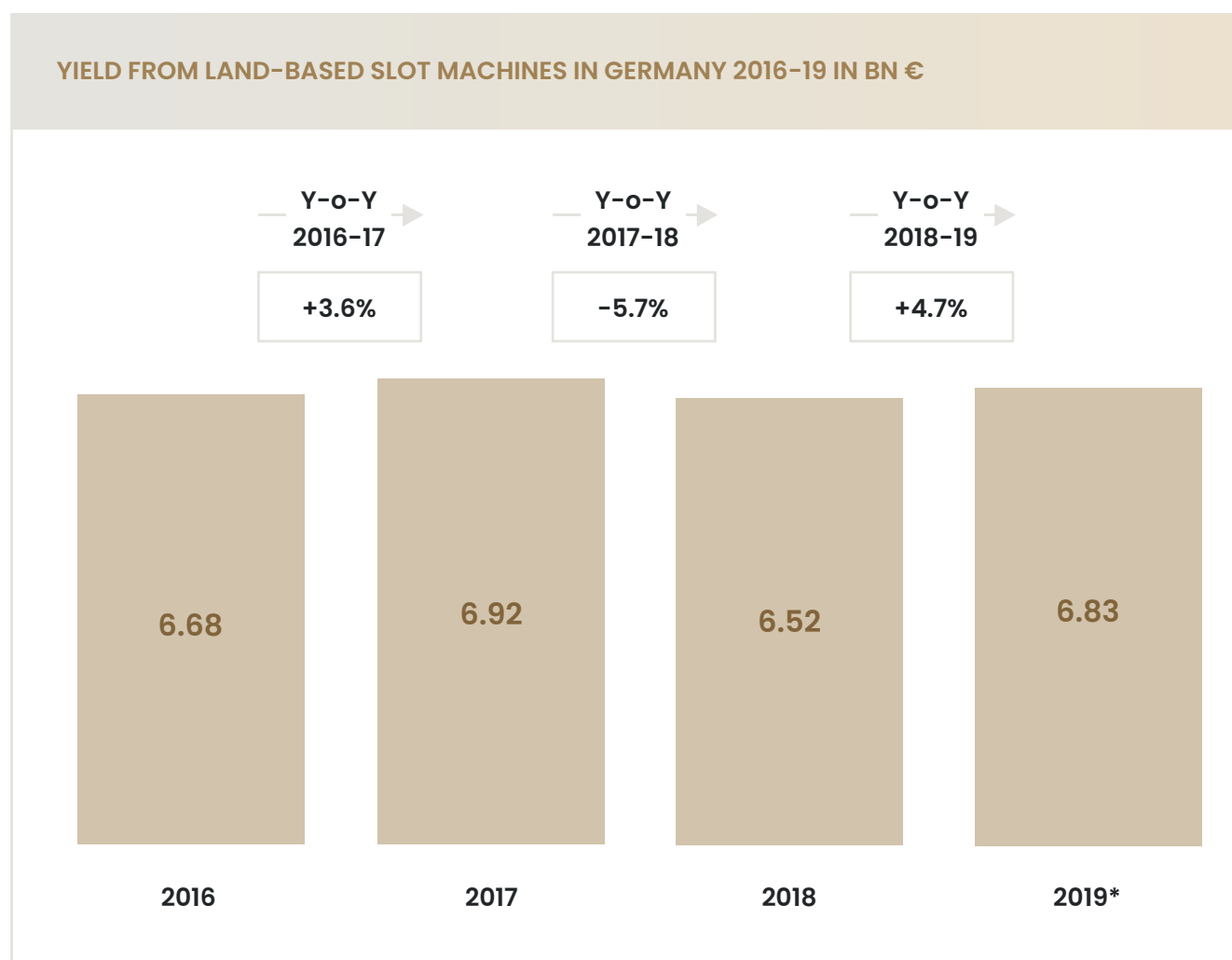*Source: Goldmedia Gambling Market Germany 2020*

Slot Machines

Market Analysis 2019

Yield from Slot Machines

The gross gambling yield from German slot machine operators presented a strong and stable growth until 2017. In 2017, however, a stricter regulation came into place (e.g. minimum distance between two slot casinos). Due to this the number of operated slot machines decreased by 19,000 devices to a total of 245,000 between 2016 and 2018. The reduction in the number of machines resulted in a decreased yield by -5.7% compared to the previous year. In the following year 2019 the gross gambling yield increased by +4.7% despite the reduced number of slot machines and slot casinos.

YIELD FROM LAND-BASED SLOT MACHINES IN GERMANY 2016-19 IN BN €

Y-o-Y 2016-17	Y-o-Y 2017-18	Y-o-Y 2018-19
+3.6%	-5.7%	+4.7%

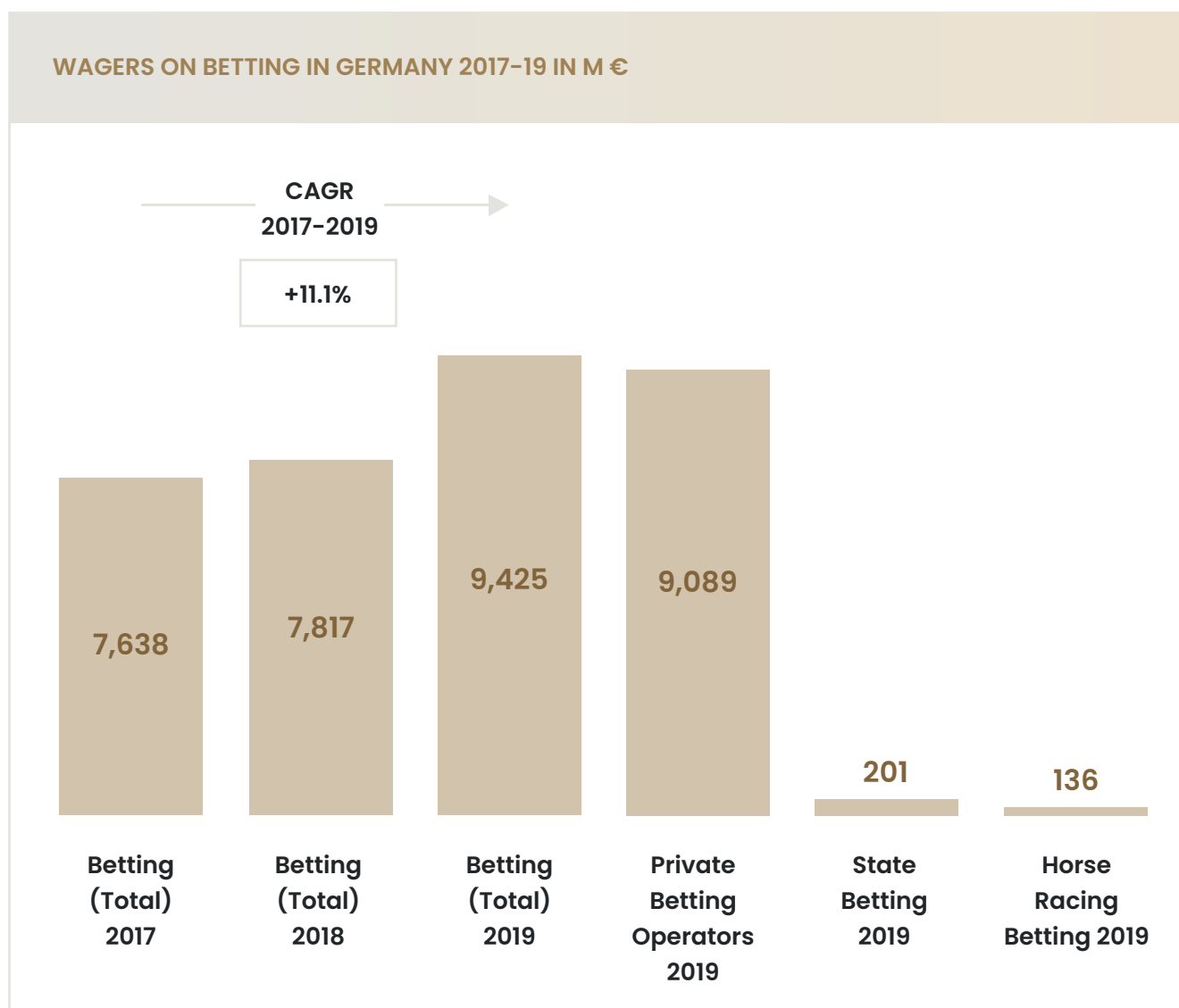| 2016	2017	2018	2019*
6.68	6.92	6.52	6.83

Betting

Market Analysis 2019
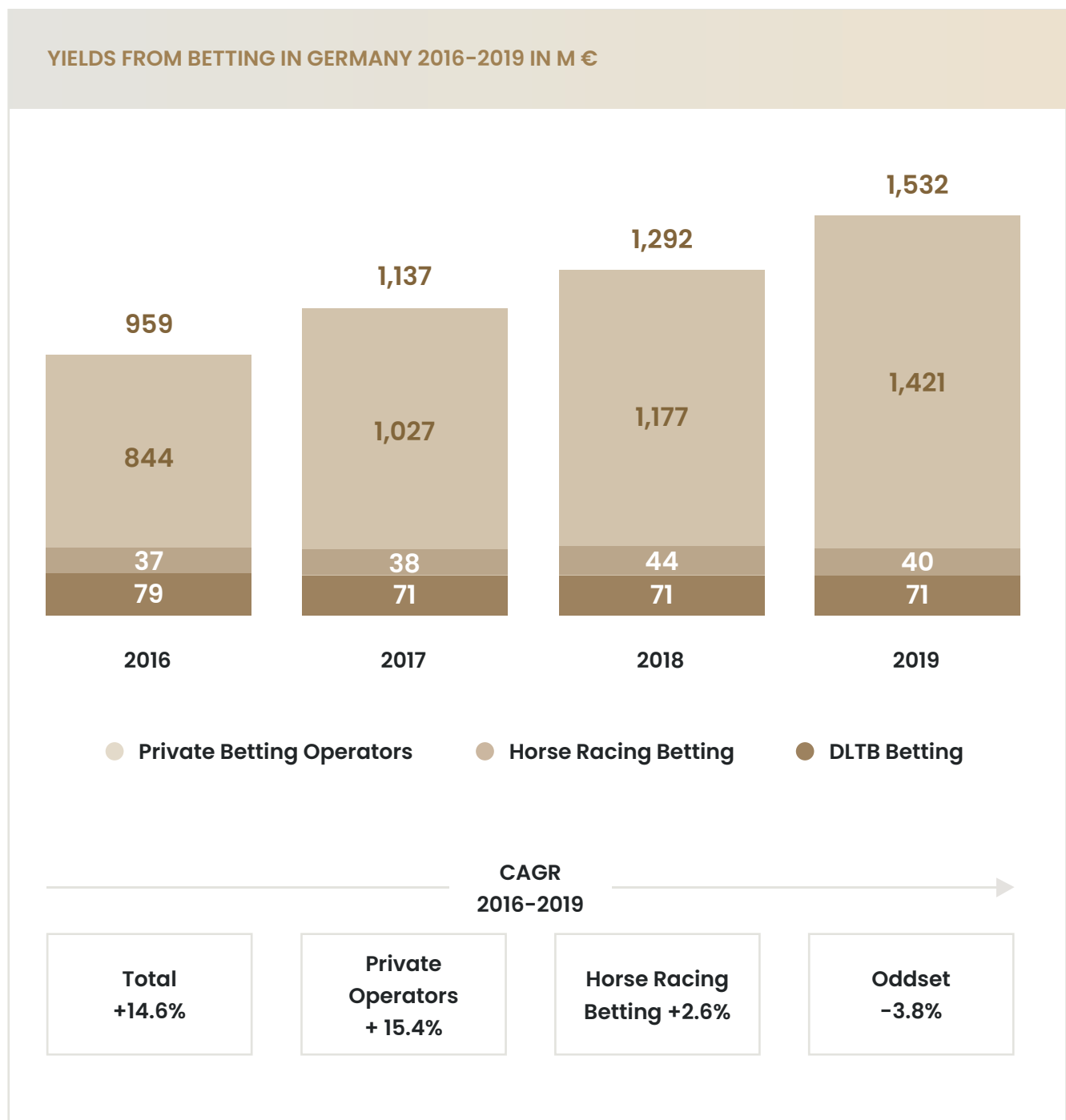
Wagers on Betting in Germany

The dynamic growth within the betting sector continues. Over a period of two years (2017–19) the amount of money wagered by bettors grew by +23.4% to 9.43 Bn €, which corresponds to an average growth of 11.1% per year. In 2019 bettors wagered more than 9.43 Bn €. For the first time, about 9.09 Bn € were placed on bets offered by private betting operators, most of them being land-based betting shops (4.81 Bn €). The state betting operators (Oddset, Toto) are stagnating at about 200 M € since 2017.

WAGERS ON BETTING IN GERMANY 2017–19 IN M €

CAGR
2017–2019

+11.1%

Betting (Total) 2017	Betting (Total) 2018	Betting (Total) 2019	Private Betting Operators 2019	State Betting 2019	Horse Racing Betting 2019
7,638	7,817	9,425	9,089	201	136

Yields from Betting

The yields from betting have increased significantly over the past three years. On average, in the past three years, the yield has grown by +14.6% per year.
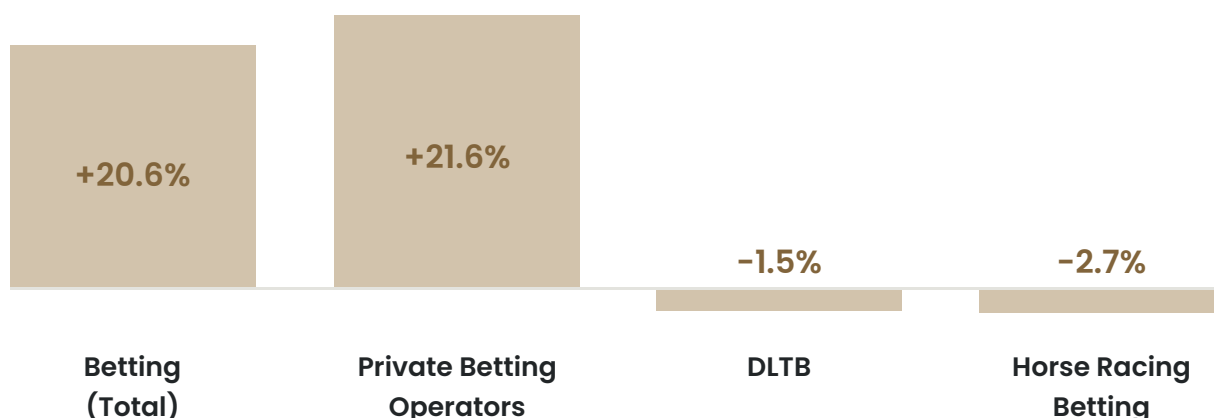
In 2017, the private betting operators for the first time ever generated more than one billion Euros in gross gambling yield. There has not yet been observed a decrease in growth dynamics throughout the betting market.

YIELDS FROM BETTING IN GERMANY 2016–2019 IN M €

	2016	2017	2018	2019
Total	959	1,137	1,292	1,532
Private Betting Operators	844	1,027	1,177	1,421
Horse Racing Betting	37	38	44	40
DLTB Betting	79	71	71	71

● Private Betting Operators   ● Horse Racing Betting   ● DLTB Betting

CAGR 2016–2019

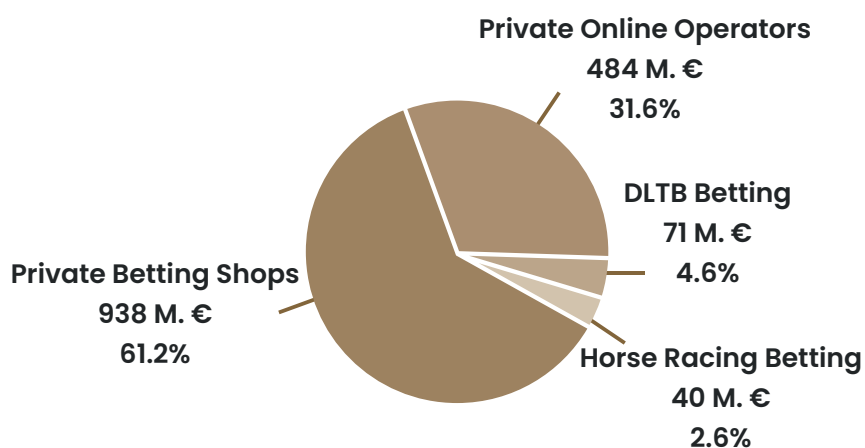| Total +14.6%	Private Operators + 15.4%	Horse Racing Betting +2.6%	Oddset −3.8%

Private Operators are Dominating

Despite a record growth of yields from the gambling market (+20.6% compared to the previous year 2018; +50.6% over a three year period since 2016) not all betting operators can profit. The growth dynamic solely originates in commercial sports betting products. The state operators (or operators regulated by the State) continue to lose market share against the commercial competitors. The market share of DLTB sports betting and horse racing betting (Oddset, Toto) fell to 4.6% of the total betting yields. Nonetheless, the state regulated sports betting and horse racing betting operators kept their gambling yield stable at around 110 M €.

GAMBLING YIELD GROWTH ON THE GERMAN BETTING MARKET 2018 TO 2019 IN %

Betting (Total)	Private Betting Operators	DLTB	Horse Racing Betting
+20.6%	+21.6%	−1.5%	−2.7%

MARKET SHARES ON THE GERMAN BETTING MARKET 2019 IN M €

- Private Online Operators — 484 M. € — 31.6%
- DLTB Betting — 71 M. € — 4.6%
- Horse Racing Betting — 40 M. € — 2.6%
- Private Betting Shops — 938 M. € — 61.2%

Gambling Market Germany 2019–2024

Forecast about Market Trends

The Impact of COVID-19 on the German Gambling Market

In 2020, the pandemic has a significant impact on the usually stable gambling market. Against the factors that are holding back the market (closure of all land-based gambling, decreasing household income) there are also growth-promoting factors (increased internet usage, more daily free time, adapted marketing strategies). When this report was assembled (April/May 2020), the consequences of the COVID-19 pandemic began to show. Therefore, the forecast for market trends until 2024 has been made in consideration of the development of the pandemic, in particular during the time period of maximum contact limitation between March and May 2020. Due to the high level of uncertainty, the forecast is based on the following model assumptions: There won't be a second wave; contact limitations remain throughout the last two quarters of 2020; continuous normalising of social relationships; V-shaped recovery of the overall economy beginning in Q3 2020.

1. Lotteries

The pandemic did not affect the lottery sector in a negative way. Even during times of maximum contact limitation in March and April 2020, the wagers from lottery players did not decrease.

2. Casinos

In the casino sector there was a big shift towards online games. While land-based casinos are expecting an overall loss of profit of 40%, the casino sector as a whole will reach the same yields in 2020 as in the previous year.

3. Slot Machines

Slot machines have been impacted massively by the contact limitations during the first two quarters of 2020. With the second quarter practically missing completely the expected yield is easy to prognosticate. The overall yield in 2020 will decrease by 20 – 25% compared to the previous year.
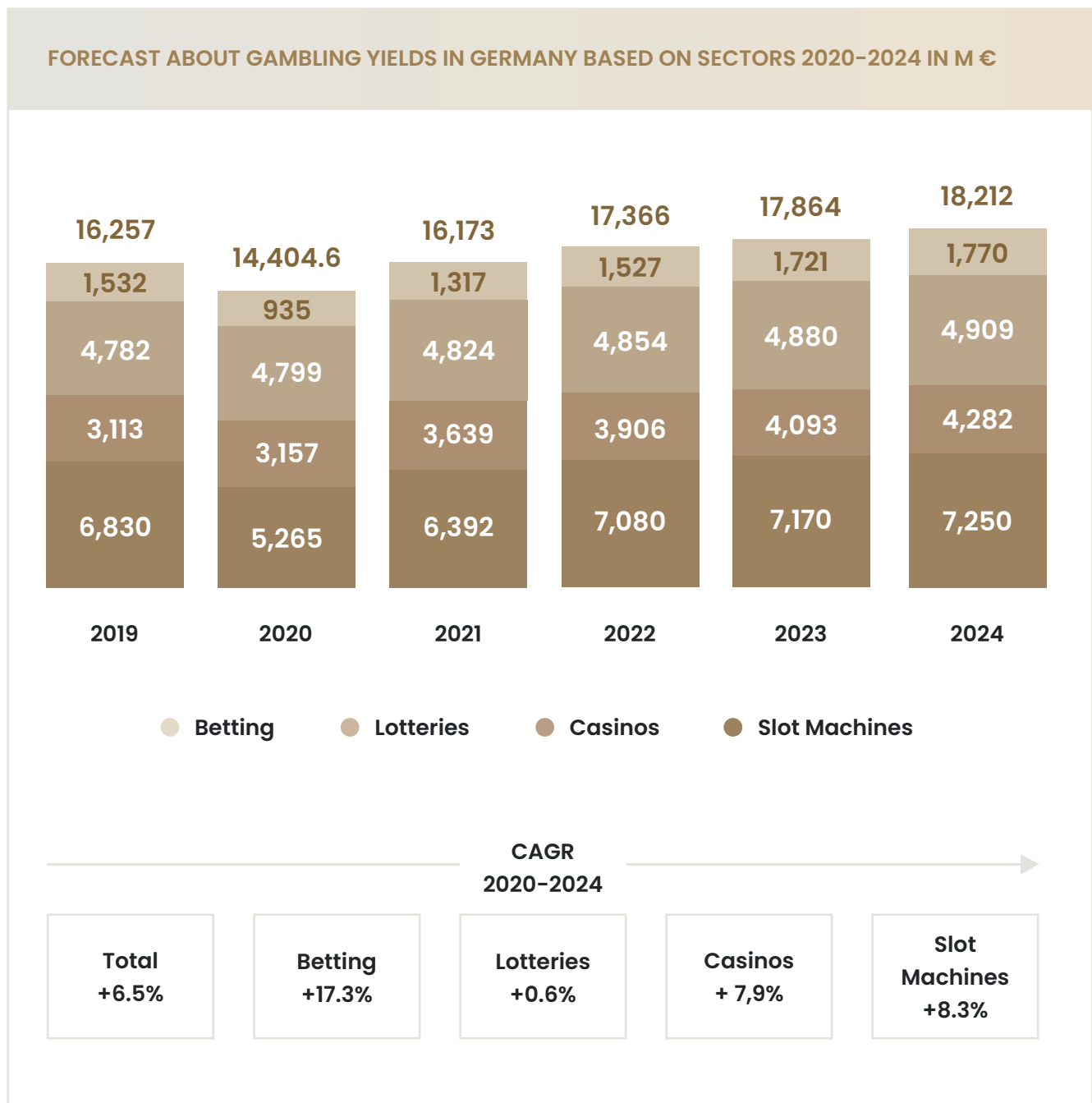
4. Betting

The betting market was a lot more affected by the lack of sport events than by any contact limitations. The remaining sport events have not been attractive enough for the masses of occasional bettors, so that the loss of profit could not be compensated by online betting.
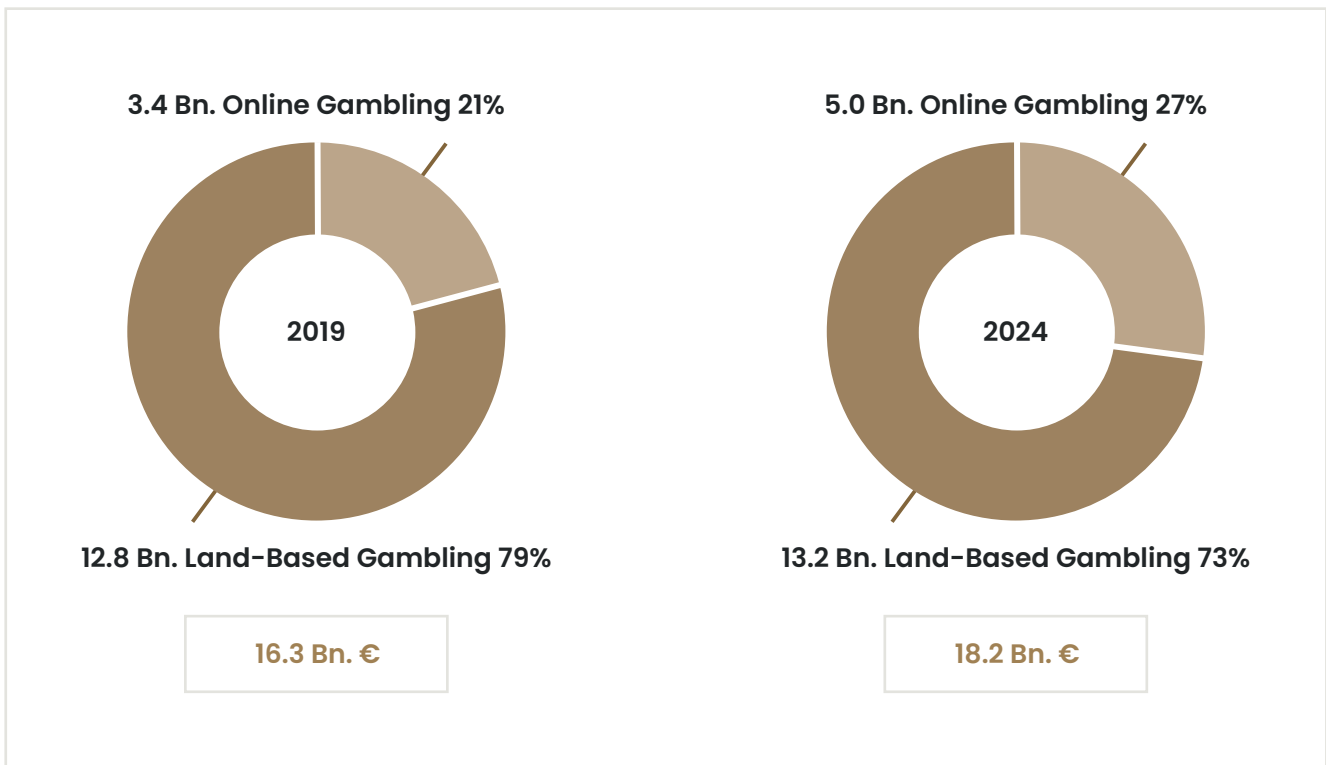
Forecast for the Gambling Market 2024

**Between 2020 and 2024 the yields from the German gambling market will grow by 4.06 Bn €.
The gambling market therefore grows by +28.6% to a total of 18.21 Bn € over a four-year period.**
This corresponds to an average growth rate of +6.5% per year. The strong growth is a direct consequence of the unusual decrease of yields during the COVID-19 pandemic 2020 (-12.9% compared to 2019). Based on the model assumptions the negative consequences for the economy brought on by the pandemic will be balanced out from 2022 onwards. The market will then resume its growth, albeit with a decreased dynamic.

FORECAST ABOUT GAMBLING YIELDS IN GERMANY BASED ON SECTORS 2020-2024 IN M €

	2019	2020	2021	2022	2023	2024
Total	**16,257**	**14,404.6**	**16,173**	**17,366**	**17,864**	**18,212**
Betting	1,532	935	1,317	1,527	1,721	1,770
Lotteries	4,782	4,799	4,824	4,854	4,880	4,909
Casinos	3,113	3,157	3,639	3,906	4,093	4,282
Slot Machines	6,830	5,265	6,392	7,080	7,170	7,250

● Betting ● Lotteries ● Casinos ● Slot Machines

CAGR
2020-2024

Total +6.5%	Betting +17.3%	Lotteries +0.6%	Casinos + 7,9%	Slot Machines +8.3%

Forecast for the Gambling Market 2024

3.4 Bn. Online Gambling 21%

2019

12.8 Bn. Land-Based Gambling 79%

16.3 Bn. €

5.0 Bn. Online Gambling 27%

2024

13.2 Bn. Land-Based Gambling 73%

18.2 Bn. €

1. Lotteries

The lottery sector remains stable on a high level until 2024. The basis of this prognosis lies within the sales expectations of the DLTB, as well as in the changes made to the classic lottery. There will also be some growth within other lotteries and the online lottery sector.

2. Casinos

The casino sector will grow by 1 Bn €, the main reason for this being the regulation of online casinos from 2021 onwards. Land-based casinos will also continue their positive trend. The CAGR will grow by 7.9% between the crisis year 2020 and the year 2024.

3. Slot Machines

Slot machines are very much affected by the consequences of the pandemic. Nonetheless, the sector will recover quickly. The CAGR until 2024 will be 8.3%. However, some risk remains because of an overall reduced number of slot machines as a consequence of insolvencies brought on by the pandemic.

4. Betting

The pandemic has the most severe impact on the betting sector, not only because land-based operators had to temporarily close, but also because of a highly reduced amount of betting products. After overcoming the crisis year 2020, a significant growth can be expecting (CAGR of 17.3% until 2024).

Results of the User Surveys

Online Casino
Focus on Online Slots

TIME PERIOD	1st − 29th February
METHODOLOGY	Online surveys regarding user preferences about different types of online games
SAMPLE	n=385 online casino users who played online slots within the last 12 months

Types of Gambling in Online Casinos

The regulation of online casino games from July 2021 on concerns two different types of licences.

1. Nationwide licences for commercial operators of online slots and online poker.
2. Online casino licences for land-based operators for classic casino games like roulette, blackjack, craps etc.

The second type of licence will be defined and issued by the different states (Bundesländer) and presupposes a previously acquired licence for land-based gambling. Slot machines are dominating the online casino market: According to Goldmedia's estimations in 2019, 90% of revenue has been generated by slot machines, 4% by Poker and 6% by classic casino games.

The following user survey focuses on online slots, because they are the most significant sector and the main object of nation-wide regulation.

Licences for casinos issued by the different regions

ROULETTE

in all variations, both as an online application as well as with live dealers

BLACKJACK

and Baccarat and other casino card games both as online applications as well as with live dealers

CRAPS

and other dice games

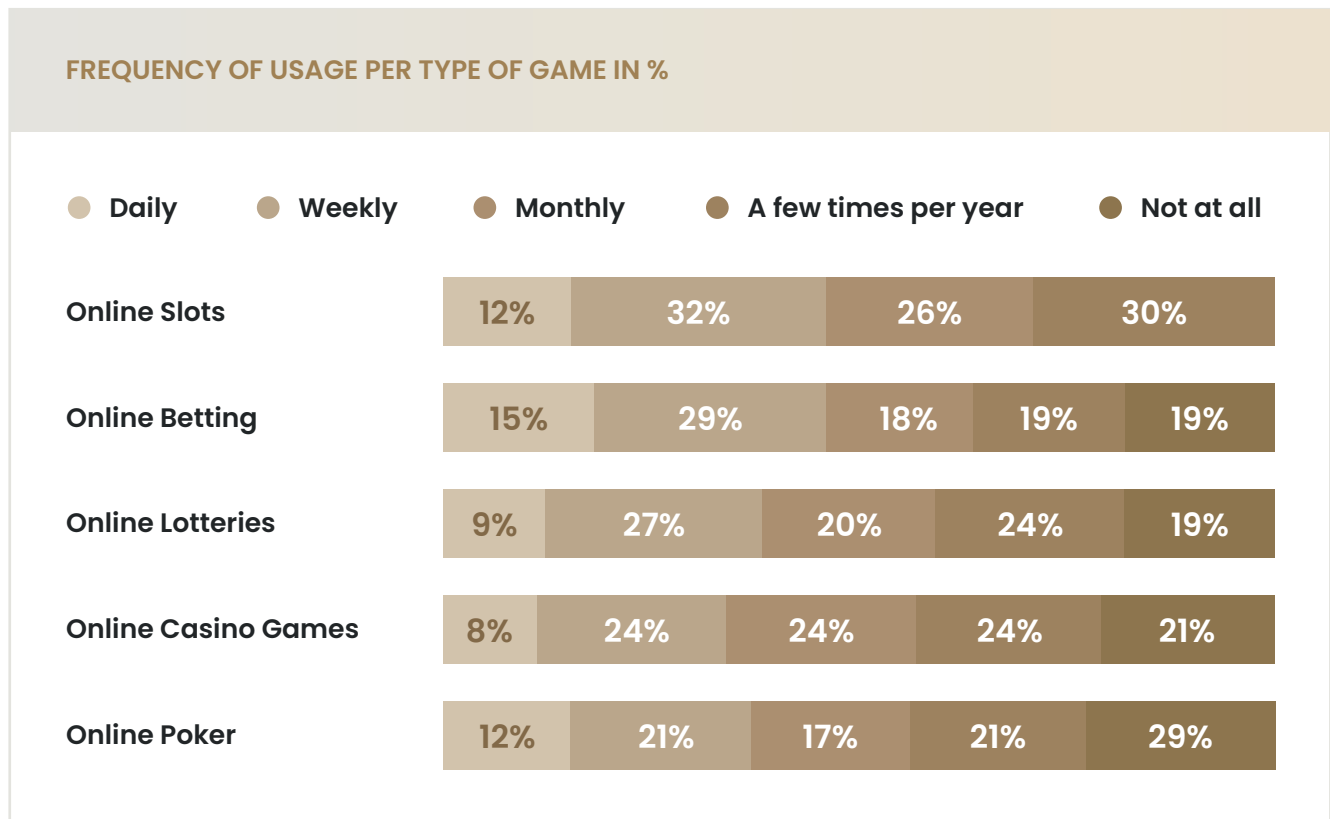## Nationwide licences for online casino operators

SLOT MACHINES

with the following restrictions: maximum time per spin of five seconds, maximum stake per game of 1 €, a monthly cross-operator deposit limit of 1,000 € ban on open jackpots, ban on autoplay-functions

POKER

in all variations, both as an online application as well as with live dealers
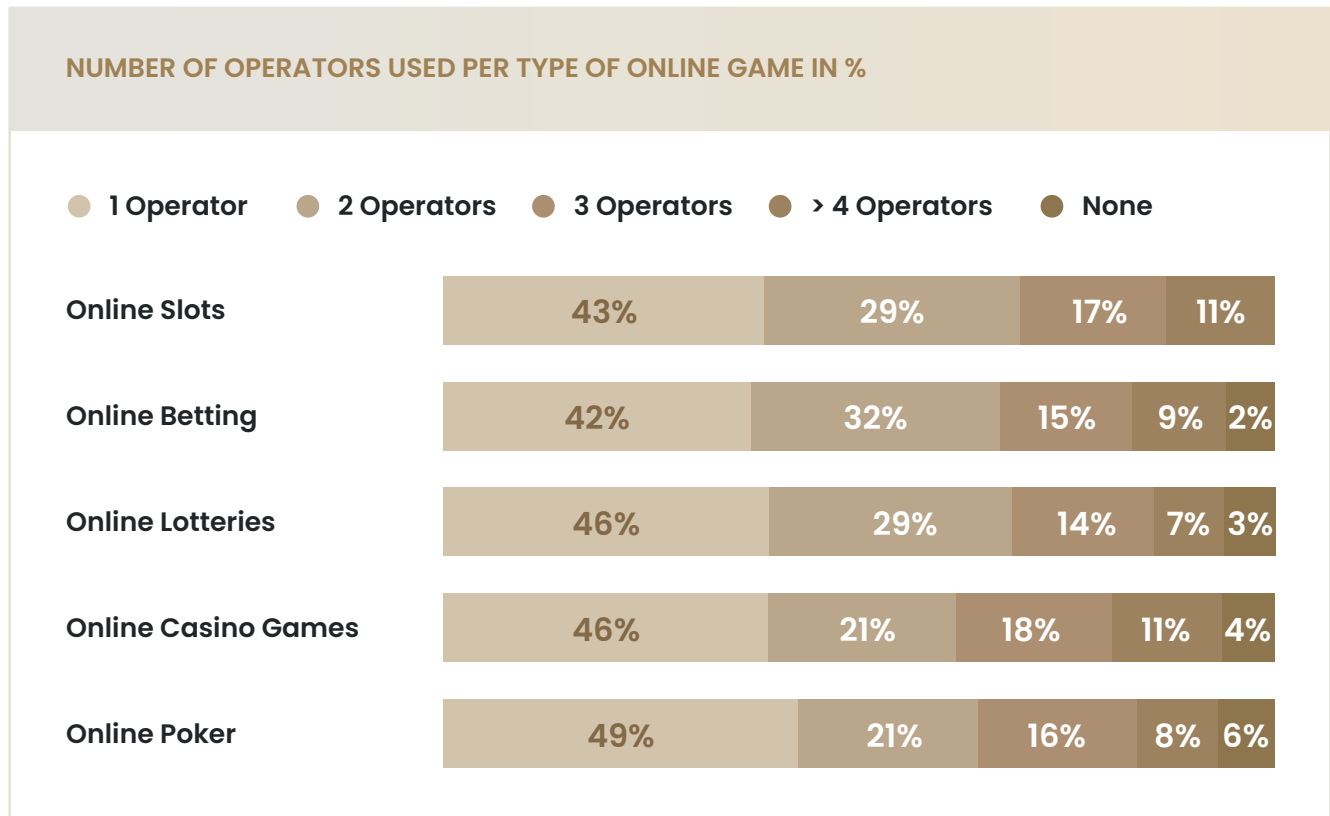
Frequency of Usage

Online slot users also used other different online gambling and betting products with a similar frequency. 12% of the online slot users asked were playing these daily, 8-12% played other games like online lotteries, online casino games or online poker daily. 15% said they were betting on sport events daily.

FREQUENCY OF USAGE PER TYPE OF GAME IN %

● Daily   ● Weekly   ● Monthly   ● A few times per year   ● Not at all

	Daily	Weekly	Monthly	A few times per year	Not at all
Online Slots	12%	32%	26%		30%
Online Betting	15%	29%	18%	19%	19%
Online Lotteries	9%	27%	20%	24%	19%
Online Casino Games	8%	24%	24%	24%	21%
Online Poker	12%	21%	17%	21%	29%

Used Product Range

	1 Operator	2 Operators	3 Operators	> 4 Operators	None

Online Slots — 43% | 29% | 17% | 11%

Online Betting — 42% | 32% | 15% | 9% | 2%

Online Lotteries — 46% | 29% | 14% | 7% | 3%

Online Casino Games — 46% | 21% | 18% | 11% | 4%

Online Poker — 49% | 21% | 16% | 8% | 6%

Roughly half of the online slot users asked were using only one operator for the respective type online game. Within the online slot segment, 29% used two operators and 17% used three operators.
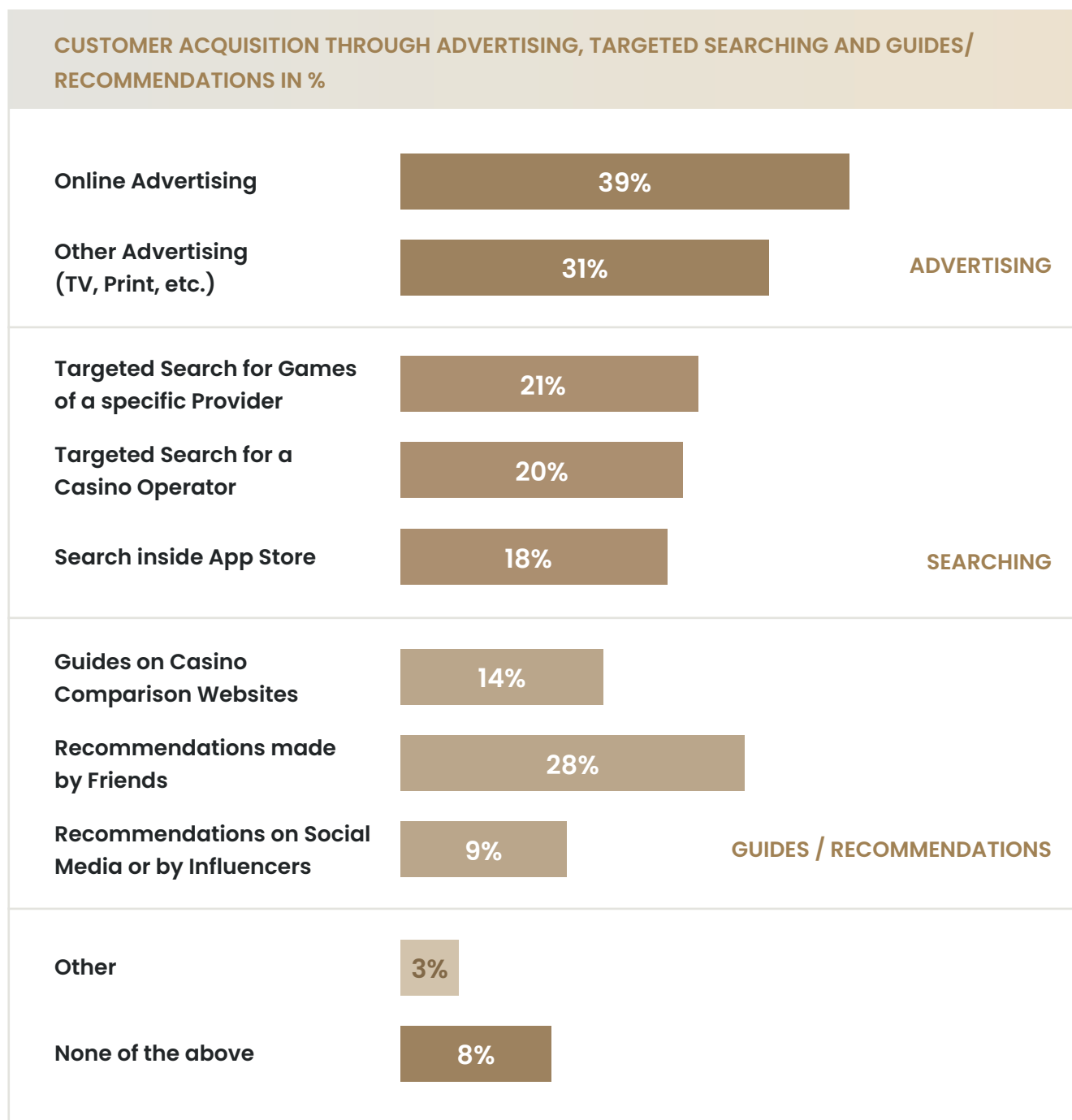
Operators' Reach

Tipico is by far the most used operator for online slots. 39% of the users asked said to play there regularly. Other operators most frequently used are Mr. Green (29%) and bwin (24%).

REGULARLY USED ONLINE SLOT OPERATORS IN %

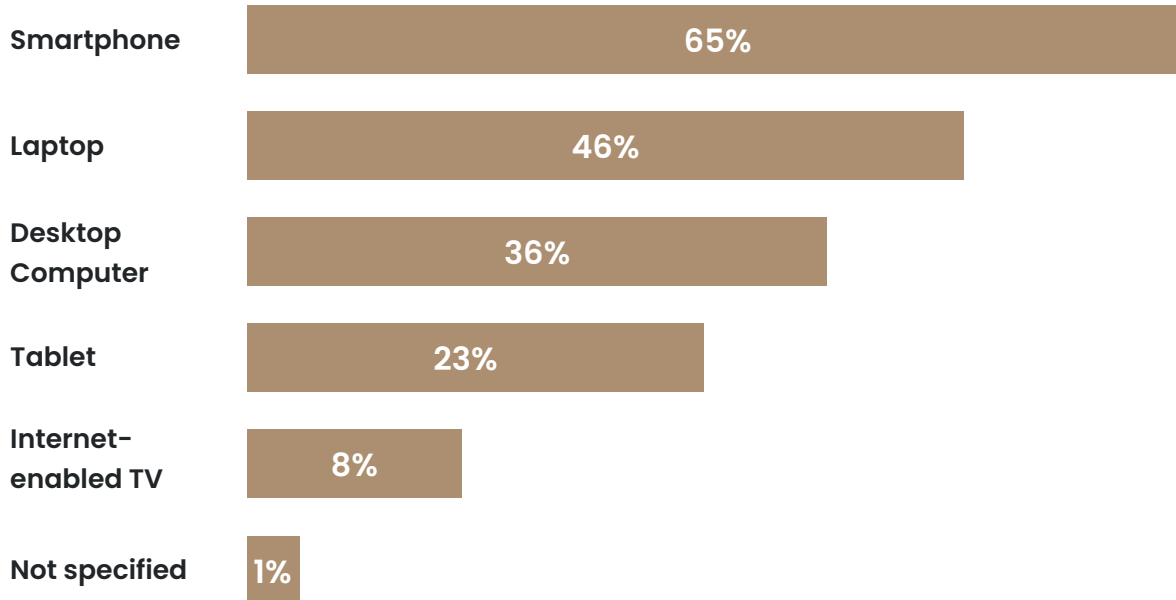| Operator	%
Tipico	39%
Mr Green	29%
Bwin	24%
Wunderino	21%
Sunmaker	19%
Bet-at-home	19%
Bet365	17%
Drückglück	16%
Betway	15%
Leovegas	12%
Lapalingo	11%
Other	9%

Customer Acquisition

The attention of online slot users is primarily caught through direct advertising from online operators (39% through online advertising, 31% through other channels). With 28%, recommendations made by friends play a similarly important role in customer acquisition. Social media and influencer turn out to be less important.

CUSTOMER ACQUISITION THROUGH ADVERTISING, TARGETED SEARCHING AND GUIDES/ RECOMMENDATIONS IN %

Category		
Online Advertising	39%	
Other Advertising (TV, Print, etc.)	31%	**ADVERTISING**
Targeted Search for Games of a specific Provider	21%	
Targeted Search for a Casino Operator	20%	
Search inside App Store	18%	**SEARCHING**
Guides on Casino Comparison Websites	14%	
Recommendations made by Friends	28%	
Recommendations on Social Media or by Influencers	9%	**GUIDES / RECOMMENDATIONS**
Other	3%	
None of the above	8%	

Devices Used

DEVICES USED TO PLAY ONLINE SLOTS IN %

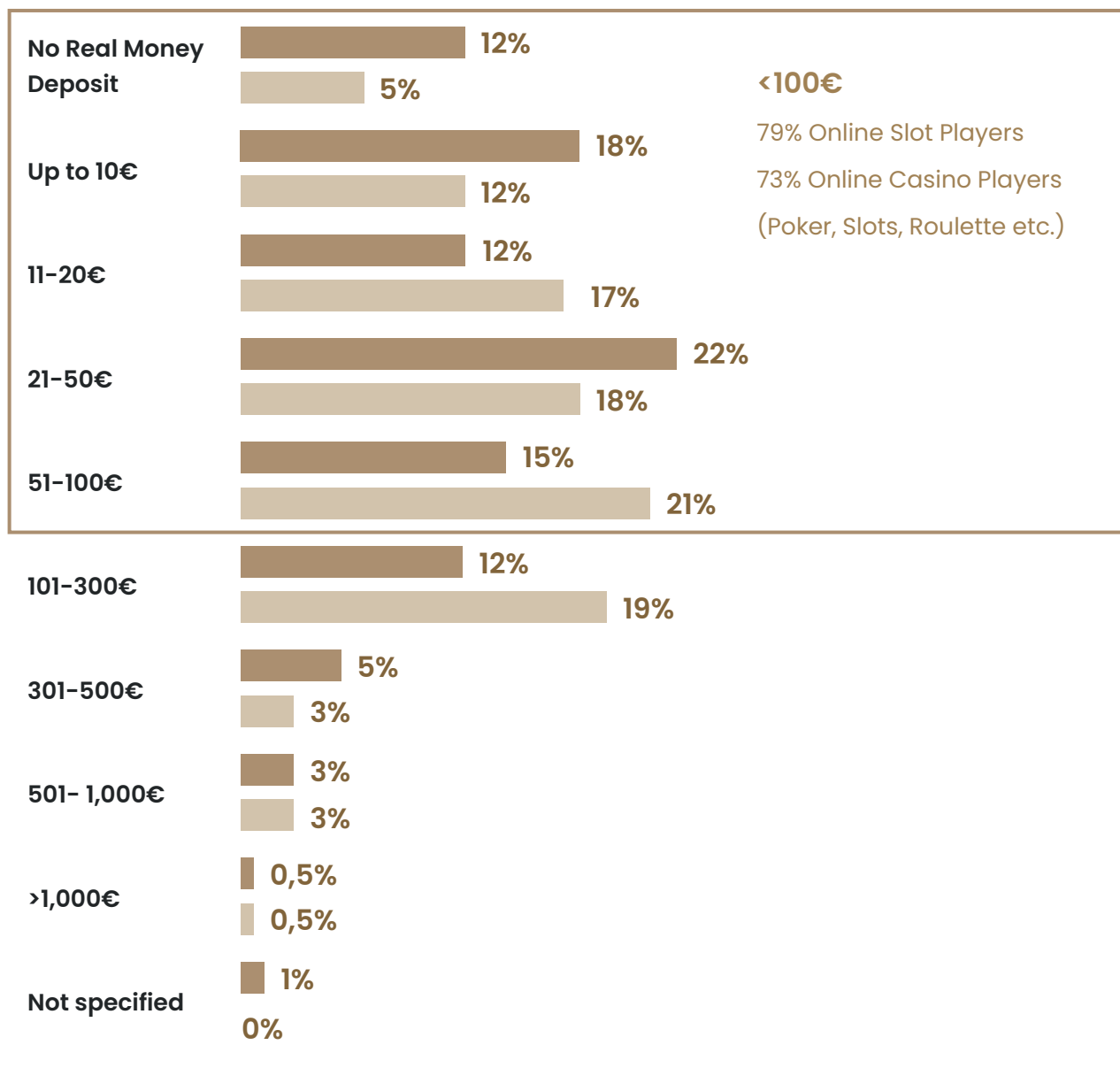| Device	Percentage
Smartphone	65%
Laptop	46%
Desktop Computer	36%
Tablet	23%
Internet-enabled TV	8%
Not specified	1%

With 65%, smartphones have been used the most in order to play online slots. 46% of the users asked are using a laptop and 36% a classic desktop computer. With 23%, the usage of tablets is still fairly low, while already 8% of users are playing online through an internet-enabled TV.

Source: Goldmedia Online Survey 2020, n=385 Online Slot Users. Question: „Which devices do you mostly use in order to play online slots?" (Multiple choice)

Monthly Deposits

Almost 80% of those users who only play online slot machines deposit less than 100 Euros per month. About 12% of slot machine players play without depositing any money. Those who also play other online casino games deposit slightly more money. However, 57% of their money deposited is still wagered on online slot machines.

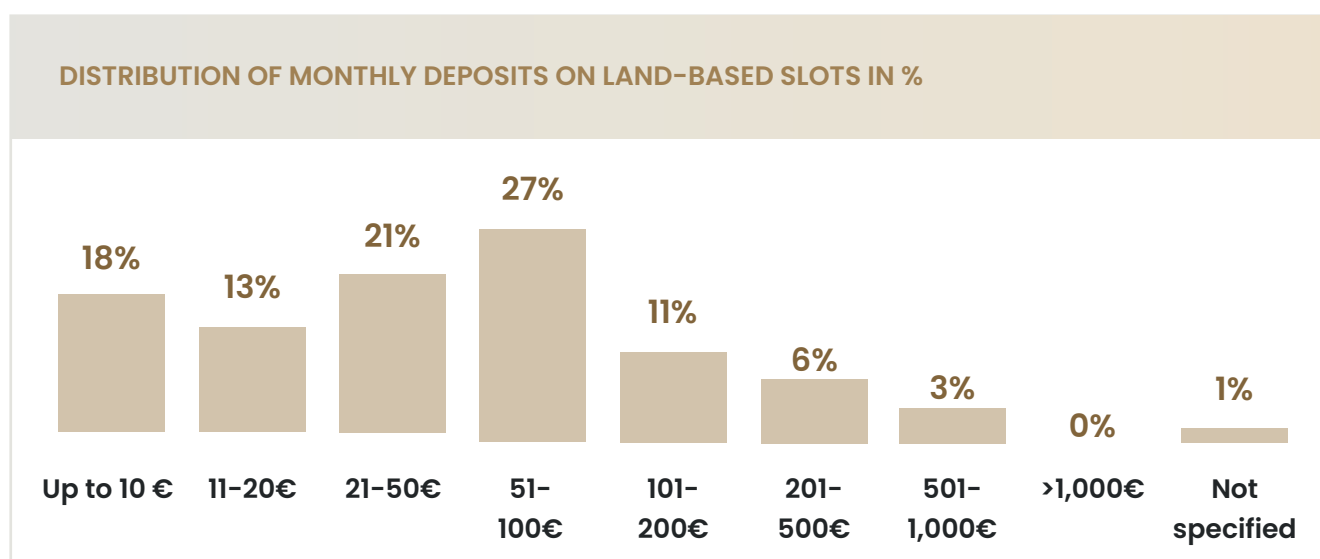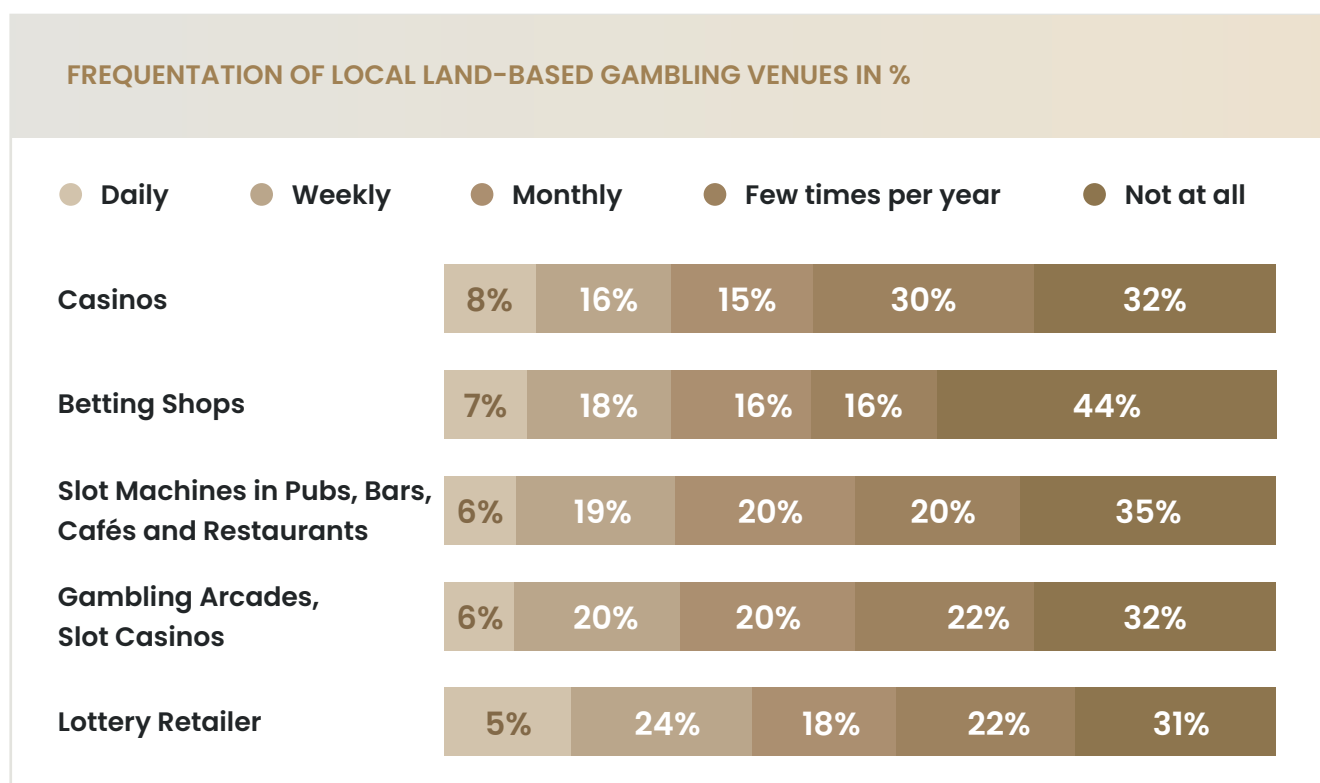DISTRIBUTION OF DEPOSITS MADE BY SLOT PLAYERS AND ONLINE CASINO GAME PLAYERS IN %

● Online Slot Players   ● Online Casino Players (Poker, Slots, Roulette, etc.)

Category	Online Casino Players	Online Slot Players
No Real Money Deposit	12%	5%
Up to 10€	18%	12%
11–20€	12%	17%
21–50€	22%	18%
51–100€	15%	21%
101–300€	12%	19%
301–500€	5%	3%
501–1,000€	3%	3%
>1,000€	0,5%	0,5%
Not specified	1%	0%

<100€

79% Online Slot Players

73% Online Casino Players (Poker, Slots, Roulette etc.)

Frequentation of Local Land-Based Gambling Venues

Online slot users are regularly frequenting land-based gambling venues in order to place bets and gamble. About 5 – 8% of the users asked are also going into casinos, gambling arcades/slot casinos or play slot machines in pubs and bars. The majority (79%) of the users asked wager less than 100 Euros monthly on land-based slot machines.
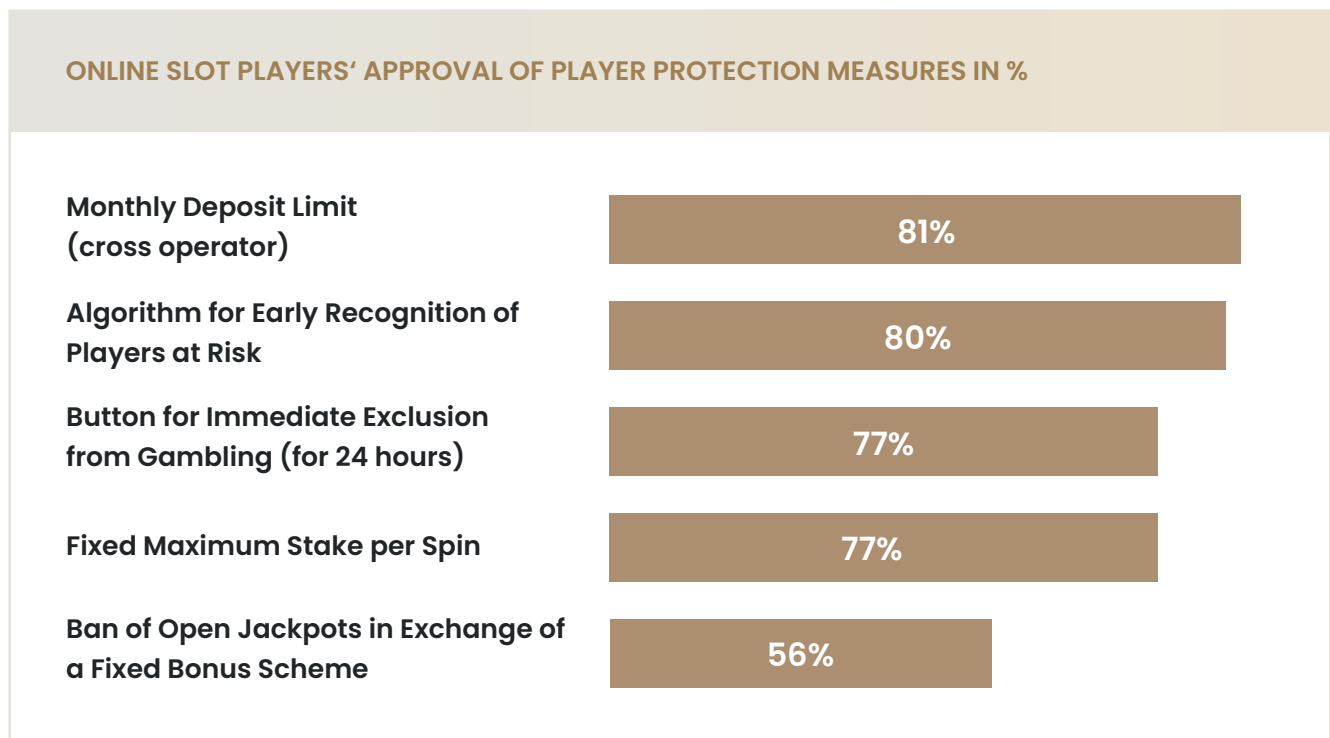
FREQUENTATION OF LOCAL LAND-BASED GAMBLING VENUES IN %

	Daily	Weekly	Monthly	Few times per year	Not at all
Casinos	8%	16%	15%	30%	32%
Betting Shops	7%	18%	16%	16%	44%
Slot Machines in Pubs, Bars, Cafés and Restaurants	6%	19%	20%	20%	35%
Gambling Arcades, Slot Casinos	6%	20%	20%	22%	32%
Lottery Retailer	5%	24%	18%	22%	31%

DISTRIBUTION OF MONTHLY DEPOSITS ON LAND-BASED SLOTS IN %

Up to 10 €	11–20€	21–50€	51–100€	101–200€	201–500€	501–1,000€	>1,000€	Not specified
18%	13%	21%	27%	11%	6%	3%	0%	1%

Source: Goldmedia Online Survey 2020, n=385 or in this case 250 Online Slot Users.
Question: „Do you also frequent local gambling venues, in order to place bets or gamble? If so, how much money do you wager on land-based slot machines every month?"
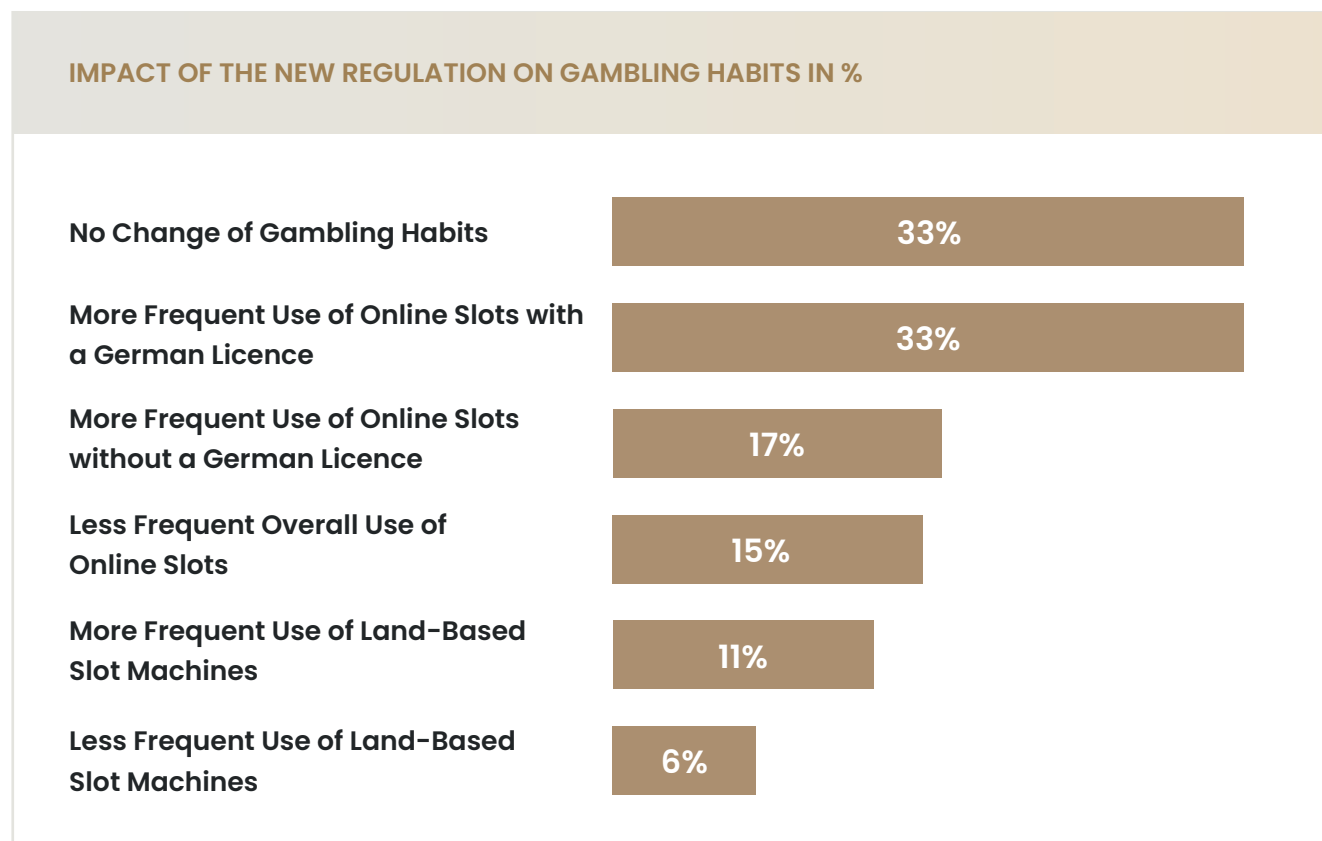
Player Protection Measures

The widely discussed player protection measures agreed upon by the government enjoy great popularity among online slot players. 77 – 81% of players approve of the monthly deposit limit, the use of algorithms for early recognition of players at risk, the button for immediate exclusion from gambling and the maximum stake per spin. However, 57% of players are not happy with the with the ban of open jackpots.

ONLINE SLOT PLAYERS' APPROVAL OF PLAYER PROTECTION MEASURES IN %

Monthly Deposit Limit (cross operator)	81%
Algorithm for Early Recognition of Players at Risk	80%
Button for Immediate Exclusion from Gambling (for 24 hours)	77%
Fixed Maximum Stake per Spin	77%
Ban of Open Jackpots in Exchange of a Fixed Bonus Scheme	56%

Impact of the New Regulation on Gambling Habits

If given the choice, one third of the online slot users asked would play more often with operators licenced by German authorities, once the market is regulated. However, 17% would still use operators without a German licence, for the reason of them putting up fewer limitations.

IMPACT OF THE NEW REGULATION ON GAMBLING HABITS IN %

Category	%
No Change of Gambling Habits	33%
More Frequent Use of Online Slots with a German Licence	33%
More Frequent Use of Online Slots without a German Licence	17%
Less Frequent Overall Use of Online Slots	15%
More Frequent Use of Land-Based Slot Machines	11%
Less Frequent Use of Land-Based Slot Machines	6%

Source: Goldmedia Online Survey 2020, n=385 Online Slot Users. Question: „Please consider the following rules about slot machines brought on by the new regulation: maximum stake of 1 €, monthly deposit limit of 1.000 €, no auto-play function, no open jackpots. Would your gambling habits change?" (Multiple choice)

Impact of the New Online Casino Regulations in Germany starting in 2021

Conjoint Analysis & Market Simulation. Based on the New Gambling Law 'Glücksspiel-Neuregulierungs-Staatsvertrag' (GlüNeuRegStV), Effective from July 2021

TIME PERIOD	1st – 29th February 2020
METHODOLOGY	Choice-Based Conjoint Analysis (CBC)
SAMPLE	n=385 online slot users who played online slots within the past 12 months

Explanation: Choice-Based Conjoint

The conjoint analysis allows service providers to find out which characteristics of an offer (e.g price, availability, quality, etc.), that only appear in conjunction with each other, influence a user's decision and in what way precisely they are contributing to the decision made. The offer is therefore a combination of certain characteristics that appear conjointly at the same time.

The conjoint analysis shows the use value that each singular characteristic has for consumers and in how far they are important. Therefore, the respective "value" or "use" of a singular characteristic of an offer and their significance for the eventual decision making can be determined, all in relation to the remaining offer characteristics.

The advantage of a conjoint analysis is that the value is not determined through direct questioning but concluded from a situation of decision making that comes close to a real-life consumer decision. The person asked has to repetitively decide between two offers, the characteristics of which are chosen at random.

After that there will be a calculation about the impact of the market entry of operators with new characteristics (eg. regulated online casinos) on the market share of an existing market. This calculation is based on the preferences about certain characteristics within a market simulation.

	Online Slot 1	Online Slot 2
Licence	WITHOUT Licence	European Licence (e.g. Malta)
Selection	Slot Casino Games (by Merkur, Novomatic etc.)	WITHOUT Known Games
Auto-Play	WITHOUT Auto-Play (Games start manually)	Auto-Play (Games start continuously)
Jackpots	WITHOUT Open Jackpots	Open Jackpots
Game Length	6 Seconds	5 Seconds
Max. Bet	2€ per Game	5€ per Game
Deposit Limit	500€ per Month	3,000€ per Month
	CBC_Random 1 Select	CBC_Random 1 Select

None of the above
I wouldn't choose any of the options.
CBC_Random 1   Select

Conjoint Analysis: Online Slots

The chosen characteristics used in the conjoint analysis were based on the draft of the new Interstate Treaty on Gambling (GlüNeuRegStV).*

The characteristics of regulated operators in the German market (or with a German licence) are therefore the average length of five seconds per round, the maximum stake of one Euro per spin, a monthly cross-operator deposit limit of 1,000 Euros, as well as a ban on open jackpots and an auto-play function.

Additionally, the quality of the offer has been added as a characteristic, in order to determine if there is a preference for known vs. unknown slot machine games.

CHARACTERISTICS USED IN THE CONJOINT ANALYSIS	
CHARACTERISTIC	**SPECIFICATION**
Type of Licence	1. WITH German licence* 2. WITH European licence 3. WITHOUT licence
Quality of Offer	1. WITH slot casino games (created by Merkur, Novomatic, etc.). 2. WITH online games (created by Microgaming, NetEnt etc.). 3. WITHOUT known games
Auto-Play Function	1. WITH Auto-play (games start continiously) 2. WITHOUT Auto-play* (games have to be started manually)
Jackpots	1. WITH open jackpots 2. WITHOUT open jackpots*

*Based on the draft published on 17th/18th January 2020
Source: Goldmedia Online Survey 2020, n=385 Online Slot Users.

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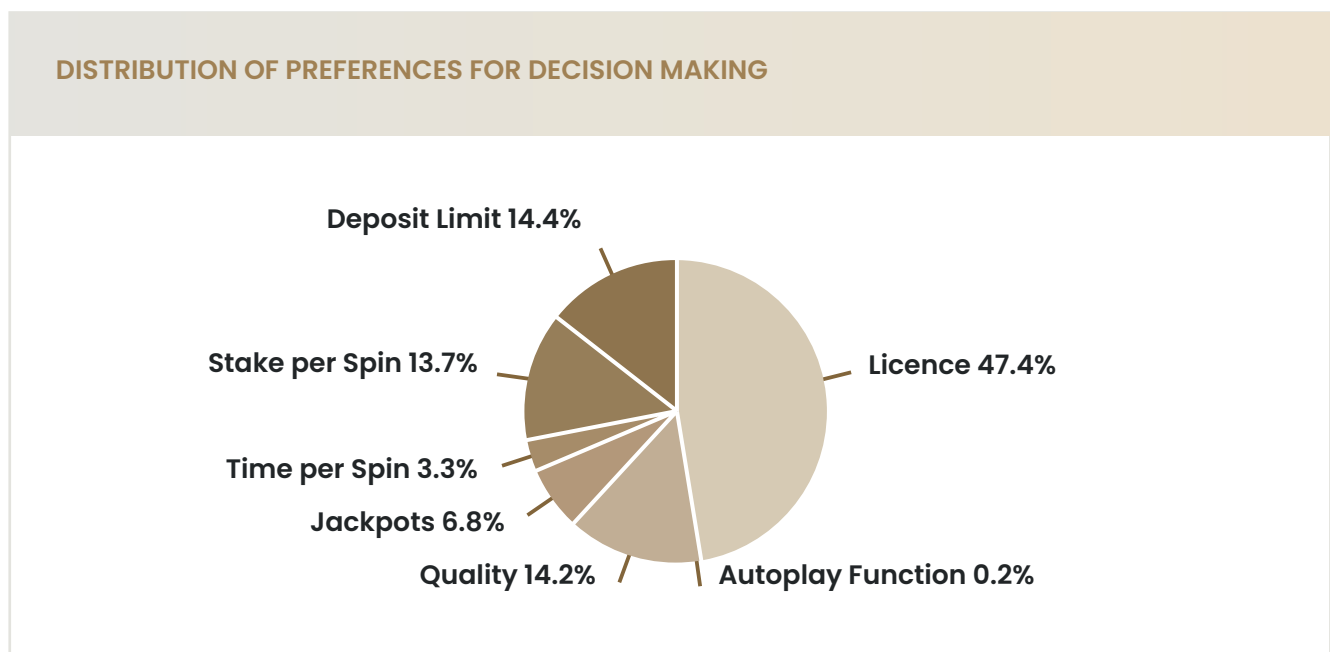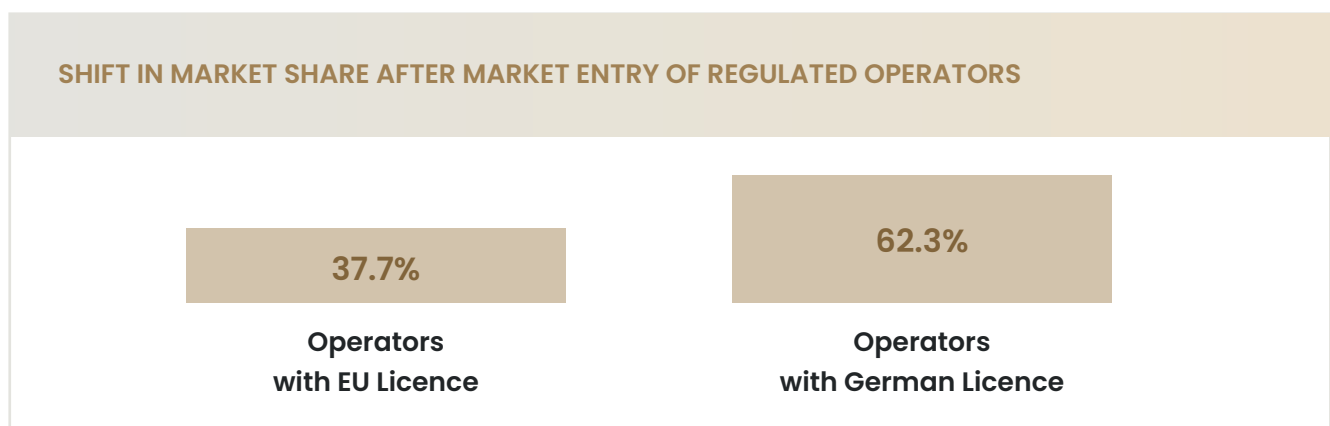|	
Time per Spin	1. 1 second per spin
	2. 2 seconds per spin
	3. 3 seconds per spin
	4. 4 seconds per spin
	5. 5 seconds per spin
	6. 6 seconds per spin
Maximum Stake per Spin	1. Max. stake of 1€ per spin*
	2. Max. stake of 2€ per spin
	3. Max. stake of 3€ per spin
	4. Max. stake of 4€ per spin
	5. Max. stake of 5€ per spin
	6. Max. stake of 6€ per spin
	7. WITHOUT stake limit
Deposit Limit	1. WITH deposit limit: 500€ per month
	2. WITH deposit limit: 1,000€ per month*
	3. WITH deposit limit: 1,500€ per month
	4. WITH deposit limit: 2,000€ per month
	5. WITH deposit limit: 2,500€ per month
	6. WITH deposit limit: 3,000€ per month
	7. WITHOUT fixed deposit limit

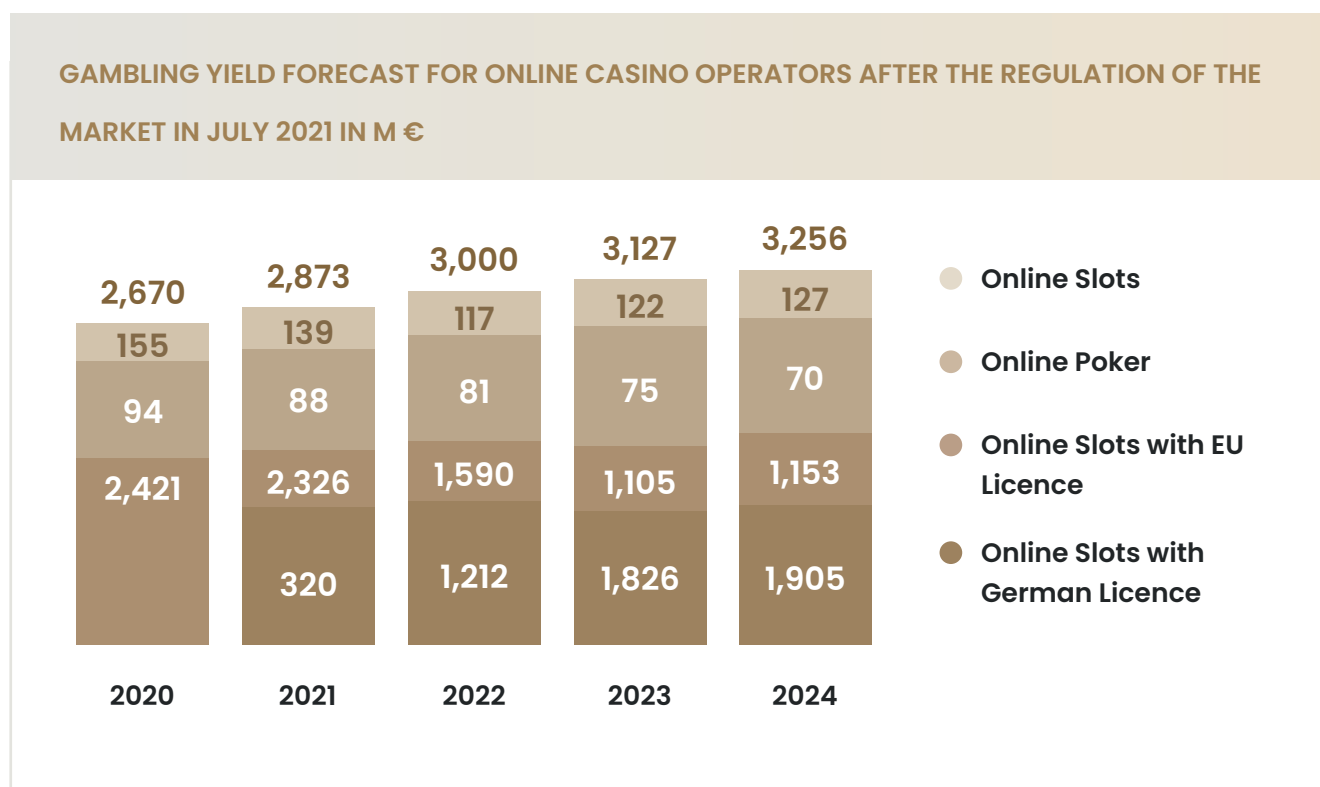# Distribution of Preferences and Market Simulation

The conjoint analysis of online slot users brought to light that whether an operator has a licence is the most important key consideration when it comes to choosing. The factors auto-play function or time per spin on the other hand do not play a significant role. In a regulated market, operators with a German licence would reach a market share of up to 62.3%. Based on user preferences, the remaining 37.7% of market share would still be taken by operators with an EU licence (Malta, etc.)

The simulation was based on the assumption that both types of operators remain in competition with regards to their products and characteristics and that the characteristics listed on the left will still be the driving factors for a player's choice of operator. Other possible influential factors for the decision making, for example payment blocking or marketing, have not been considered.

SHIFT IN MARKET SHARE AFTER MARKET ENTRY OF REGULATED OPERATORS

37.7%	62.3%
Operators with EU Licence	**Operators with German Licence**

DISTRIBUTION OF PREFERENCES FOR DECISION MAKING

Deposit Limit 14.4%

Stake per Spin 13.7%

Time per Spin 3.3%

Jackpots 6.8%

Quality 14.2%

Autoplay Function 0.2%

Licence 47.4%

Earnings Forecast based on the Market Simulation

The results of the simulation of a market that includes operators who are licenced under the new Interstate Treaty on Gambling and who coexist with EU regulated operators, has on this page been combined with the market prognosis of the online casino market. According to the prognosis/simulation the gambling yield could reach 1 Bn € by 2022 once operators with a German licence are included. The gambling yield from operators licenced in Germany will grow to 1.9 Bn € in 2024. The gambling yield from operators licenced in an EU country will drop to 1.2 Bn € in the same time period. The simulation is based on user preferences for the typical characteristics of products and operators who are licenced both in Germany and EU countries. However, there might be other factors (payment blocking, geo-blocking, extended advertising, bonus offers for new or existing customers) that could play a role in a customer's decision making.

GAMBLING YIELD FORECAST FOR ONLINE CASINO OPERATORS AFTER THE REGULATION OF THE MARKET IN JULY 2021 IN M €

	2020	2021	2022	2023	2024
Total	2,670	2,873	3,000	3,127	3,256
Online Slots	155	139	117	122	127
Online Poker	94	88	81	75	70
Online Slots with EU Licence	2,421	2,326	1,590	1,105	1,153
Online Slots with German Licence		320	1,212	1,826	1,905

The simulation cannot only give insight in future yields but also into user habits. According to a gambling survey*, conducted by the BZgA in 2017, 0.6% of German adults between 18 and 70 play online casino games at least once a year. That corresponds to 330,000 online casino customers. **Out of those about 206,000 customers would choose an operator licenced in Germany.**

The "dual frame approach" chosen by the BZgA tends to underrepresent the use of online and mobile casino games. Therefore, those 206,000 customers would only be the lower limit.
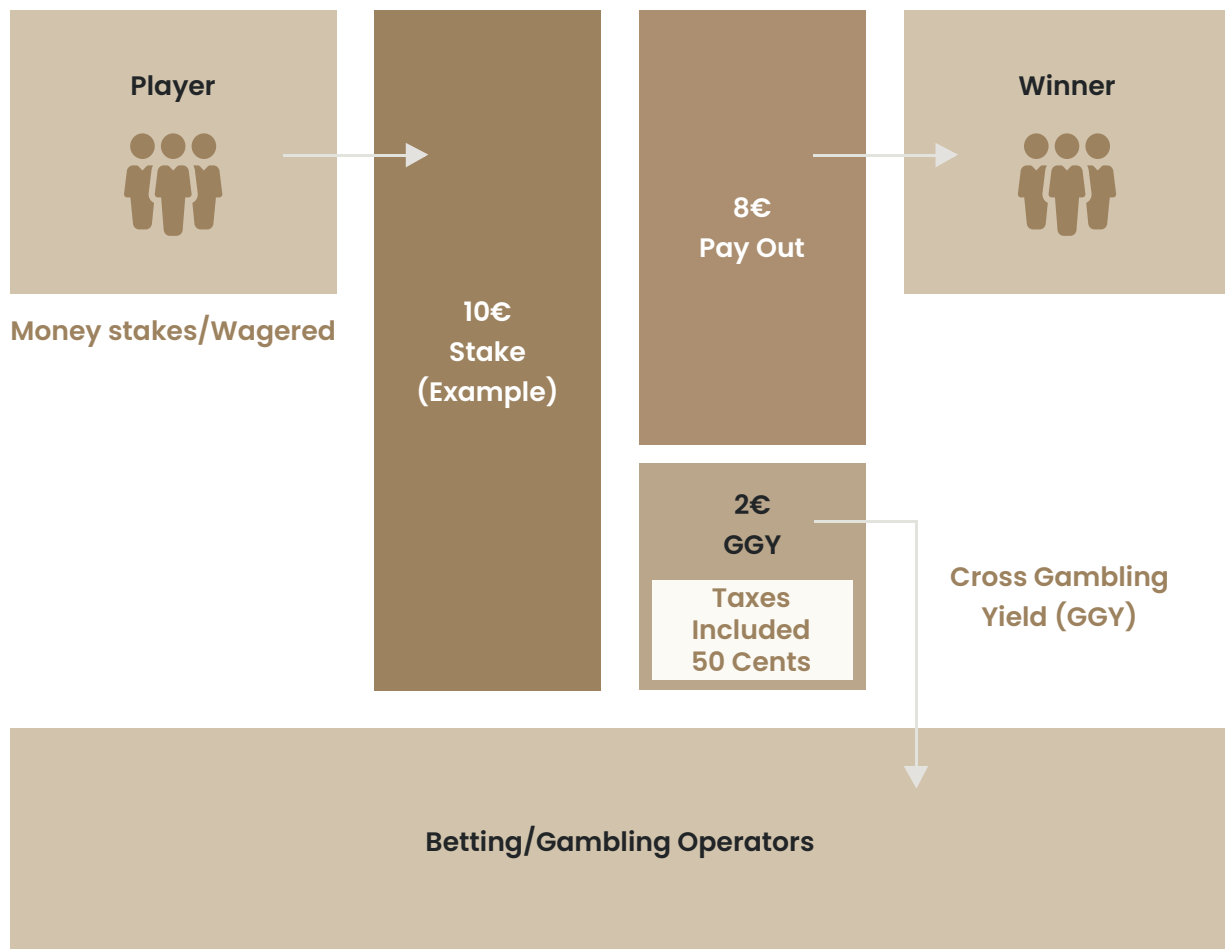
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Gambling Market Germany 2020

APPENDIX

Terminology of the Most Important Characteristics

Player

Money stakes/Wagered

10€ Stake (Example)

8€ Pay Out

Winner

2€ GGY

Taxes Included 50 Cents

Cross Gambling Yield (GGY)

Betting/Gambling Operators

General Information

- All content in this document has been researched and designed to the best of our knowledge. The editor does not take responsibility for any errors or misprints.

- The editor does not take responsibility or liability for any act or omission that is carried out based on the content or recommendations published in this study.

- The use of operator names, trade names, brands, descriptions of goods etc. within this study does not suggest, even where not specified, that such names are to be considered free for use for everyone in accordance with the German trademark law.

- All brands and trademarks named within this study that might be protected by a third party, are subject to the trademark law and to the right of ownership of the respective official owners.

- **Information on gender neutrality:** for reasons of easier legibility this study has refrained from the simultaneous use of male, female or other gender indicators. Therefore, all words that indicate one gender include all genders. This does not imply any discrimination against any gender but serves solely to facilitate language and shall therefore be considered gender neutral.

- In some cases, different terms have been used, but are to be understood as synomes. E.g. «Gross Gambling Revenue (GGR)» and «Gross Gambling Yield (GGY)» mean the same.

About Goldmedia

Goldmedia works in the due diligence sector within the European betting and gambling market.

Apart from our regular market studies Goldmedia offers individual business intelligence services for the betting and gambling market.

About CasinoOnline.de

CasinoOnline.de provides guides and critical reviews about online casinos and land-based casinos on its website. CasinoOnline.de has great expertise and long-term experience within the gambling sector, in order to provide readers with important and well-researched information.

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