

THE **iGamingFuture**

MAGAZINE

SERIES

January 2025



**THE FUTURE OF
CASINO
GROWTH**

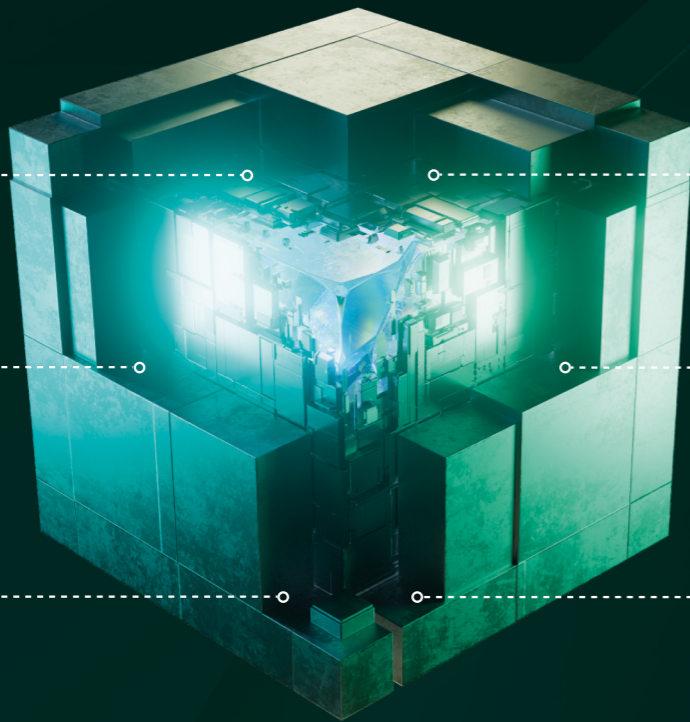


POWERFUL TURNKEY SOLUTIONS

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MANAGED SERVICES

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SPORTSBOOK INTEGRATED SOLUTION



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MARKET OVERVIEW

In the last five-years iGaming has experienced unparalleled global growth, rolling-out as a regulated industry in multiple jurisdictions. According to Grand View Research, digital gambling will continue to grow at a compound annual growth rate of around 11.5 percent until 2027.

But competition, correspondingly, has also grown. The cost of acquisition is now higher, the need to differentiate one's iCasino is greater – and the incentive to identify and retain a loyal player base has never been more important.



Marketing software supplier **Scaleo** says that over half, some 55 percent, of iGaming players leave operators within a year of signing up – highlighting the level of churn that can be expected. It's for this reason that operators are placing ever more focus on the lifetime value of players, and seeking new ways to extend it as much as possible.

It is no longer sufficient for operators to rely on traditional bonusing and their affiliate network to acquire and retain players. Instead they are looking at new methods to build brand equity, through influencer marketing, gamification and personalisation.

To retain customers for longer – and as competition increases – it's vital to be strategic and highly data-driven in all marketing activities.

The good news is that operators not only have more data on players than they did in the past, but they have better tools with which to analyse and understand it.

Although AI is not a panacea for the new and various marketing challenges that operators face, it is, indubitably, easing the workload.

As our panellists highlight, by its increased and more sophisticated application is becoming more effective and efficient day-after-day.



Curtis Roach
HEAD OF CONTENT
iGF



SVEN KALTENEGER
CMO

High Roller



NICOLE KALCHEVA
HEAD OF CASINO

Pinnacle



GAVIN HILTON
DIRECTOR OF
CUSTOMER RETENTION

evoke plc



MARTIN COLLINS
CBDO

Soft2Bet

OUR EXPERT SPEAKERS

INDUSTRY INSIGHTS

As the market landscape evolves and adapts to new trends, our industry has now been compelled to react accordingly.

IN THIS EDITION iGamingFuture brought together some of our industry's leading online casino professionals to dissect the key value drivers behind the growth of this dynamic product vertical. Understand how to ensure maximum return on investment from gaming portfolios, via the latest acquisition and retention tools on the market, with this rare insight into the future.

Looking for more insights?



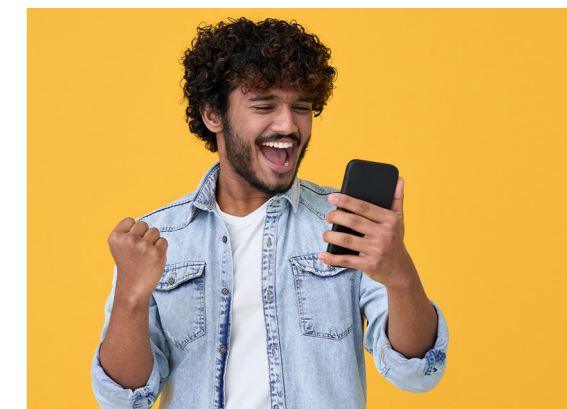
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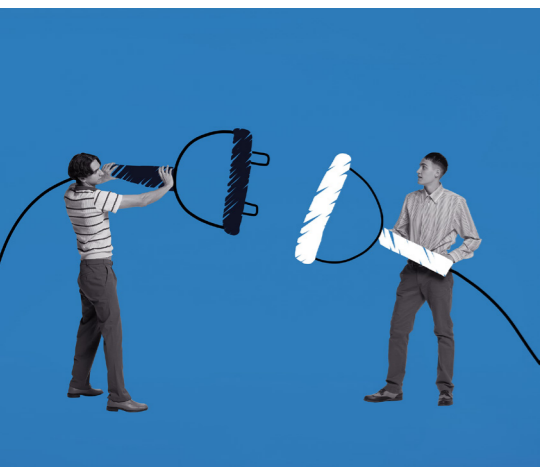
What do you think are the dangers of putting too much focus on acquisition and not taking a long-term view?

NICOLE

Lifetime player value is a crucial KPI by which we measure our projections. It's a stepping stone to decide on investment in areas, such as acquisition and product development.

Without acquisition, it's difficult to move forward. But it's important, especially on the B2C side, to consider both acquisition and retention. It's about the responsible departments having an aligned strategy, including what type of customers we want to acquire, how, and enhancing and retaining them.

Acquisition drives growth in the industry. But putting too much focus on acquisition, without considering retention and lifetime value, is risky.



Without retention, acquisition just brings volumes that are not translated into revenue. Not because there is no potential, but because there is not the necessary focus.

At Pinnacle we are streamlining our acquisition efforts to undertake specific initiatives. At the same time, there are the retention teams, customer support teams, and retention tools to keep customers going.

The focus is on maximising conversion [and] down the line to maximise player value.

GAVIN

I couldn't agree more, and it's interesting what Nicole said about different departments: acquisition and retention.

In creating our customer lifecycle management team at Evoke, we put both of those teams under the same roof, and we've also added our customer service channels.

In the last couple of months my role has pivoted from being someone who looks after our contactable customers to someone whose job is to look after all of our customers.



One of the things that we're doing quite well is using what was traditionally retention data, in our acquisition efforts, because we know which customers are our best customers.

We don't just want thousands and thousands of new customers. We want hundreds and hundreds of our best customers. And we've been using acquisition data to inform our retention activities because when we look at how people from different acquisition channels perform, they don't behave the same way when

they enter communications funnels in terms of registering and depositing, and then going into play.

So creating that virtual circle of data, and an approach to that data, is really important.

MARTIN

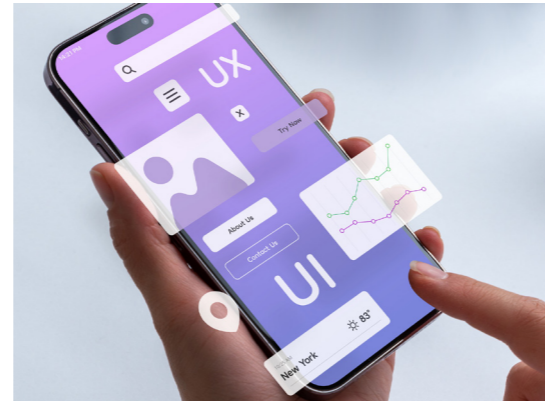
What you're trying to answer is why the customer is coming to your site in the first place.

Are they coming with intent or are they coming because

they're incentivised? You can break it down into even more different types of cohorts. What you'll find is that the different cohorts, depending on why they came to your site through the acquisition channels, will determine the value of the customer over the lifetime of their journey.

Essentially what you want is customers coming to you with intent. That's where you want to maximise.

How useful are things like gamification as a tool for retention? Can it be used for acquisition as well?



MARTIN

There's different levels and different depths of gamification.

If we go back 10- or 15-years, the leaderboards, the achievements, the smaller meta games, these are fairly par for the course.

But the true impact of gamification is when we consider the newer type of customer and what they expect from their experience. I call this cohort 'mobile native'.

I don't think anybody here when they were children would've grown up with a mobile in their hand, certainly not me. However, the generation behind us, from 10- or 12-years-old, had a mobile in their hand. Consequently, their expectation of their experience on mobile is entirely different to ours.

Just like our experience of mobile has stagnated in the last 15- or 20-years, if you go to a sportsbook or a casino and you look at the UI/UX, it's exactly the same as it was. There might be small iterations here or there, but as a whole it's exactly the same.

So what we did at *Soft2Bet* was start looking at the UI/UX mechanics within different industries. We started looking at casual gaming, e-commerce and social, and we tried to employ them within iCasino and sportsbook.

For example, we created a civilisation builder, and as you spun on the casino, you would gain coins within the gamified experience.

As you achieved things within the gamified experience that would result in rewards back within the casino, so you created a retention loop.

When we introduced it we went from 15-minutes screen time to over an hour. The analogy I always give is imagine I'm sitting with my wife in the evening watching TV and she's watching some soap opera or something. I'm not particularly interested, so I'm on my phone. And so are the majority of people, even when they're watching TV these days. The younger generation are on TikTok, they're on Netflix, they're on Meta, they're on all of these different things. That's who we are competing against for screen time.

If we want to build our brand equity and increase the lifetime value through retention, we need to provide engaging experiences.

That's where gamification is now, it's not back where it was 10- or 15-years ago – just a gimmick.

It's an experience that the customer resonates with and comes back for time and time again.

That way bonuses and promotions become less important, your ROI goes up, and all of these elements play a massive part in the performance of your brand.



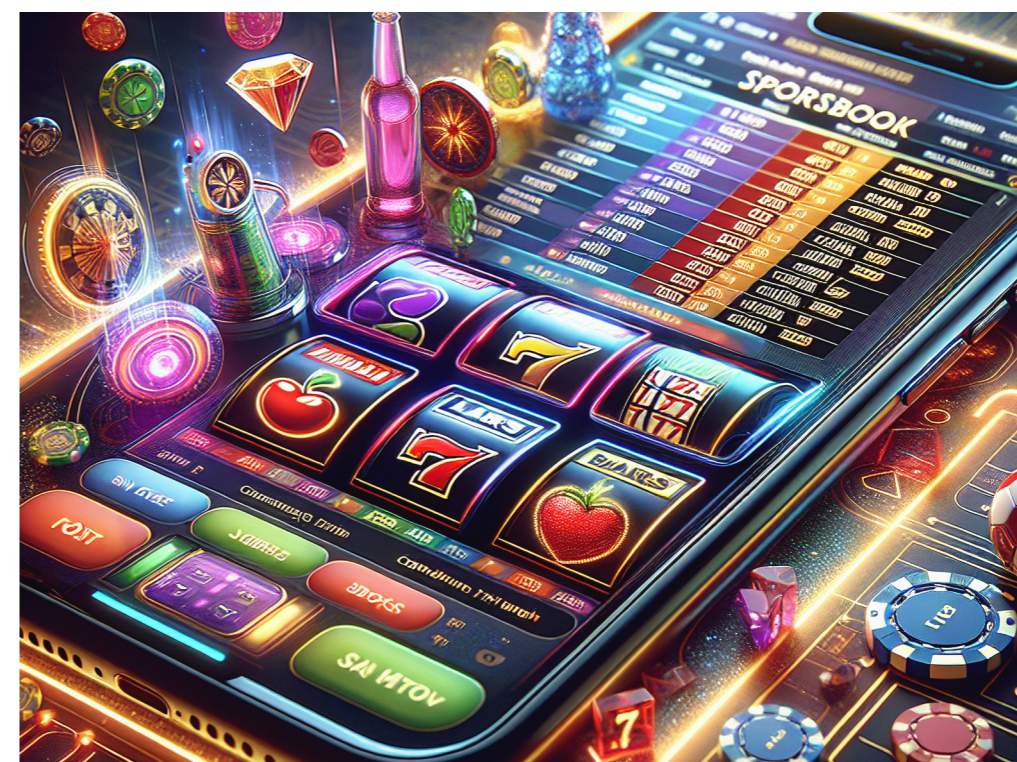
GAVIN

When that screen time went up to an hour, how was that split between the time on the original game that people were spending 15-minutes on and the gamification part?

MARTIN

It was about 40/60 in favour of the gamified side. The impact is ridiculous. It is not even 50/50.

Don't get me wrong, not everybody engaged with the gamification. It was about 50 percent. But of those 50 percent, the split was 40/60 in favour of the gamified side.





NICOLE

Do you mind sharing a rough conversion rate for the gamification tool, because you would expect that people acquired through gamification are casual players. You would expect a much lower conversion rate from them, compared to more 'hardcore' ways of acquiring customers.

MARTIN

It's important that you segment your audience into, for example, mobile native and more traditional gambling customers.

If a traditional gambling customer goes into the gamified experience and it's too difficult for them, they won't engage and they'll never go back to it.

You've got to give them quick wins. If you give them quick wins, they'll continue to use it.



With the younger cohort, you have to give them more challenging experiences within the gamified side, because if it's not challenging enough, then they're not engaged and they simply leave the site entirely.

So it's important that you understand quickly what cohort your customer falls into.

With the second cohort, I liken it to the "bwin model". They might not be dropping a lot of cash on a daily basis in order to gamble, but it's a really sustainable model

because they spend €10, €20, €30 a week, but they're coming back time and time again. You might not think it impacts your blended lifetime value, but it does because you're not churning players after one deposit.

We've had this gamification for three- or four-years now and we find that as that cohort gets older, they still have the affiliation with the brand equity and their spend increases. As their disposable income increases, the more they spend with you as a brand.



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As the industry becomes more crowded and competition is at an all-time high, how do you keep the cost of acquisition down?



SVEN

It's a challenge. Like the supermarkets are getting more expensive, **acquisition is getting more expensive.**

We **touched on a couple of points about how to keep good retention**, like entertained players, **but it is**

changing. It's **not like** it was 10- or 15-years-ago.

When I started, I **could get players on 20 percent rev share in all markets.** Then the licenses came in, markets got **regulated**, and **affiliate partners got smart.** In the past they **didn't really care about fixed fees or CPA deals**, but it started **changing from a normal rev share to a CPA**, then to a **hybrid.**

Nowadays we're talking about **good SEO sites with a fixed fee plus a hybrid.** You need a **very good retention team, a VIP team**, but also a **good product and tech to keep the players engaged.** Of course **there's some tips and tricks**, where to acquire, how to acquire, **but it depends what strategy you have.**

Do you want to flood the database with customers, or do you want to be profitable in the first three- to six-months?



GAVIN, THE COST OF ACQUISITION HAS BEEN INCREASING. DOES THAT MEAN YOU SEE AN INCREASED PRESSURE ON YOUR DEPARTMENT?



GAVIN

When I **started** working, I was in a **team of people who were communicating with customers** because we thought it was a **good thing to do.** A **constant stream of communication was assumed to be driving good outputs** for the business.

Over **the last three- or four-years** what we've been doing is trying to demonstrate that **if you start to use data properly**, if you **understand exactly how much customer retention is driving for the business at an individual customer and a business level**, then **suddenly the business pivots to realise that it's a strategic tool to generate revenue** from the base.

So **changes I've seen** over the years are **going from the email team that sits in the corner to a very commercially-focused operation** that's **under a lot of pressure to deliver** day in and day out.



MARTIN

There's **no doubt** that the **cost is going up.**

If you **calculate the ROI of an old-school dotcom market**, and what you get from a **regulated market, it's a fraction** and the **level of investment is much higher**, so your **product needs to stand out.** It needs to be **unique.**

I **alluded earlier to the stagnation of UI/UX** within our industry, **but genuinely you need something different.**

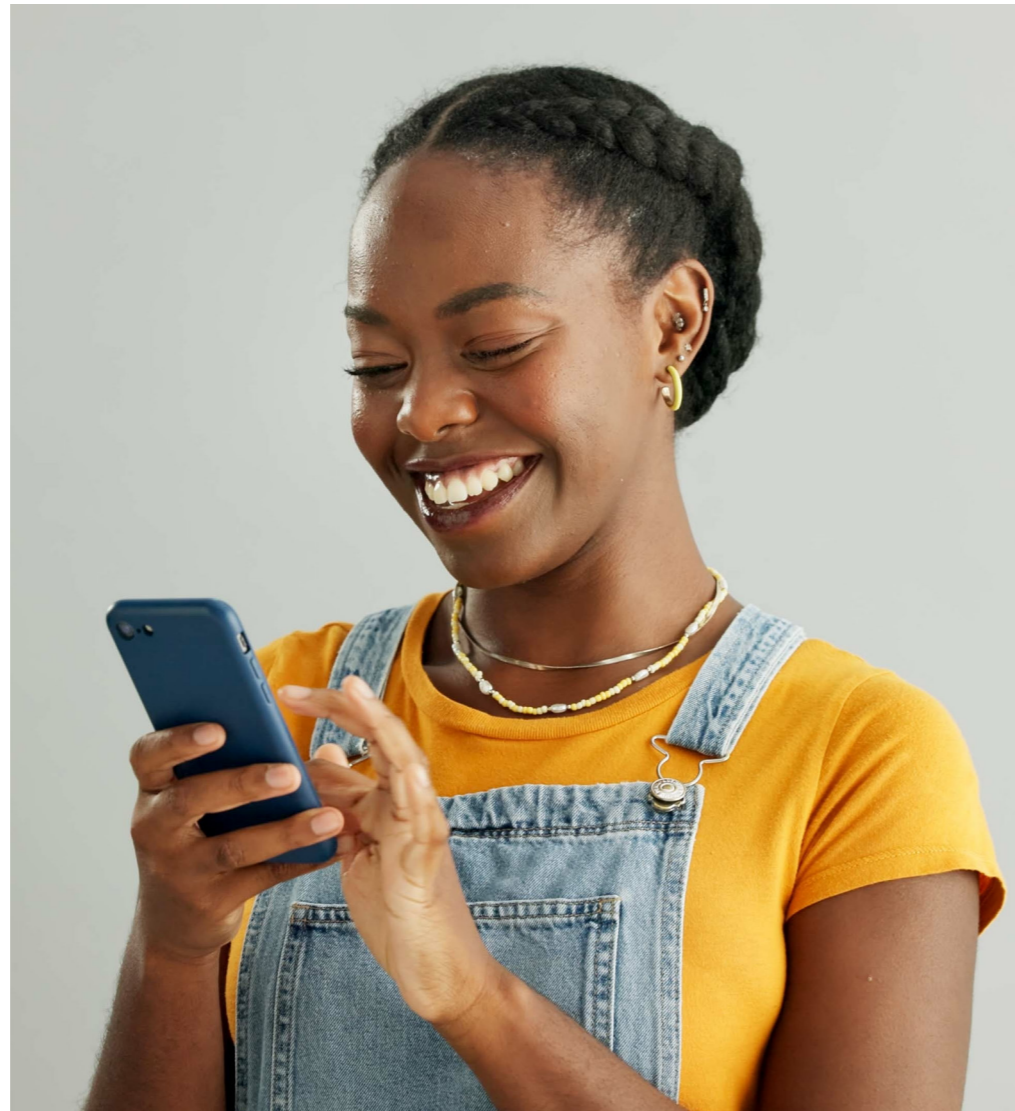
Whether that's something like crypto, whether it's **gamification** that we've already spoken about, **whatever it can be; it needs to be something that will keep the customer there and drive your ROI**, because **otherwise it's a race to the bottom.** It really is.

NICOLE

The **cost of acquisition is rising**, so the **only way to bring it down is to keep the customers longer**, and that way you **balance out the ROI**.

I would add to what Martin said in the beginning about **having your brand out there, being recognisable, being valued**. This **brings you** not only a **cheaper way of getting customers**, but **more loyal customers**.

So **having a good product and a good brand that players are coming to without additional cost**, definitely helps to **decrease the cost of acquisition**.



SVEN

You **have to be data driven**, if you go for **affiliation, SEO, programmatic, whatever channel it is**, it needs to be **real time**.

You **have to make decisions much faster than in the past**. It's **very important that you are data driven as hell**, if **something doesn't work out**, **pause it or mitigate**, don't **keep on going**.

GAVIN

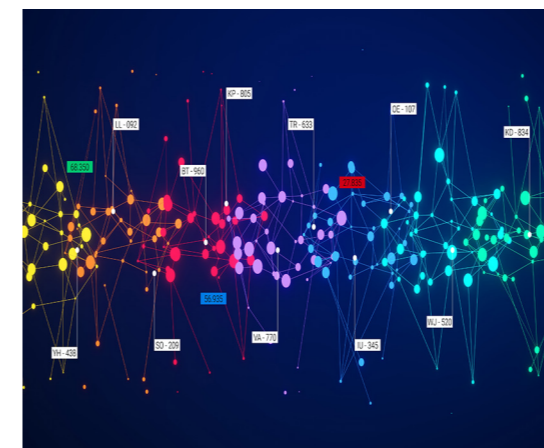
The **two things** that each operator has that nobody else has is **its brand and its data**. And **one of the things** that **this data can help you do is understand a customer's preferences**.

It's really difficult to **ascribe intent from data** because all of our **games have lots of different aspects** to them. A customer **might be coming because of the way the game is themed**, or **its RTP**, or it's **been promoted**, or it's **seasonal**, et cetera.

One of the things that **we're using AI for is to unpick all the signals** that **customers are giving us about why they're enjoying particular games**, in order to **show them similar games, or different games, to try to stimulate them and give them more curated experiences**.

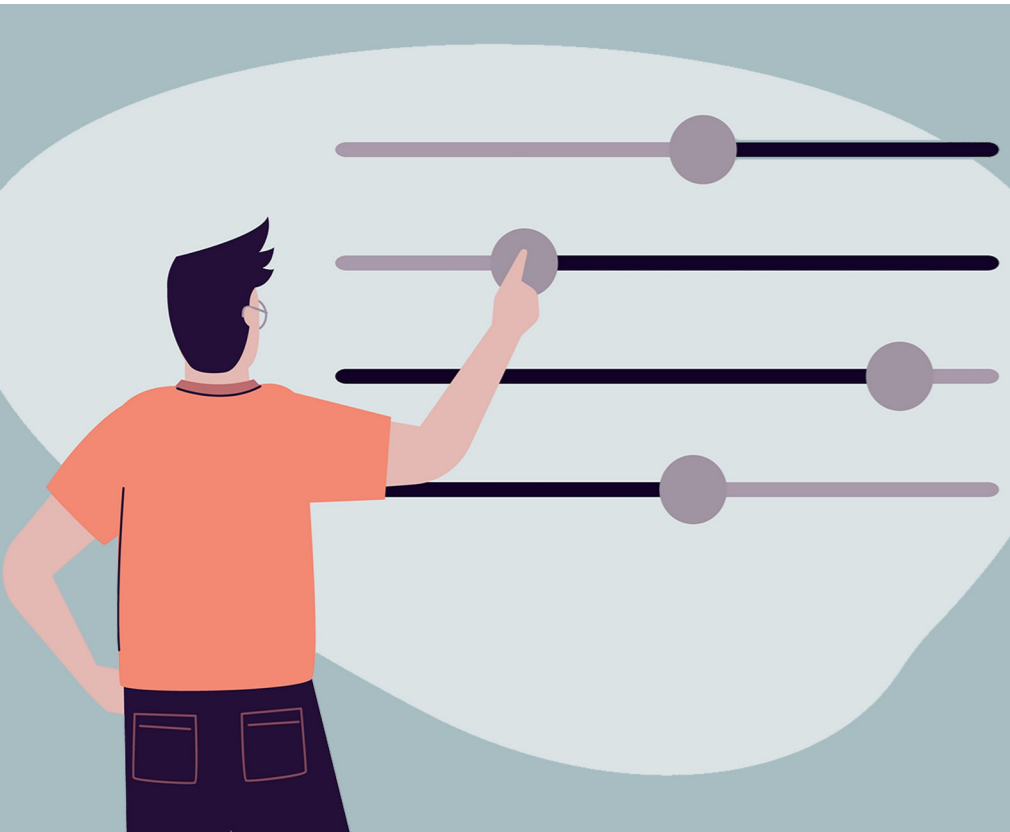
There are **hundreds, if not thousands, of games** on a lot of tier-one operators' sites. And to help customers **navigate those things is one of the ways that we're using AI**, to automatically, in a black box way, **do calculations that would take us days or weeks to do otherwise** – in order to **give customers better experiences**.

Everyone thinks of it as all about **generative AI**.



Yes, of course we're **doing all that** because it **streamlines the process efficiently and effectively**.

But for me, the **most interesting use of AI is its ability to take really complex data signals and boil them down**.



MARTIN

What people think is available in AI and the reality of the situation are two different things.

People talk about what is possible in the future as if it's now and that is not the case.

But what we can do is personalise the experience.

You can build your different cohorts, you can segment them as you wish, and then you can deliver experiences to them on the basis of what they like.

Everybody talks about the Netflix recommendation engine. I don't actually find that very good, but I know a lot of people love it. Within a casino lobby, if you understand all of the data about all of the games and the customer, then you can create a personalised lobby for them.

There's a lot of recommendation engines on the market and I don't think any of them have nailed it in terms of all of the data. Does the customer like a higher, or a lower volatility game? Do they like particular colours? Do they like particular themes? What market are they in? What resonates in that market? There's so many different

data points that I don't think we're quite there yet, but we are making progress because five- or six-years- ago, this wasn't possible at all.

The whole point about AI is that it actually grows day-by-day and becomes more powerful.

Automation is relatively simple for the majority of platforms within the industry.

And if you can marry up that personalisation in those cohorts with the automation, then you can create experiences for the customer that's specific to them.

So that's what we've managed to do at Soft2bet.



NICOLE

It is not performing the way we were hoping it would, because the customers are looking for a different type of experience.

It's more about fun and entertainment. It's more unpredictable, rather than the predictive model used for what you buy and what you watch. The fact that I played a low-volatility game doesn't mean I wouldn't enjoy something completely different.

What I see right now is AI optimising processes and insights within companies based on departments and tools that can be made more efficient. This is the biggest value, giving us the opportunity to leverage people and talents into other areas.



GAVIN

I think Nicole makes a really good point.

There is an underlying assumption, a human assumption, that game recommendation is good because it helps you find more of the same. That may not be the case. It may be that players are looking for something different, not something that's the same.

Therefore, we should be testing multi-layered approaches that go: 'Here's more of what you did already. Here's something a bit different. And here's something completely out of the box!'



Because apart from anything, as Martin already mentioned, AI gets better through learning.

So if you're presenting different ranges of options to customers and seeing what happens as a result, the AI gets smarter.

You can start to segment your customers into explorers or creatures of habit.

But that underlying very human assumption that people just want more of the same is dangerous.

EDITOR'S CONCLUSION

What's clear from this discussion is that **the fundamentals of acquisition and retention haven't really changed**. They **hinge on building a strong brand, knowing who your customer is, and knowing what they want**.

The more that **operators** are able to **appeal directly to specific cohorts with a relevant offering**, the **more likely** it is **they will deliver strong lifetime value**. What is changing rapidly is the best way to do this.

Soft2Bet Chief Business Development Officer, Martin Collins, **shared how successful gamification has been for increasing screen time**. However, using gamification as **a one-size-fits-all approach is not likely to deliver results across-the-board**.

Collins highlighted the **importance of segmenting the audience, and tailoring the gamified experiences** to their specific preferences.

AN IMPORTANT POINT, WHICH IS RARELY MADE WHEN DISCUSSING THE RISING ROLE OF AI AND PERSONALISATION: DO CUSTOMERS WANT TO BE SERVED UP MORE OF THE SAME EVERY TIME THEY LOG INTO A CASINO, OR ARE THEY ACTUALLY LOOKING FOR CURATED VARIETY?



However, he **warned operators to think** of the **long-term** when judging how different players are likely to behave over their lifetime. **Younger people may not bet big to begin with, but** if you can get them to stick with the brand, their **deposits are likely to grow as incomes do**.

Pinnacle Head of Casino, Nicole Kalcheva, believes **preferences in iGaming are less predictable than** those on **shopping or broadcasting** platforms, **whilst** *evoke* Director of Customer Retention, Gavin Hilton, suggests that **assuming those returning** to an operator just **want more of the same is "dangerous"**.

Hilton says we **should be testing multi-layered approaches**.

"AI GETS BETTER THROUGH LEARNING," - BY EXPERIMENTING WITH A VARIETY OF RECOMMENDATIONS YOU CAN BEGIN TO IDENTIFY PLAYERS AS EITHER "EXPLORERS" OR "CREATURES OF HABIT", HONING-IN FURTHER ON WHAT KEEPS THEM ENGAGED.

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