French online market is ‘structurellement déficitaire’ – but with significant exceptions: The regulation of France’s online gaming market is not working for any of the newly licensed operators: taxes are too high, which has a hugely detrimental impact on their product offerings and has led to a serious drop in interest and activity from punters. But Française des Jeux (FDJ) and Pari-Mutuel Urbain (PMU) defend the new model for a reason – both have posted their best ever results in the year since regulation.

The French market figures: Regulator ARJEL’s most recent figures published in April 2011 point to overall stakes of approximately €1.47bn across all products since last June. There are 35 licensed operators in France, 29 of them launched their activities in 2010 across online sports betting, horseracing pool betting and online poker. There are 2.6m active player accounts and 3.5m accounts have been opened on dot.fr sites since regulation; of which 1.3m were active in the first quarter of 2011.

Sports betting taxed to the hilt: In the six months to December, a total of €448m was staked on sports betting while in the three months to March 2011 a further €147m was staked. But put together, and on the basis that the maximum payout of 85 percent was achieved and at a tax rate of 8.5 percent on the remaining actual gross gaming revenue, it means that operators only achieved a gross gaming revenue between them of around €38.6m for the nine months.

Poker comes up trumps: Within the online sector — and FDJ and PMU aside — only the poker operators can said to be in any way pleased with progress so far. A breakdown of the figures published by ARJEL suggest the market was worth around €200m in gross gaming revenues in the first six months of operation. PMU saw turnover rise 2.6 percent across the group to €9.5bn, with online up 39 percent to €928m. FDJ enjoyed a 5.5 percent rise with the online operation contributing €376m.
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Where We Are

Arjel France Statistics - Sports Betting, Horseracing And Poker Revenues June 2010 to March 2011

Breakdown of revenue for sports betting was not available for the periods of June to September 2010 and Quarter 4 2010. Total in-play betting is from all sports.

Data for horseracing was not available for quarter 4 and therefore a histogram has been used to represent the revenues over different period lengths.

Each chart has its own legend.

Sports betting

Since regulation, operators recorded €595m worth of stakes in the nine months to March with €448m coming in the six months to December 2010 and €147m coming in the three months to March 2011.

It is difficult to work out gross gaming revenues, but an 85 percent payout ratio implies general gross gaming revenues of 15 percent for online sports-betting. At 15 percent of €595m, France’s online sports-betting GGR would be approximately €89.2m. Taxed at 8.5 percent on stakes – or the equivalent of a 57 percent stake on GGR – it would mean that €50.6m would have gone to the state and €38.6m would have been shared among the operators.

In the first quarter of 2011, €147m was staked, which implies a gross gaming revenue of €22m, with €12.5m going to the French state and just €9.5m going to operators in gross gaming revenues.

Football is the most dominant sport, with 54 percent of bets placed on it, with tennis in second position with 24 percent of the share of bets and basketball in third with 8 percent of bets placed on it.

In-play betting generated 49 percent of bets placed. The total amount staked on a weekly basis came to €7.7m in the three months to April, a 50
percent drop on the €14.7m weekly amount of mid-January. 73,026 players were active in first quarter of 2011, a 26.5 percent drop on January's 84,553, which itself was also a drop on 162,345 of mid-October 2010.

Horseracing

Horseracing operators have generated €693m in stakes in total since market regulation and €241m during the first quarter of 2011. Once again it is difficult to work out exact gross gaming revenues, but with a maximum payout ratio of 77 percent allowed to the operators, this leaves gross gaming revenues of 23 percent, which are subsequently taxed at 14.4 percent.

On that basis, 23 percent gross gaming revenues of €693m comes to €159.4m. Taxed at 14.4 percent this means €22.9m in taxes to the French state and a GGR of €136.5m since regulation. In the first quarter, a turnover of €241m would translate into a GGR of about €55.4m, which after tax would give the operators €47.5m between them, with €7.9m going to the state.

Average stake per horseracing punter was €125 on a weekly basis and average amount per bet placed was €4.1.

Poker

Players have staked €5.5bn on cash games and €683m in tournament buy-ins since regulation of the market. A total of €1.92bn was staked on cash games in the fourth quarter of 2010 and €261m in tournament buy-ins. In the first three months of 2011, €1.92bn was again staked on cash games with €271m being registered in tournament fees.

ARJEL didn’t provide a breakdown of gross gaming revenues for that time period, but at the time of its fourth quarter 2010 figures released in January, a figure of €573m for cash games and tournaments since market regulation was widely circulated in the media. ARJEL did state at the time that poker cash games had generated around €161m in rake, with tournaments totaling €412m in buy-ins.

The €573m figure had therefore been reached by adding up these two figures, but the tournament fees equate to the rake for that game format and are generally 10 percent of the amount, so one can deduct that opera-
tors generated around €40m in tournament rake, bringing the overall rake (gross gaming revenues) for French online poker to approximately €200m for the first six months since market opening.

There were 312,853 active players in the first quarter of 2011 from January to end of March, a fall of 10,000 on the 320,972 at the end of December 2010.

In January, ARJEL said poker players staked an average of €1,000 on cash games on a weekly basis, with a weekly average of €80 buy-in per player for tournaments. There were no average player spend figures in April, but weekly stakes for cash games hit €146.2m and €21m for tournaments.

**Pari-Mutuel Urbain (PMU)**

Turnover of €9.5bn in 2010 across 11,000 retail outlets and its internet site, a 2.6 percent rise on 2009. Online the group recorded stakes of €928m during the year, a 39 percent rise on 2009. Horseracing generated €9.3bn of the group’s turnover, with €8.3bn played through PMU’s retail outlets and €730m staked online, a 9.4 percent rise on 2009.

PMU recorded gross gaming revenues €2.3bn, up 1 percent on 2009 and net profits of €791m, up 8 percent on 2009. The company says it has 500,000 internet clients, but doesn’t give a breakdown on active numbers.

It recorded first quarter 2011 stakes of €2.5bn, a rise of 8.3 percent on 2009. Its internet site — a joint venture with Paddy Power — recorded €318m in stakes during the three-month period, a 57 percent rise on 2009 and a sign of how it has benefited from the regulation of the online market. Group gross gaming revenues were up 3.8 percent on 2009 to €629m, and were also up 20.5 percent online on 2009 to €56m.

As this report went to press PMU reported results for the first half of 2011. The company reported a 8.1 percent year-on-year rise in amounts staked to €5.09bn, and a 3.9 percent rise in gross gaming revenues to €1.24bn. Amounts staked on its pmu.fr website rose to €639m over the 6 month period, up 63.9 percent on the first half of 2010.

**Française des Jeux (FDJ)**

Turnover of €10.5bn in 2010 across 35,800 retail outlets, a 5.5 percent rise on 2009, making it the second-biggest European lottery operator and third on the world stage.

FDJ's land-based outlets dominate its activity, with 96.4 percent of its sales generated through them, the remaining 3.6 percent going through its website. Its online gaming site recorded €376m in stakes in 2010, with 900,000 active players. FDJ paid out 65 percent of stakes back to players, representing €6bn in 2010 and over the past five years FDJ has paid out 61 percent of stakes recorded back to players.

**Casinos**

There are 197 licensed casinos in France, they generated €2.3bn in gross gaming revenues in 2010, a 2.1 percent drop on 2009.

Slots generate 90 percent of French casinos’ gross gaming revenues. There are 197 licensed casinos, with the most prominent operators being Groupe Lucien Barrière, Partouche and Tranchant.
All have online poker sites (Barrière with FDJ), but are not allowed to offer online casino games. Some such as Tranchant believe that if online casino games were ever regulated in France, then only licensed land-based casinos like his should be allowed to offer them.

**Groupe Partouche**

In late June, leading French casino operator Groupe Partouche issued its results for the first half of 2011 showing that the land-based sector is still struggling. Though group revenue was up 2.5 percent year-on-year to €341.2m, this was primarily due to the performance at the company’s Swiss properties. Underlying operating income in the six months to April was down 26 percent. The company closed four casinos last year.

Partouche’s poker operations have not been a success, posting a loss of €4.7m for the first half. Said one French analyst: “They are maintaining high marketing costs because they still believe they can do something with the interactive division, but to my mind they will not be able to do anything with it in the short to medium term.”

**Advertising spend**

Consultancy Kantar Media reports that €194.4m worth of advertising and sponsorship has been invested by operators since France’s market opening. FDJ and PMU have invested €37.9m and €29.6m respectively in 2010, followed by BetClic at €27.3m and Bwin at €21m.

According to Kantar Media director Bruno Lalande, PMU has been the big winner in terms of brand awareness thanks to its betting partnership with national stadium the Stade de France, sponsorship of the French football team, the Tour de France and French rugby league.

“Football sponsors have definitely left their mark on the minds of the spectators and fans,” says Lalande. “Spontaneous brand awareness of PMU as a sponsor among French people aged 15 years and over increased from 3 percent to 8 percent between May 2010 and January 2011. That of FDJ stagnated at 5 percent, BetClic’s increased from 1 percent to 2 percent, while Bwin stayed at 1 percent.”
Regulation - The State Of Play

The past 12 months have been momentous for the gaming industry in France, more specifically the online gaming sector, as it marks the first anniversary of its regulation being passed on May 12. But to say it is ‘celebrating’ its first year of regulation — with operators able to advertise their wares on French TV or mainstream print media and their logos adorning the football shirts of the most prestigious football clubs in France — would be greatly overstating the case.

The licensed online sports-betting, horseracing pari-mutuel or poker operators working in France are all struggling to make headway in a market that is characterised by high taxes, restricted product offerings and a legislative framework whose unofficial goal is to protect the positions of the former horseracing and current lottery monopolies, PMU and FDJ respectively.

Review clause, parliamentary hearings and GGR tax

Much store has been placed by the private operators in the review clause planned for the end of 2011 by the French authorities but no major changes are expected and certainly none that would have any legislative impact.

This was confirmed by budget minister Francois Baroin in March when he said: “The regulation of the online gaming sector broadly speaking has achieved its objectives and the legislator does not need to implement any major changes to the regulation.”

This has been further emphasised by the recent parliamentary hearings held by senator Francois Trucy (for the Senate) and rapporteur of the law on online gaming Jean-Francois Lamour (for Parliament). Although these have taken place behind closed doors over the past couple of months, sources have confirmed that no major changes will be recommended to MPs, senators and lawmakers at the Assemblée Nationale (parliament and senate) or the ministry of finance, which produces the legislation.

More worryingly, there is a distinct lack of knowledge and, some believe, interest on the part of many of the politicians tasked with dealing with some of the key questions affecting the sector. Such fears illustrate the inherent obstacles the sector faces in France. This is compounded by the presidential elections that will be held in 2012, as any debate or questions about the online gaming sector will be pushed even further to the back of the list of priorities.

The review clause, of lack thereof as many have commented, has also been heavily criticised by stakeholders. This is because although long-announced by the French authorities as a sign that they were willing to listen to operators, they have already made it clear that no major changes that would carry a legislative impact on the regulation would be included in it.

Following a seminar on online gaming held by Trucy in March, one industry observer who works as a lobbyist for one of the major UK-based online operators not licensed in France described the situation thus: “For all the hearings and seminars being held, the ‘review’ has already been done. Trucy’s seminar felt like a surreal throwback to a few years ago, with FDJ and PMU proclaiming from their pedestals that all is well in France and nothing needs to change.”

“The regulation of the online gaming sector broadly speaking has achieved its objectives and the legislator does not need to implement any major changes to the regulation.”

- Francois Baroin budget minister
“It is surprising to say the least that even before the first parliamentary hearing has been held, politicians can claim loudly that the review will have no major effect on the regulation: ‘Move along, nothing to see, the law is meeting all its objectives’ is what they are saying.

“Because for all the talk, the situation in France today is pretty clear: the online gaming and betting sector is a loss-making exercise (structurellement déficitaire), penalised by punitive levels of taxation for the players and unfair — but legal — competition from the incumbent ex-monopolies that rely on their huge competitive advantages. In the space of a year, we have gone from a monopoly that had no legal basis to an oligopoly that has been legally signed and sealed by the government.”

Such comments may seem harsh but they are by no means rare in France and reflect the general state of discontent from the majority of private operators.

Nicolas Béraud, president of Betclic Everest Group, has been caustic about France’s online gaming sector but has sounded more optimistic recently. This is because he has spoken with politicians and lawmakers and believes they understand some of the key issues affecting the likes of Betclic and others, most notably what effect being taxed on stakes rather than gross gaming revenues has on their business.

Although the key legislative tenants of the regulation will remain un-changed and any moves to regulate online casino or lottery games will not be introduced, Béraud says he is “cautiously optimistic” that the tax on sports-betting stakes will be replaced by a tax on gross gaming revenues as part of the review clause. “Other changes might include a widening of the sports-betting offering to allow us to offer bets on friendly matches or handicap bets,” he adds.

The latter amendments mentioned by Béraud would be positive but without doubt a tax on gross gaming revenues rather than stakes would be “a major positive development for the sector as well as for the players”.

Asked what level of GGR taxation the French industry would be happy to work with, Béraud says 20 percent would be a “good level”. “It would allow operators to invest returns back into the media and advertising space. It also seems there are similar moves in other regulating EU countries (to tax GGR rather than stakes).”

Operators have also commented that players have not been included in the regulation as the system leads to a more costly product for them to take part in. Emmanuel de Rohan Chabot, founder and chief executive of the pool-betting operator Zeturf, says: “We should refocus the debate on the player, especially as the law is supposed to benefit the consumer. As it stands, consumers are severely penalised compared to the situation pre-regulation.

At the time, with a payout ratio set at close to 95 percent, €1 deposited into a player’s account would generate approximately 68 of bets on Zeturf, whereas at the moment, €1 staked generates around €3.2 of bets. This means the actual cost of gaming, of taking part, has nearly tripled for players since regulation as the cost of taxation is passed on to the players.”

As shown in the chart below, if every €1 deposited generates €3.2 of bets then the theoretical payout is 68.75 percent, way below what market...
sources claim. A 95 percent payout would imply that each €1 would generate €20 of bets.

Fig. 8

Theoretically, if €3.20 of bets is generated from €1 deposited, then the payout percentage is 68.75 percent.
Online Gaming Analysis

Sports betting

Online sports-betting has been the big loser of France’s regulation of its online gaming and betting market. The high levels of taxation on punters’ stakes, rather than on operators’ gross gaming revenues, has led to a degradation of the betting products on offer, with operators accommodating the 8.5 percent in taxes on stakes set by the French government by shortening their odds on sporting events.

In effect they are passing on the cost of operating in France onto punters through shorter prices, which in turn means players spend their leisure income quicker. With betting companies’ payouts limited at 85 percent this means effective tax levels for operators of around 60 percent of gross gaming revenues.

The operators have been hit hard. Major things were predicted for the industry on the eve of regulation last year and football’s high-profile as the sport that attracts the majority of bets has meant the attention, good and bad, has been pretty relentless. Betclic’s shirt sponsorship of Olympique Lyonnais and Olympique de Marseille means the sector is at the forefront of the sport, but results have not followed for the operators.

Béraud says: “Operators were able to develop their client base after a fairly good start linked to the 2010 World Cup and the publicity surrounding the opening of the market. However, after this promising initial phase, erosion has occurred on two levels. First the number of players has dropped due to a loss of interest in the product which is caused by the 85 percent payout ratio. Second, regular players are neglecting our sites and those of other licensed operators and are probably betting on sites that are not licensed, although this is difficult to verify.”

The final point from Béraud is also applicable to the horseracing industry and concerns the loss of punters to unlicensed sites accepting French bets or players getting round geo-location blocking measures through virtual private networks (VPNs) or proxy servers. Numbers are impossible to verify, but operators and affiliates all agree that many of their regulars have simply stopped betting or taking part in web-affiliate communities in which they would have had a strong presence pre-regulation.

While poor prices from operators have driven some players away, another (obvious) example of the type of product those players would have bet on are friendly matches. Operators were not allowed to offer bets on a recent friendly between France and Brazil because it is not within the list of prescribed sporting events they are allowed to trade on.

Some affiliates have revealed that regular punters who had specialist knowledge of South American football leagues have simply stopped visiting their communities as they are unable to access those bets through ARJEL-licensed sites. The worrying issue for those companies is that a regular punter tends to be one who is knowledgeable about their activity but also spends more than the recreational bettor, leading to serious drops in revenues and liquidity.

Once again figures are impossible to confirm, but many believe a sizeable percentage of these regular punters have left the French sector completely.

“Another consequence of these provisions has been the disappearance of our ‘big’ punters. We simply don’t know where they are or have gone.”

Emmanuel de Rohan Chabot, chief executive of Zeturf
As Rohan Chabot says, “Another consequence of these provisions has been the disappearance of our ‘big’ punters. We simply don’t know where they are or have gone. The payout cap can only work if all pressures are applied effectively and at the same time. With a ratio of one to three in rise of the price of the product, these pressures are obviously not guaranteed and players find a way out.”

**Societe des Bains de Mer’s results and Betclic Everest**

In June the company behind the Monte Carlo Casino – which also owns a 50 percent stake in Betclic Everest – gave an insight into just how difficult life in a newly regulated market could be. Total gaming revenues for Societe des Bains de Mer (SBM) fell back 14 percent to €172m with table games showing the sharpest decline, off by 23 percent, while slot machine turnover was down 6 percent.

However, SBM’s 50 percent share of Betclic Everest cost the company €25m. The loss included acquisition and impairment costs, but the SBM statement said at the time that Betclic Everest's activities had been “heavily impacted by the operational conditions” in France, particularly the heavy tax burden. The share of the losses at Betclic Everest pushed SBM to a net income loss of €17.3m against a profit of €1.1m in 2010.

**SBM - GGR (€m)**

![Graph showing GGR (€m) for SBM from 2005/06 to 2009/10](fig.9)

**Horseracing**

On the surface horseracing has seen a steady flow of activity and has been one of the more successful product verticals to be regulated as part of France's online gaming legislation as it represents one of the historic betting products in France. Activity levels have largely equated to what they were pre-regulation and according to ARJEL, the majority of the pre-regulation betting activity has tipped over to the legal and licensed operators. However, taking a closer look at the sector it can be seen that 80 percent to 85 percent of the market is still dominated by ex-monopoly PMU while the other operators such as Zeturf, Betnet, Massecorn or Eurosportbet grapple for market share and complain loudly of unfair competition between them and PMU.

It is often pointed out that the former monopoly can draw on the cash reserves that are available to it thanks to the €9.5bn turnover the group
generated in 2010, its 11,000 physical retail outlets and the cross-subsidy and financing the land-based income provides to its online division. This use of land-based revenues for an online venture has been heavily criticised by PMU’s competitors and it is easy to understand why: not only does it have an internet liquidity that is considerably larger than the closest of its competitors through brand recognition and offline presence, it can also draw on large cash reserves to finance and promote its online activities.

A vivid example if this is that it can mingle the winnings pool from its land-based activities with the online pool it can offer to web punters. None of the new entrants can do this and it gives PMU a huge advantage in offering bigger winnings and exotic bets.

With this particular point in mind, France’s Competition Authority announced in January that PMU’s online division should be split off from its land-based entity and be set up as a totally separate corporate body.

This has been bitterly contested by PMU and the organisations which effectively own it, Cheval Français and France Galop and it remains to be seen which way the Competition Authority will go: in other words whether it decides to officially publish its recommendations to split PMU’s offline and online entities. This would undoubtedly lead to bitter disputes with PMU, Cheval Français and France Galop.

The two latter organisations represent what the French call la filière hippique and their roles are to ensure that funding for breeding, trainers, stud farms and all related staff is maintained and the long-term future of the equine industries in France is assured. PMU contributed €791m to the filière hippique in 2010 out of its €9bn turnover to its horseracing subsidiaries and related sectors and the French government Justifies the tax levels it imposes largely on that basis.

The relation between the filière hippique, PMU and the other private operators is an odd one and brings up another key point in the horseracing betting debate in France, that of PMU’s ownership structure. Emmanuel de Rohan Chabot, from Zeturf, the largest private horseracing pool-betting operator in France and PMU’s closest competitor with allegedly €150m turnover in 2009-10 and 20 percent market share since market regulation, explained this at the parliamentary seminar held by Trucy and Lamour in March.

Asked why the likes of Zeturf did not complain more vehemently to the authorities, government or the likes of Cheval Français and France Galop, he explained: “To attack PMU and its activities in a more aggressive way is the same thing as declaring war with the companies we are supposed to be working with in the long term (Cheval Français and France Galop).”

Emmanuel de Rohan Chabot, chief executive of Zeturf

“To attack PMU and its activities in a more aggressive way is the same thing as declaring war with the companies we are supposed to be working with in the long term (Cheval Français and France Galop).”

This is because PMU is what the French call a groupement d’intérêt économique, or GIE, originally created by Cheval Français and France Galop for the sole purpose of organising horseracing events on which to offer bets to punters, with a set percentage of turnover and profits to be returned to them to maintain funding for their stables and related staff.

What Rohan Chabot is saying is that if he or any of his contemporaries start complaining loudly about PMU’s dominance to the horse racing industry, they would in effect be complaining to the very organisation that owns PMU itself, with all the inherent conflicts of interest such a situation brings up. As he asks rhetorically, “is it not up to the public powers to have at least some competition principles respected?”
This is on top of a racing calendar that has been filled to its maximum by Cheval Français and France Galop in order to generate more bets and returns.

**Poker**

Of the three online gaming verticals to be regulated, poker has met with the least complaint from regulated operators although in common with the sports-betting vertical the sector is taxed on stakes rather than gross gaming revenues at levels that equate to around 40 percent of operators’ gross gaming revenues.

The market leader is PokerStars.fr, the French-licensed subsidiary of the world’s leading poker site. The shutdowns of PokerStars’ and Full Tilt Poker’s dotcom sites to US players in April have raised questions about ARJEL’s vetting process in how it handed out licences for the French market. But the fact that the pair have been accused of money laundering, bank fraud and illegal gambling in the US initially had no bearing on an activity that is legal in France and the presumption of innocence is maintained in any case.

This changed, however, in early July when it was announced that the French regulator has suspended Full Tilt’s licence, days after the Alderney regulator suspended its dotcom licence. A statement uploaded onto ARJEL’s website said: “Considering that in light of these circumstances, notably the interruption of service for poker games and the consequences of a particularly serious situation for French players, the College of ARJEL held an emergency meeting; the preservation of public order requires, as a precautionary measure, to suspend the authorization granted to the company Rekop (Full Tilt’s company name in France) 26 July 2010 until the end of the application process for a new licence filed by the company on June 17, 2011.”

Where this leaves PokerStars is unclear, but prior to the news on the Full Tilt licence suspension, many had already been quick to comment on the fact that ARJEL should have done more background checks on the activities of companies such as the two companies in question - it was carrying out these alleged illegal financial transactions in the US long before it applied for a French license - and how it could affect their business in other regulated markets.

The other leading poker sites in France are Winamax, Everest Poker and Bwin.Party's PartyPoker.fr and Ongame's French licensees, which include bwin.fr, Eurosportbet.fr, Winga.fr (backed by the Italian group Buongiorno), Sajoo.fr (the joint venture between bwin and French publisher Editions Amaury: owner of L’Equipe and Le Parisien which according to recent reports in the French press might end up merging with Bwin.fr) and Unibet.fr, when it eventually launches in France, which is likely to be in September or once the review clause is published at the end of the year.

Bwin is expected to join the PartyPoker platform by the end of the year as part of the Bwin.Party merger. Playtech’s iPoker network has not made much headway in the market as it was not ready in time for the regulation and even now its technology is not compliant with the requirements set out by the French regulation in relation to data capture.

Winamax is second behind PokerStars in France in terms of liquidity and is recognised as having managed its launch into the regulated market as well as any of the other operators. Major print and TV advertising campaigns
on the back of high-profile poker and show business celebrity Patrick Bruel have enabled Winamax to maintain its position in France.

The company was set up by Alexandre Roos, Christophe Schaming and Orianne Garcia, the founders of Caramail, one of the earliest webmail systems and communities in France. They were joined by Marc Simoncini, the founder of Meetic, one of the biggest dating sites in France and Bruel. In May last year, Winamax announced a €12m investment by AGF Private Equity. The site is headed up by chief executive Canel Frichet and has over 400,000 registered players, has invested €15m in TV advertising and €7m in online marketing since regulation and is widely rumoured to be looking for further investment as it enters another round of funding.

Around 60 percent of PartyPoker’s French liquidity is believed to come from its main licensee PMU, but there is much speculation about what might happen to Ongame’s French liquidity, which is expected to lose its biggest site bwin.fr to Party following the merger of the two firms earlier this year. Ongame’s liquidity in the dotcom sphere benefits from major sites such as Betsson and Betfair but needs the Bwin engine in France.

Once Bwin leaves Ongame, Eurosportbet becomes the network’s biggest licensee and its chief executive Olivier Ou Ramdane said it would have to evaluate its next course of action dependent on Ongame’s plans or the new sites it brings to its platform. The hope from the likes of Eurosportbet and others on the network is that Unibet decides to join the fray in France to provide some momentum and marketing muscle in the French market.
Market Outlook

There would appear to be little prospect of the regulation undergoing major changes in France between now and the announcement of the review clause at the end of the year, although if the taxation system is switched to gross gaming revenues rather than stakes, this could be described as a major win for the sector.

The other issues related to unfair competition or cross-subsidy of online ventures from FDJ’s and PMU’s land-based activities have been well-documented and there are more practical issues regulator ARJEL and the French legislator need to deal with.

Namely, the fact that online casino games are still widely played by French consumers (up to 800,000 French residents still play regularly, according to Betclic’s Nicolas Béraud) on unlicensed sites.

FDJ offers an online bingo product to visitors of its website while the gaming sites of major terrestrial broadcasters such as TF1 and M6 can offer online casino games by simple virtue of the fact that they give players the chance to claim back any money they might have lost. This means that the games are ‘free’ in strictly legal terms and allows those sites to work openly in France, while players hardly ever read the small print and claim back their losses.

Whatever happens with regard to the review clause, France’s online gaming market will find the going tough in the near future and the sports-betting industry will continue to suffer. The most urgent issue for those operators has to do with the unattractiveness of their betting offer and the fact that just 30 percent of the market is captured by licensed operators, according to Bwin.Party co-chief executive Norbert Teufelberger.

For ARJEL and the French authorities, there is also an urgent need to move quicker to block unlicensed or illegal sites. Most importantly there needs to be a change of attitude among politicians, for whom any alteration to the taxation levels or system leads straightaway to a drop in revenues for the state whereas operators see increased volumes as leading to more revenues for the state.
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