# JUMIO

## Benchmarking Study:

# Mobile gaming registration and deposit abandonment

**The state of the industry and what you can do about it**

# Contents

# The growth of mobile…

The growth of mobile in the last decade has been rapid and exceeded expectations – at the beginning of 2014, H2 Gambling Capital predicted that mobile betting would account for 45% of total interactive gaming gross win by 2018.[1]

The importance of mobile to the industry however has already surpassed prior expectation and for operators such as Paddy Power, mobile already accounts for 67% of online revenue. In fact 78% of Paddy Power's active customers transacted via mobile devices during the first half of 2015. Over at William Hill, mobile volumes grew 28% and accounted for 54% of sports bets wagered in that same period.[2]

> " *Mobile is a train that nobody's stopping, you had better hope you're not left on the platform.* "
> **Scandinavian and European Operator**

Emphasising the point, Google's gambling update for the first quarter of this year showed that 64% of all gambling-related searches are now taking place on mobile devices.[3]

Mobile devices such as smartphones and iPads are allowing operators to attract a new type of player, as increasingly mobile device penetration is higher than computer ownership.

1 http://www.igamingbusiness.com/news/mobile-gaming-and-betting-gross-win-reach-45-2018-new-report-h2-gambling-capital-reveals
2. http://www.paddypowerplc.com/media/news/interim-results-0
3. http://diginomica.com/2015/08/07/william-hill-profits-down-but-continues-to-bet-on-technology-for-future-growth/#.VmWqkd_hDOQ

# The persistence of the leaky bucket…

However, as impressive as overall industry and mobile platform growth is, many customers and millions of pounds of revenue are being lost, as operators acquisition programs have come to resemble leaky buckets.

Research conducted earlier this year by Jumio shows that a quarter of visitors to online gaming sites are giving up before they even finish registration. Jumio's survey with Harris Research polling over two thousand consumers in the US and the UK showed that 24% of consumers attempting to open an account with an online gaming firm had abandoned the transaction.

And it's not just at the registration stage that operators lose customers — many also turn away while attempting to make their first deposit, and valuable customers are also lost to churn due to slow and complicated pay-out processes.



**24% LOST**

With this in mind, the purpose of this white paper is to research the problem of abandonment in online gaming, how it affects operators and find out what can be done to tackle the issue.

Working in cooperation with iGaming Business, we've conducted confidential qualitative interviews with 17 operators across Europe and the US to get an inside view on the abandonment issue, with the results largely concurring with the numbers given by consumers themselves.

Understandably, operators were at times reluctant to divulge abandonment rates within their companies, while others were actually unaware of how much business they lost because of it.

The insights and comments quoted in this report have been anonymised to enable respondents to speak freely about what remain sensitive topics for every gaming operator.

# Registration: The main pain in the customer journey

While registration is not the only point of weakness in the customer journey, the operators we interviewed all saw registration as their biggest weakness.

> " *When the customer comes to the site and abandons in the middle of registration it's not only hugely frustrating for us but it also affects marketers' projections and forecasts. A lot of work goes into recruiting players prior to campaigns.* "
>
> **European Sportsbook Operator**

## How long is the registration process taking?

Operators are well aware of how long customers will persevere with registration. All those we spoke with had registration times of less than four minutes – nearly half of all respondents had registration times of 1-2 minutes, another 40% said it took their customers 2-3 minutes to register, while for 10% it was more than three minutes.

**Operators' registration time**
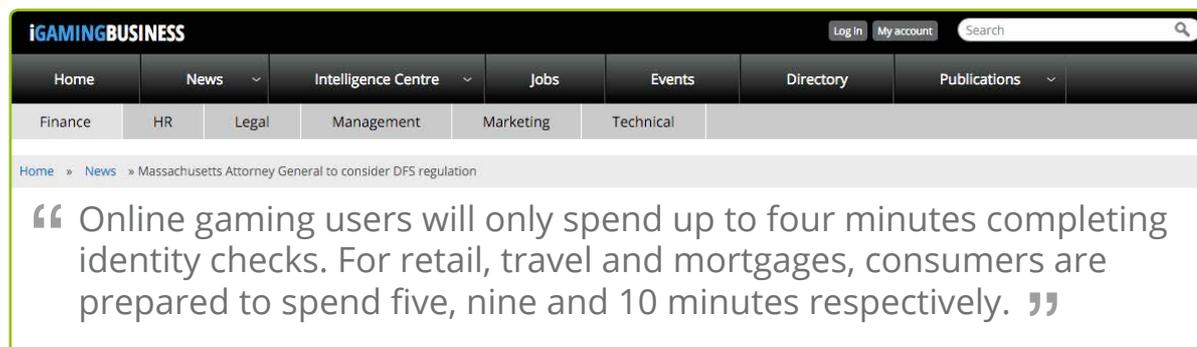


AVERAGE
MINUTES
$2^{1/4}$
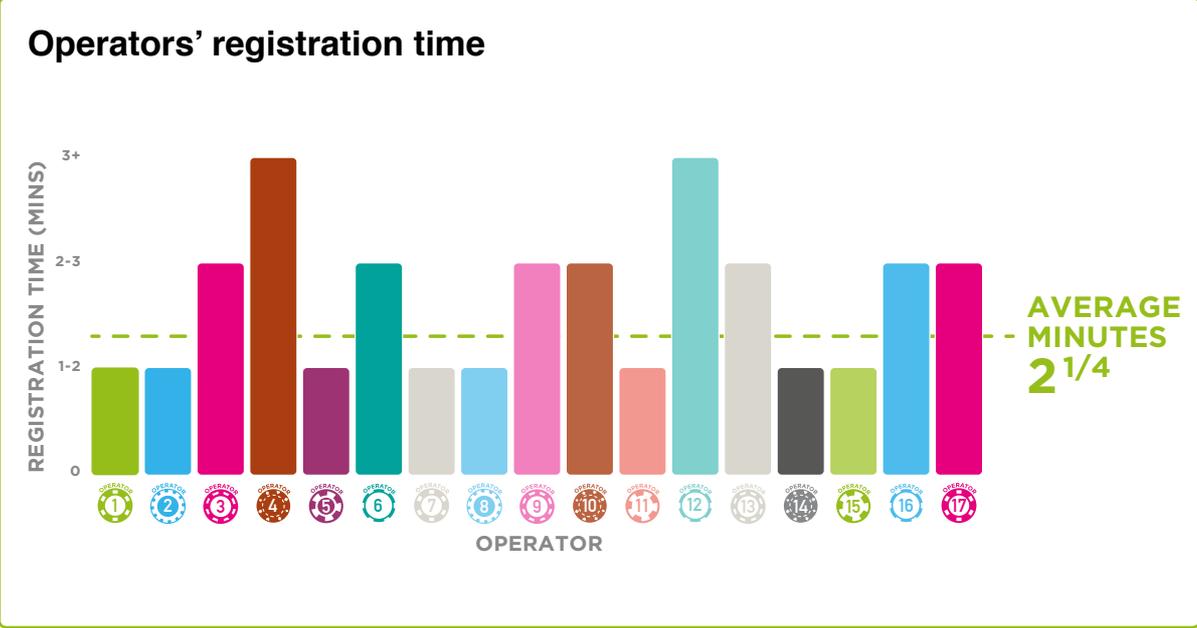
The average account opening time is $2^{1/4}$ minutes. In terms of benchmarking against other industries, online gaming operators offer a quicker registration process compared to online banking account opening which averages at 16.25 minutes.[4]

# How long are gaming customers prepared to spend on the registration process?

In today's mobile on-demand world, consumers demand instant transactions and lack patience when it comes to online form-filling, consumer tolerance is particularly low with regard to the online gaming sector.

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> **"** Online gaming users will only spend up to four minutes completing identity checks. For retail, travel and mortgages, consumers are prepared to spend five, nine and 10 minutes respectively. **"**

Industry data from 2013[5] found that online gaming was the online industry consumers had the least patience for.

On average respondents would only spend up to four minutes completing identity checks before either going to a competitor or giving up altogether.

However, for retail, travel and mortgages, consumers were prepared to spend five, nine and 10 minutes respectively.

The four minutes afforded to online gaming is a reflection of the industry's nature and how customers view it: as a leisure activity that is easily interchangeable and has to be provided quickly and at users' convenience.

# What abandonment rates are operators reporting?

Having examined the time it takes to register an account with a gaming operator, let's look at the customer registration abandonment rates.

The 17 operators we spoke with said they experienced the following levels of abandonment at registration.

**Operators' abandonment levels at registration**
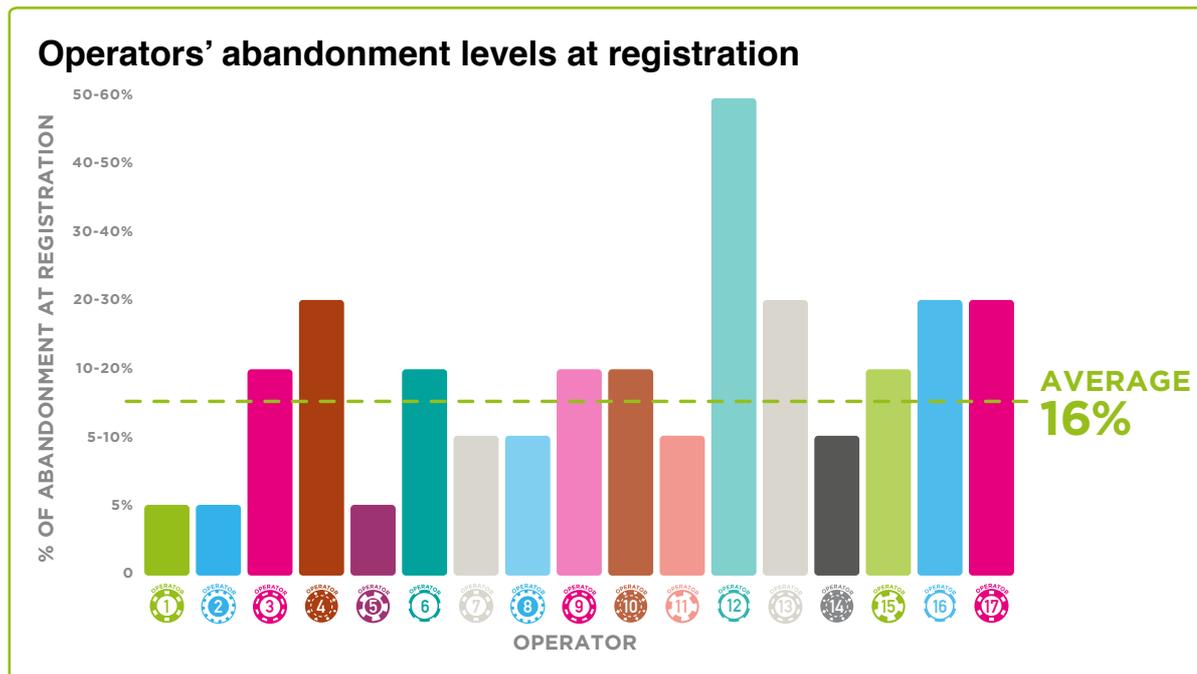


These responses equate to an average abandonment rate of 16%. When Jumio interviewed over 2,000 consumers in the US and the UK, is was found that 24% of online gaming registrations are abandoned. At either 16% (operator stats) or 24% (consumer stats), it means that operators are leaving money on the table.

> " *Registration is the biggest problem for abandonment, by the time you get them to the deposit stage it is not so bad.* "
>
> **Large Gibraltar licensed operator**

# Are licensing requirements driving abandonment?

No matter how fast you sign customers up, however, some level of abandonment is unavoidable; particularly in countries such as the US, Spain or France, where sending in a physical copy of national insurance, social security or passport documentation is a regulatory requirement.

Increased regulation of markets across Europe is positive for the gaming sector – it brings it into the open and means broader acceptance from the public; but for operators it also means a rise in the number of steps required to register players.

In other words, licensing and regulatory requirements sometimes mean more obstacles to signing up players quickly. The operators interviewed for this white paper reported that registration is already difficult enough and if more stages are in it, such as social security or passport numbers being required due to national regulations, then abandonment goes up.

## The French connection

For example, when registering in France, players must provide their name, surname, date and place of birth, home address and bank account details.

They must agree to all terms and conditions and personal data usage settings and set a betting limit.

A provisional account is then opened but no withdrawal can be made, the player must wait for a definitive account to recover its assets.

Players have a month to open their definitive account. This is done by supplying a valid copy of their national identity card, passport or driving license as proof of identity and date of birth. An official bank statement or document proving the bank account is open in their name is also required. The account must have held with a bank established in a Member State of the European Community or a State party to the Agreement on the European Economic Area.

Once the operator has received and verified the documents, it sends the player a personal identification number by postal mail. The player must enter this PIN to end the provisional status of his account. Once this is done the player's account is definitive and fully operational.

## Over the border in Spain

The situation is replicated (to a lesser extent) in Spain, where registering players have to supply similar documentation. The issue regularly comes up as an obstacle to gamblers, who worry about data privacy and share this concern in online player forums.

# Across the pond

New Jersey is the biggest of the US states in terms of population size to have regulated online gaming. From the outset however operators were beset with technical problems; these were compounded by players having to submit their Social Security Number when opening an igaming account with one of the licensed operators.

Licensed sites in New Jersey also ask for a utility bill or further ID documents to verify players' identity and ensuring that accounts are not created by anyone under-age. However, these steps present serious abandonment problems to US operators.

One US-facing operator commented, "The majority of players visiting the registration page will not submit the form. The social security number is probably the most limiting factor."

> " *The social security number is probably the most limiting factor.* "
>
> **US operator**

# What's the cost to the industry of abandoned registrations?

If registration abandonment is as high as the consumer-derived statistic of 24% then as many as 1 in 4 registrations are being abandoned. In the UK alone, there are 5.9 million gamblers and this equates to lost revenue of £39 million.[6]



Gaming operators have always faced high marketing costs, on average they account for around 25% to 27% of an online operator's revenue base.

> *Abandonment is an absolutely huge issue. It can cost us thousands to get a new player on board and we want to have minimum friction to get him to play.*
>
> **European sportsbook operator**

Such comments are revealing of the impact abandonment has on igaming operators. With marketing costs taking up close to a quarter of operators' turnover, this illustrates just how important making customer registration work is for igaming companies.

Although abandonment is a problem in many online industries, gaming operators spend more than their peers in other online industries on marketing, so every player that slips through the net is costing them dear.

For example, in a trading update in July, 32Red said its cost per acquisition for casino customers had risen to £197, a substantial increase on the £180 CPA the company recorded in the same period in 2014 (although the group also recorded a 20% rise in net gaming revenues).

However, the level of the CPA figure reveals how costly recruiting players is throughout the highly competitive online casino industry.

> *Gaming operators have high marketing costs, on average they account for around 25% of an online operator's revenue base.*

Of the major operators, Paddy Power is the only one that has managed to bring that figure down; to around 21%, thanks to its strong social media presence and brand awareness.

H2 Gambling Capital estimates that mobile gaming will record gross win revenues of €34.6 billion this year, but if 24% of potential customers are abandoning gaming sites at the very first stage, as Jumio's consumer research suggests, operators' gross win could potentially be a much higher €42 billion if these players converted.

**Gap between gross win revenues and potential win revenues if players converted**

| EUROS | |
|---|---|
| 50 BILLION | |
| 40 BILLION | 42 — 24% OF POTENTIAL CUSTOMERS ARE ABANDONING GAMING SITES AT THE VERY FIRST STAGE |
| 30 BILLION | 34.6 |
| 20 BILLION | |
| 10 BILLION | |
| 0 | |
| | GROSS WIN REVENUE · POTENTIAL GROSS WIN |
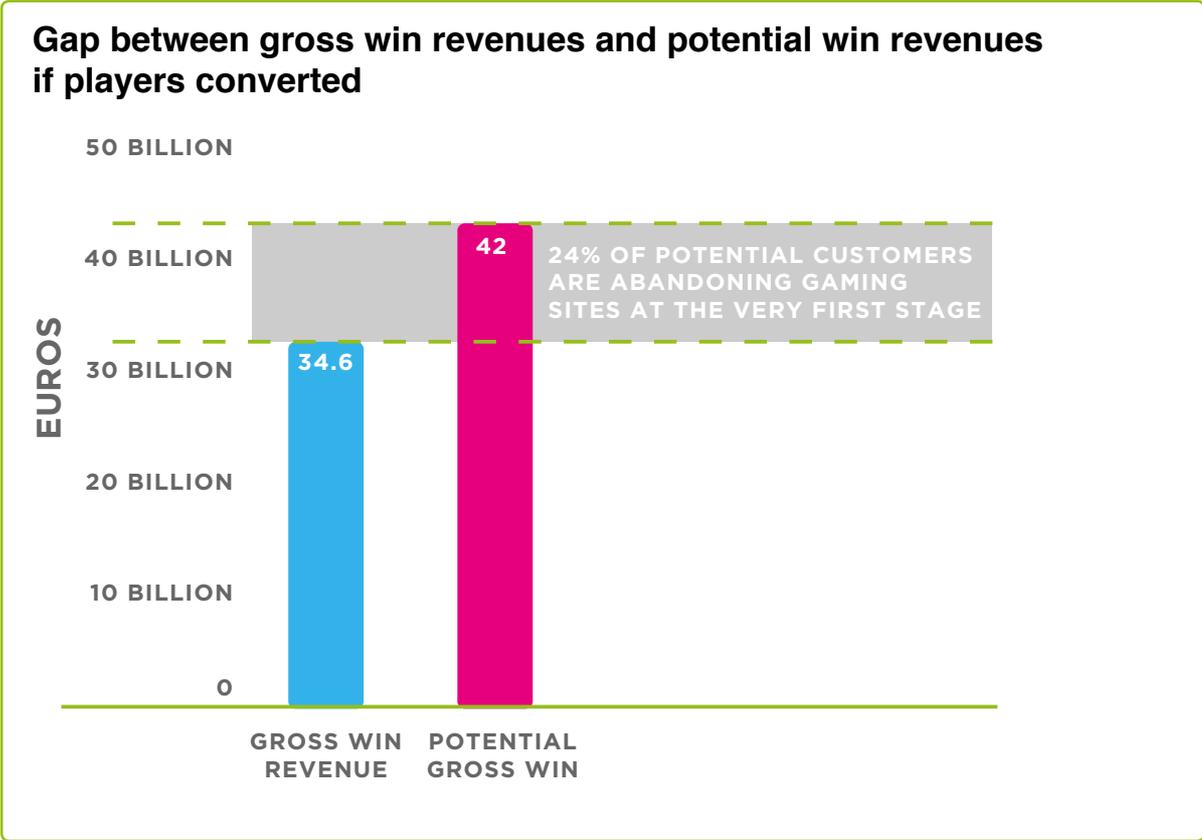
# Deposit: More gain, less pain?

Once operators get new players through registration, abandonment levels drop at the deposit stage, but that's not to say they are not still significant.

Some operators have gotten deposit times down to an average of less than 30 seconds, although typically they reported that deposits would take between one and two minutes.

## Operators' abandonment levels at deposit stage
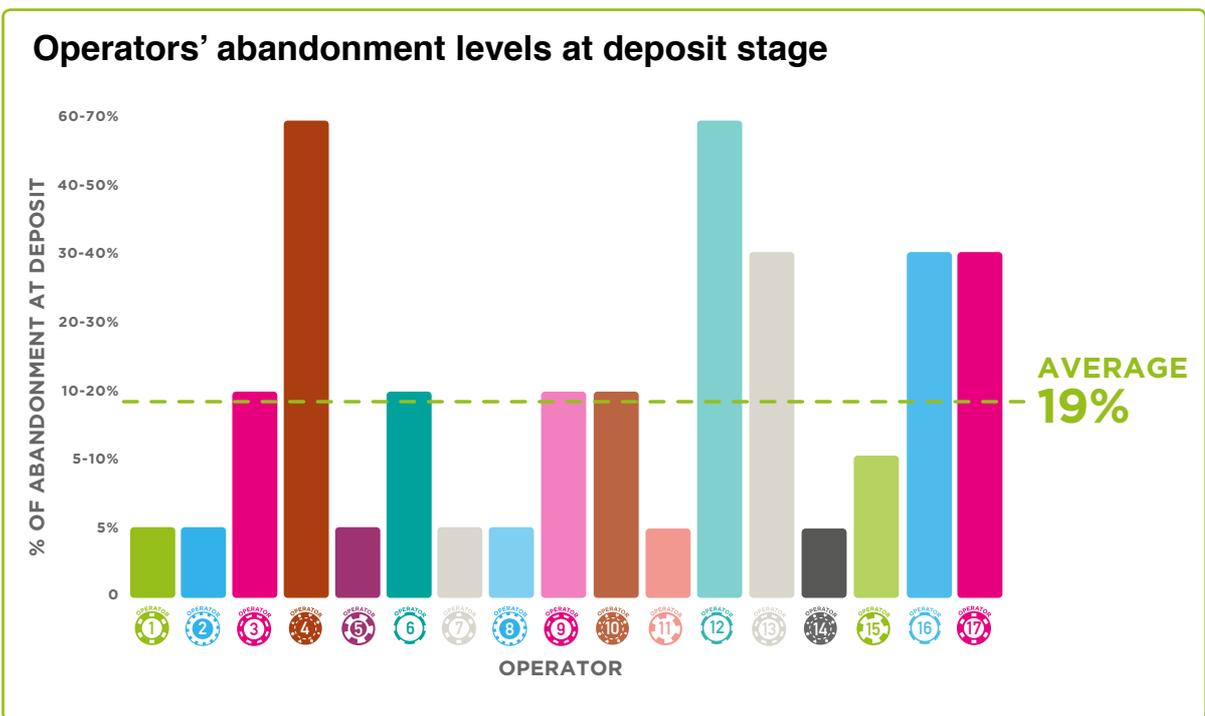


These responses equate to an average deposit abandonment rate of 19% so using operator-driven abandonment statistics, the abandonment rate at deposit is in fact higher than the abandonment rate at customer registration.

> *About 60% of KYC-approved new players will try and make a deposit.*
>
> **Large Maltese operator**

In researching this white paper we were unable to determine whether abandonment is higher in first time than subsequent deposits. It may be in fact the case that abandonment is higher in subsequent deposits where the player has a change of heart before chasing losses, or perhaps where social responsibility measures kick in.

**When it comes to deposit trends, Optimove revealed that:**

In an average month, **7%** of all deposits made are first-time deposits

**One in three** players who register make their first deposit within 24 hours

**Two in five** players who register make their first deposit within 14 days

> " *If I could gather even 1% of the non-approved transactions on our volumes, we are talking silly amounts of deposit value. That obviously correlates through to revenue and then straight to bottom line.* "
>
> **Large UK licensed operator**

# Redirects in payment processes: the unnecessary pain

Payment page redirects such as 3D Secure are a familiar feature of online payments and unsurprisingly are still an issue for operators: they turn off customers and they cause abandonment.

> " *As a general rule, it is safe to say that any stage that is put between a customer reaching a site and finally being able to transact is another opportunity for them to abandon the process.* "
>
> **Clive Hawkwood**
> **Chief Executive of the Remote Gambling Association**

In the US, where the newly-regulated online gaming sector is just two years old, card issuers were slow to catch up and this caused very high levels of abandonment at the deposit stage for some operators.

Indeed, New Jersey's regulated operators had major issues with payments as players' transactions were initially denied by Visa and Mastercard following the launch of regulated igaming in November 2013.[7]

As a result, merchant category codes were updated and other issues such as geolocation were addressed as the working environment has been improved by the regulators and stakeholders in New Jersey.

7 http://www.igamingbusiness.com/news/new-jersey-introduces-new-credit-card-code-online-gambling
http://www.igamingbusiness.com/news/lesniak-accuses-credit-card-firms-disrupting-new-jersey-progress
http://www.igamingbusiness.com/news/new-jersey-continues-suffer-credit-card-deposit-issues

# The end of the customer journey? Churn and abandonment due to poor payout processes.

Payout processes can vary widely depending on many factors: the country in which the play took place, the amount of the payout, the standard of play exhibited by the player and Anti-Money Laundering compliance requirements.

Player forums abound with complaints about slow and cumbersome payout processes and are frequently cited as reasons for a player's decision to churn to another site.

These issues apply to small and large amounts alike, but regardless of whether the player or operator is responsible for any delay, what is certain is that players will say responsibility lies with the operators and will discuss their grievances on internet forums and chatrooms with other players.

Beyond player grievances however, data from CRM specialist Optimove showed how quickly up to a third of igaming customers churned within a monthly period.

> " *I deposited $40 with XXX last year and when I did the withdrawal process I had to take pictures of my ID, my front and back of my debit card that I used to deposit the money and a couple other things. But they kept saying the information I was sending them was not clear through fax so I had to keep sending it until they got it right.*[8] "
>
> **Comment from online player forum**

**Optimove's data revealed that:**



**1** in **4** players churn within 14 days of their first deposit,

**1** in **3** players churn within 28 days of their first deposit,

**70%** of the average operator's player-base is inactive.

The data above provides some insight into how quickly up to a third of igaming customers churn within a monthly period.

# What are operators doing to reduce abandonment?

Not all of the operators interviewed knew what their abandonment stats were or were indeed measuring them, but the leading operators were measuring every aspect of every part of the customer process.

> " *We monitor abandonment every day all over the site. We use Google Analytics on loads of procedures, things like the Paypal process, always looking at how we could reduce the number of clicks in the process to improve it.* "
>
> **Leading UK & Gibraltar licensed operator**

## Designing for mobile

The rise of mobile isn't just a shift of users from their PCs to mobile devices. Instead, mobile is driving new users to partake in online gambling; in Q3 2014, PokerStars saw over 50% of new registrations come through mobile channels.[9]

> " *The mobile customer is a different type of punter: it's not the old boy sat at a table with the Racing Post going through the form. Now that 70% of our business is done through mobile we've targeted the platform heavily.* "
>
> **UK Sportsbook operator**

The flipside of this brand new mobile world however is that many smaller operators' mobile offerings lag behind that of the bigger counterparts.

Many gaming operators using platform providers may still work with mobile systems that are not as modern and performing to the high level of larger more independent operators.

> " *We are working on optimising our mobile product. We currently use a white label for our mobile products and that's why we suffer on mobile conversion and are planning to design our own platform and bring it all in-house.* "
>
> **Large European operator**

# User Interface & Customer Experience

Jumio's research shows that the top reasons for customers giving up on online transactions are actually down to usability: slow loading times (32%), payment process being too complicated (27%) and difficulty with navigating the registration process (26%).

As such, user experience is an oft-quoted term in the gaming sector; here one operator shares their view on registration forms:

> " *I don't think it is so much about the number of fields the customer has to enter, there tends to be a standard number (across most sign up forms). But if a company makes it easier and smoother, with less or minimal steps to deposit, then they will convert much better.* "

Another operator emphasises the importance of good user experience around the deposit process;

> " *UX around the deposit journey is crucial to the business, especially nowadays when we have so many competitors. This is especially true for us because we are Scandinavian-focused and the 'Scandis' are known for being tech-savvy.* "
>
> **Scandinavian Operator**

# Keeping ahead of the technology and the OS updates

> " *You need to know what new devices are coming and what technologies you might need, or ones that have just arrived and need to mature first.* "
>
> **UK Bingo operator**

The online gambling industry has always been a pioneer of new technologies that have then filtered into other online industries. Our survey respondents were keen to point out that they were staying ahead of the game to make sure they delivered great mobile experience to their customers.

> " *Mobile is also roughly where the web was in the mid-2000s and it's still relatively immature. It's still changing extremely rapidly and you need to cope with that pace of change, and that's all about the technology.* "
>
> **US Poker operator**

# Working with Jumio to deliver quicker registration and ID check processes

Jumio's computer vision technology has been proven to speed up the customer experience at point of customer sign-up, deposit or payout to reduce abandonment and churn. It's too expensive to acquire customers only to lose them due to time-consuming and unfriendly business processes.

Many gaming operators still rely on outdated customer verification methods by asking customers to email or fax copies of ID documents at point of registration, deposit or payout. This is not only inconvenient for your customer; it also breaks the transaction momentum, which results in significant drop-off and customer dissatisfaction.

Jumio's approach is different and has been specifically developed to meet the challenge of how to verify identity in a connected-device environment. We use computer vision technology to validate, extract and auto-populate data from ID documents and payment cards so that registration, deposit and payout transactions are quicker and more secure.

**1** At point of registration, deposit or payout gamblers simply hold their payment card and/or ID document up to their mobile device camera or webcam.

**2** Jumio's BAM Checkout is integrated into the gambling site or app and instantly extracts payment data, customer name and date of birth, and if present, address data too.

**3** Data is instantly and neatly populated into the registration or deposit fields increasing sign-ups and reducing abandoned registrations.

**4** Customers complete registration and deposit in seconds instead of minutes, resulting in higher conversion rates.



> " *We're seeing more and more gaming operators across Europe use customer verification tools like Jumio, not just to tick regulatory boxes but also to improve the customer experience.* "
>
> **Clive Hawkswood, CEO at the Remote Gaming Association.**

# To learn more on how to reduce abandonment at registration and deposit, contact us at marketing@jumio.com

What Jumio's clients are saying:

*Jumio offers a new and unique approach in the identity verification market. This innovative new feature will allow us to provide better and faster service to our customers, while maintaining very high security standards.*

**P♠kerStars**

*By adding Jumio's Netverify® into the customer verification process, we are making life quicker and easier for our customers, minimising fall-out from lengthy verification processes and removing costly man hours where we have to receive and review documents manually.*

**✦betfair**

*There are too many ways to lose customers but Jumio is easy for customers to use and their document validation solution travels better across borders than database-led identity checking.*

**mr green™**