

Press Release

## **German football fans resort to foreign-based sports betting services**

- *New published study by Berlin consultancy Goldmedia shows: The German state is losing control over the gambling market*
- *The German gambling market is increasingly dominated by foreign companies*
- *State-run gambling providers are experiencing massive revenue declines*

*Berlin, June 17, 2010.* The World Cup is currently the top source of online sports betting, and many football fans and gamblers across Germany are placing their bets with private online companies registered outside the country. Since 2008, when Germany's State Treaty on Gambling was approved to reduce gambling addiction, online gambling through private providers has been prohibited and advertising of gambling services banned. The treaty mandates that most forms of gambling be done through state-owned monopolies. Along a broad spectrum of regulatory policies in Europe, Germany falls into the category of an extremely restrictive regulatory model.

In a new study, "Betting & Gambling Market Germany 2015", Berlin-based consultancy Goldmedia (<http://www.Goldmedia.com>) shows the effects of the restrictive reform. Among the law's negative effects are sharp revenue declines, more use of gambling offers from abroad, and high fiscal slumps for the German state – totalling €2.4bn since 2005.

Altogether, the gross gaming revenue in Germany for 2009 amounted to €10.3 bn, including both the regulated market (all services that are unambiguously permitted according to German law) and unregulated segments (all private services, either having an unclear legal status or being completely forbidden). In 2009, the share of the unregulated market was one-fifth. If current trends persist, the share will reach almost a third in 2015.

Significant market shares, varying among segments, are captured by foreign providers. At 94 percent, the foreign market share in the betting segment is by far the largest. Of €7.8bn in revenue, only about €240m went to regulated providers such as Oddset/ DLTB football sweepstakes and a further €250m to regulated horserace betting. About half of the total market, or about €3.9bn in revenue, went to online sports betting services in 2009. Furthermore, Germany's so-called black market generates revenues of about €1.0bn (see chart).

At the same time, massive revenue declines for state-run gambling providers can be observed. Wager revenue for the regulated lotto market fell by about €1.8bn from 2005 to 2009. In the same period, gambling houses produced €0.3bn less in gross gaming revenue. Wager revenue for the sports betting service Oddset

underwent the strongest decline, with a decrease of €247m or about 60 percent since 2005.

As government-offered services decline, a steadily-growing and mostly-unregulated market is developing in the internet. Augmenting the shift to internet services, some formerly German-based providers have relocated their operations abroad. Altogether, the online market for gambling, measured in terms of gross gaming revenue, grew about 30 percent per year from 2005 to 2009, to about €1.0bn in gross gaming revenue.

**Quote from the author**

Senior Consultant and author of the study Dr. Michael Schmid says, *“Today, we find an extremely controversial political discussion in Germany. The upcoming renewal of Germany’s State Treaty on Gambling in 2011 provides an opportunity to correct the law’s undesirable effects, especially in the rapidly-expanding online gambling segment. The state will lose control of this market if the current prohibition on online gambling is continued.”*

**Chart: Revenue in the German betting market according to segment 2009**



**Source:** All information used in this press release comes from the study “Betting & Gambling Market Germany 2015”. The report, tying in with the previous, 2006 study entitled “Online Betting & Gambling 2010”, analyses the German gambling market with reference to the lotto, casino, online gambling machine, poker, and betting sectors, both before and after the approval of Germany’s State Treaty in 2008. The report provides forecasts up to 2015 by analyzing different scenarios under various, possible legal situations. The study investigates the regulated and unregulated markets for gambling in Germany in depth. Online companies, including those located outside of Germany, are analysed, and their contributions to wager revenue and gross gaming revenues are included in calculations

to obtain an overall view of the value added. This makes Goldmedia's study the first to analyse the German gambling market comprehensively.

The **Key Facts** of the study (12 pages, without market forecast) are available in English and German and are provided free of charge by Goldmedia.

The complete **study**, "Betting & Gambling Market Germany 2015" (130 pages, available in German), was published in May 2010 and is provided at a charge.

To order the Key Facts and the complete study visit [www.Goldmedia.com](http://www.Goldmedia.com)

### **Press Contact for Goldmedia GmbH**

Dr. Katrin Penzel, Tel: +49-30-246 266-0, [Katrin.Penzel@Goldmedia.de](mailto:Katrin.Penzel@Goldmedia.de)

Further information and graphics can be downloaded here: [www.Goldmedia.de](http://www.Goldmedia.de)

### **About Goldmedia:**

Since 1998, Goldmedia has provided national and international clients with high-quality consulting and research services in the fields of media, entertainment and telecommunications. Goldmedia offers: in-depth analyses of markets and competitors; forecasts and strategic consulting services; the implementation of new business models; and consulting for restructuring whole companies, including M&A processes in the field of corporate finance. Goldmedia Group: Goldmedia GmbH Media Consulting & Research, Goldmedia Sales & Services GmbH, Goldmedia Custom Research GmbH and Goldmedia Political & Staff Advising GmbH. The company's head office is in Berlin, Germany.