Where is the industry heading and what will grow revenues?

The EUROMAT Summit Boardroom Briefing is where industry leaders discuss the key matters affecting the gaming business today – where is the industry going and where will revenue growth come from in the future? G3 interviews Novomatic UK's Zane Mersich and Gauselmann Group Advisor, Nick Harding, about the changes to come and whet the appetite for the forthcoming debate

Zane Mersich
Chief Executive Officer,
Novomatic UK

After spending over a decade in executive level roles predominantly in the packaging industry working for medium, large and global companies, Zane elected to change course and joined NOVOMATIC Austria in 2007. He spent almost a year in international sales before locating to the UK to take the helm as the Managing Director of Astra Games. The years that followed were defined by acquisitive and organic growth and saw the formation of the Astra Gaming Group, later to become NOVOMATIC UK, where Zane continues to oversee the Group as Chief Executive Officer.

Nick Harding,
Senior Advisor
Gauselmann Group

Nick, 59, Senior Advisor to the Gauselmann Group in the UK has over 35 years' experience in the gambling sector. Nick is a past President of the trade association BACTA and sits on the advisory panel of the UK PG support charity Gambleaware. He was a Director of Business in Sport and Leisure, and is a Director of the UK Bingo Association. He was also the founding Chairman of iGGBA, the UK's first interactive gaming association. He has been Chairman of the Gambling Business Group (UK) since its inception in 2013.

What part does social media and mobile gaming play in the future of the industry?

Zane Mersich: Social media as a promotional/marketing tool for social and real money online operators will continue to grow. Social media, however, is changing and an example is how Facebook is now experiencing more growth amongst an older demographic, while younger people seem to be moving to products like Snapchat. The ever-present question is "what's next?" and "how popular will it prove to be?" If successful, how do we harness it for our own promotional/marketing needs? It's a challenge for land-based operators in the social media world and establishing a presence that customers or potential customers are enthralled by, or want to engage with, takes careful thought. There are some good examples out there, but many more simply average to poor ones.

The curse of social media is that something really needs to grab attention before there is a meaningful amount of time engaged with the product – there must be real and/or perceived value. This space will continue to evolve within the environments in which they find themselves. As an example, US casinos use social gaming products to promote their land-based venues, whereas in the UK, where online gaming is legal, land-based operators have their own online casinos; two very different propositions.

Nick Harding: Social Media is key to the development of the industry in the same way that it is key to the development and evolution of society as a whole. I think that the development of mobile gaming is possibly happening too fast, with too much accessibility for vulnerable players and as such we may see more regulators trying to rein it in.

How should operations evolve to appeal to the next generation of players?

Zane Mersich: Land-based operators must continue to evolve at an ever-increasing rate, as the next generation of players will be more tech-savvy, the ones following them even more so. They will also be increasingly demanding, with higher expectations of the complete product. As these players have more opportunity to spend their discretionary income and more experience in doing so, land-based operators will have their work cut out. Competition, in all forms, will only ever increase.

The evolution of real-world gaming venues must be in the overall experience, design, look and feel, service, promotion and, of course, the gaming technology. Differentiating the land-based experience to what is available online is crucial. Land-based operators must deliver all of the above and provide customers with an experience significantly better than they can get staying at home and playing online, something

younger players are more used to. Gaming machines that combine "old-school" mechanical reels coupled with large screens and immersive sound is an example of tech that cannot be replicated using the "real estate" available online. Electronic table gaming from live and automated roulette wheels is another.

Will we see the 'death of cash' in this sector in the near future?

Nick Harding: Definitely and much sooner than many operators believe. I am still amazed that Pubcos do not see how much they are losing as their customers rapidly transition across to cashless payments. I am bewildered.

Zane Mersich: I think that cash will continue to be used in the years to come and, in many markets, continue to be dominant. Card payment mechanisms, whether it be Apps or directly on the machine (contactless) will begin to take a slice of the cash in markets that legally permit it. Apps such as Apple Pay and others, which will be developed bespoke to gaming, will ultimately be seen as an extension to direct debit/credit card play and begin to incorporate value-adding loyalty functionality.

More and more markets will evolve to accept card deposits directly to the machine credit meter. Some advantages are that it has the potential to form a key component of tracked play, which many developed markets will eventually be requesting as part of a cohesive player protection strategy.

What is beyond comprehension, however, is the UK example, where online players are able to play utilising credit cards, while debit card technology is not permitted for land-based players.

How should responsible gaming programmes be implemented at the street level?

Zane Mersich: Effective human intervention is always tremendously value adding as the driver of a responsible gaming programme. Within our "Admiral" chain of high-street arcades in the UK this is the philosophy that underpins our responsible gaming strategy.

We pride ourselves on knowing our customers and having a sufficient number of trained staff on the floor to keep an eye on players and identify patterns of problem play. This has been very effective to date and will continue to be so going forward.

There are operators in the UK land-based street gaming space who, for reasons of cost saving/profit maximising, have resorted to single staffing behind the counter – there is no way this can be claimed as an effective responsible gaming strategy regardless of what "technologies" and "algorithms" are deployed to
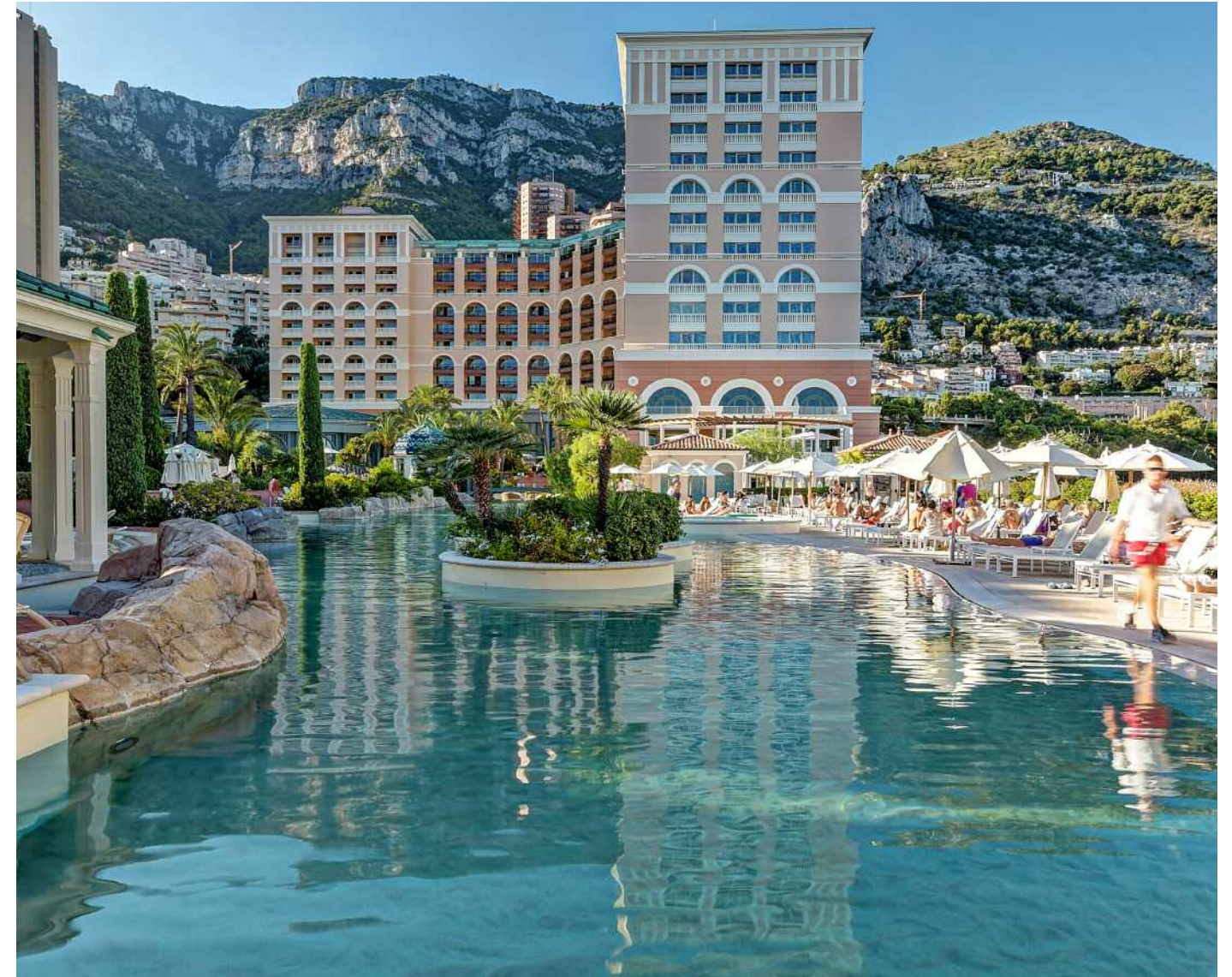
counter the lack of human interaction/intervention. Having said that, we are also looking at technologies that can support and add value to our primary strategy of human observation/intervention.

Nick Harding: In a way that allows the majority of players to enjoy 'Gaming Entertainment' whilst ensuring that potentially vulnerable players are presented with a series of checks and balances that prevent them from over extending their play patterns. There has to be a degree of responsibility and buy in on the part of the players as well as the operators and systems such as 'PlayRight' can provide that with simple messages and mechanics that everyone can understand.

What are the technologies entering the gaming space that will have a disruptive effect on this sector?

Nick Harding: The issue is the anachronistic nature of broad gaming regulation with boundaries and controls that are only really understood by professional gaming operators and games designers.

Because the regulatory frameworks in place can be so nebulous it encourages a race to the bottom with the rapid development of game rewards such as Loot Boxes (and gaming sites such as Bananatic.com) which offer young naive gamers opportunities to enhance play and gain rewards in ways that are clearly random and which are clear breaches of the fundamental tenets behind gaming regulation.

We must ask whether our current regulations are now fit for purpose and whether the licensed industry should seek to collaborate with the regulator to ensure not only that controls keep pace with technological possibility, but also that the rules are clear to new providers (and players).

Zane Mersich: This is always the "million dollar question" and one that, should you believe you have the answer to, you may not wish to share! Both the land-based and online gaming landscapes are constantly evolving, although seemingly underpinned by traditional and trusted games such as slots and casino-style table games. There have, of course, been successful derivatives of traditional games but there has not really been anything new of significance that has gained market share from these known and trusted games. Licensed slot games, for example, add value in some markets and not in others, but this is nothing new.

A move toward a new style of game may eventually make inroads in the future and most technology/content R&D companies out there are investing in trying to find this new edge. It really is, as it has always been, about the game. The content delivery mechanism, whether land-based or online, is also evolving and we are seeing an array of cabinet designs breaking the mould of the traditional "slot" machine. Online players are using better, faster mobile phones and tablets to deliver better player experiences – the growth is clearly mobile and this is a trend that will continue.

EUROMAT Summit 2018
Monte-Carlo Bay Hotel & Resort
June 4-6, 2018

The European Gaming and Amusement Federation (EUROMAT) has confirmed that its annual summit will take place June 4-6, in Monaco at the Monte Carlo Bay Hotel & Resort. As the body representing the views of the low-stakes gaming and amusements industries to European institutions, EUROMAT has designed the new-format summit to enable operators, regulators and manufacturers to exchange information in a relaxed and informal setting.

In addition to a full-day focusing on pan-European developments in social responsibility, the event will address developments in regulation and the impact of new technologies as well as also exploring the possibilities for the market place of the future.