

# EMBRACING THE BRAND

**InsidePoker Business** looks at how branded gaming has helped egaming firms reach out to a new audience and helped legitimise casino gambling

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Online gaming has long suffered from an image problem. Despite the industry's best efforts to position the sector firmly in the entertainment arena, it has struggled under the weight of legislative barriers, media criticism and opposition from anti-gambling groups. For a business inspired by its land-based equivalents, this seems unfair. After all, it's generally accepted that people go to Las Vegas to see Elvis impersonators as well as to gamble, and in bingo halls there's as much gossip taking place as there is wagering.

Operators have employed a number of tactics in a bid to be seen as a legitimate social pastime, and one that has proven very successful is the use of branded games. Say what you like about Noel Edmonds and his shirts, but *Deal or No Deal*, one of the first brands to be widely adopted by operators, proved a real winner for the

**“Using known brands in marketing communications helps to support the gambling brand”**

industry. The emergence of games based on Marvel's comic characters and various other films, video games and board games have proven similarly popular, with everything from *Monopoly*, *Who Wants To Be A Millionaire* and *Conan the Barbarian* providing the basis for some of today's games.

As has been the case for many other industries, the use of brands has helped egaming firms appeal to a wider audience, says Marc Burroughes, sales director at Electracade, the games developer owned by OpenBet. '*The X Factor* is a really good example of a brand that can drive players to a site and was one of the reasons we

developed a product based on UK TV show X Factor, last year with FremantleMedia. During last December, *The X Factor* took more telephone votes than were recorded in the general election, so a brand like this can really have a massive impact on the industry and really entice customers onto your site.'

As well as cashing in on current trends, operators have also enjoyed success with blasts from the past, such as the Rubik's Cube game developed by Ash Gaming. 'In the 80s it sold about 350 million units and then dropped off to virtually none because they had saturated the market. But we saw it was making a comeback and we thought we could make a really great game out of that using the cube as a draw mechanism for slot type games,' explains Steve Schrier, commercial director at Ash Gaming.

## BUILDING TRUST

Beyond catching the eye of a potential customer, brands also build trust, says Joachim Timmermans, head of casino and games at Unibet. 'In an industry where trust has the highest importance to the customer, it's key that you can convince a potential customer to trust you. By using known brands in marketing communications, it helps to support the gambling brand,' he says. 'If Marvel is happy to work with Unibet, then it has to be a reputable company that the player can trust to play real money games with. It's the same principle as sponsoring sports teams – the power of association. And the perception also matches the reality – big organisations with powerful brands need assurances that their brand is not being used to cheat players, so you won't be seeing any dodgy operators with big known brands.'

But game designers need to do much more than create an association with a brand for it to be genuinely useful, says Ian Price, head of business development at software company Cryptologic. 'The overall experience is important, so it is about the game that resides behind the brand. There is no point having an exciting swinging



*Spiderman* if there isn't an exciting gaming experience behind it. That's certainly something we have found and that many of our licensees have found.'

It's clear big names pull in the punters, but the problem is that adding a brand to a game adds an additional cost – in addition to the game's developer, there's now also a brand owner demanding a share of an operator's revenues. So while they do have marketing value, they also impact on margins. Some licensing deals are structured on upfront advances and guarantees, while many are based on revenue sharing models. Either way, there's a higher cost involved in running a branded game than a non-branded game. Operators need to either attract a greater volume of players to make up for the decrease in margins, or use branded games as an acquisition tool, then attempt to cross-sell their other games to new players.

This is not difficult once a relationship has been established, says Mark Blandford, founder of Sportingbet and an investor in egaming companies. 'While a consumer may initially have been attracted by the branded goods, once they have come on to an operator's site and made that jump into opening the account and funding it, over a period of time they will become more trusting of the operator and they will start to play more games.'

Timmermans says it is important that operators see branded games as only one part of the mix. 'They definitely help to lift new sign-ups and boost profits, but they have to be used as entry products into the casino, with a transition of the play on these games to other games that are non-branded. From an operator's point of view it would not be a wise decision to overcommit to branded

TV shows like *Deal or No Deal* and *The X Factor* have made a successful transition into the world of egaming



content since it will decrease the margin. Only a few branded games are needed, as long as the available brands are relevant and known to the players.'

## TARGETED BRANDS

Regardless of the extra costs involved, most agree branding is here to stay. But Burroughes says operators may have to make cleverer choices. 'As the market becomes more saturated, which it has started to do though we are not there yet, I think operators are starting to look at the brands they use more carefully. So you have your powerhouse brands like *The Simpsons* or *Star Wars*, which haven't been utilised yet in the market. People may add one of these brands to their portfolio and then not release brands as frequently. Or, they may use brands which are more targeted at niche markets. So operators will have broken down the demographics in their player base and used brands which they feel suit those demographics.'

Another possible development is that brand owners will increasingly look to develop their own games and sell them directly to operators, thereby cutting out the cost of the middleman, the developer. Endemol UK, the production company behind *Deal or No Deal* and *The Million Pound Drop*, recently announced a more aggressive push into the gaming space with the launch of a dedicated online gaming division. It says it plans to develop and license both Endemol and third party branded games for the gaming sector. However, the impact of this type of competition on developers would depend on the core platforms used by operators, says Blandford. 'If an operator is based on one of the big gaming platforms like

## A BETTER BRAND OF SLOT MACHINES

A selection of branded slots from some online big hitters

### 1. PLAYTECH: *THE INCREDIBLE HULK*, *X-MEN*

The *Incredible Hulk* game, along with the popular *Iron Man* and *X-Men* games, form part of Playtech's portfolio of Marvel themed slot games. The *Incredible Hulk* is a 20 payline video slot with a main jackpot of 4,000 times your line bet. The fast action and quick pace of the game is based more on the *Hulk* movies than the comic book.

### 2. CRYPTOLOGIC – *BATMAN*, *CALL OF DUTY 4*

Cryptologic also offer many slot games from the Marvel comics stable including *Batman* and *The Fantastic Four*. Cryptologic has recently settled a legal dispute with Marvel which resulted from PlayTech's deal to release *Marvel Slot* games. The terms of Cryptologic's original deal with Marvel has recently been adjusted, redefining the agreement as 'non-exclusive'. Based on the renowned video game, Cryptologic's *Call of Duty 4* is one of the most popular slot on the market. It features 25 pay lines and the chance to win up to 5,000 times your bet.

### 3. PARTYCASINO – *MONOPOLY*

Based on the world's most popular board game, PartyCasino's *Monopoly Pass 'Go' Bonus Slot* is a five-reel, nine-payline slot with a chance to win up to \$500,000. PartyCasino's range of slots include popular films and brands, video game tie-ins and classic games. It's movie-based slots include popular films such as *Resident Evil*, *The Terminator*, *The Godfather* and even *The Naked Gun*.

Microgaming or Playtech, then I think they are still more likely to look for their content from the platform provider. There will be other companies who are on their own platform and are quite happy to do direct deals, so it depends on the structure of the operator and their relationship with any technology provider.'

### PASTURES NEW

The changing international landscape of the gaming industry is also likely to impact on future branding deals. So far, most of the brands spun out into games have been very Western-centric, with a distinct focus on brands recognisable to American and British audiences. Paul Fitchford, casino operations manager at Boylesports, says software providers have largely ignored brands from emerging markets, and that as operators continue their push into new territories, there is potential to fill that gap in the market. 'There are brands that are huge in Asia that nobody has ever heard of in Europe. Developers need to start looking at the countries and the demographics of where their licensees are operating. What on earth does an Asian company need *The Pink Panther* for? They want something that is more focused towards their markets.'

Price agrees. 'There has been somewhat of an emphasis on the well-known western brands. There is absolutely an opportunity for some more European, and certainly some more Asian, character and brand offerings.'

Regis Pissot, head of casino at InterCasino, says the potential costs of regulatory reform may force the



■ Branded slots featuring Marvel comic heroes have been particularly popular

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industry to come up with more innovative partnerships with brand providers and perhaps make stronger moves into more immersive gaming offerings. 'As more and more states will be trying to come up with a system where there is a tax to be paid in each country in which an operator wants to operate – for example if the US has a gaming law it will come with some sort of tax – there will be greater costs. If the payout ratio to players becomes lower because there is this tax, obviously people will be losing much faster and it will be a very different player experience. What should be developed now are games that counterbalance that possibility and offer more entertainment, perhaps some kind of convergence with video games, where you are playing not only because of the motivation of winning a jackpot, but because you have more interaction within the games.'

With a number of deals signed between video game and massively multiplayer online game brands and gaming firms in recent times, it seems the industry may already be halfway there. Whatever form the next wave of branded games takes, one thing's for sure – operators are unlikely to turn their back on such a powerful marketing tool anytime soon. ▀