



RIGHT2BET WORLD CUP ODDS REPORT

A comparison study of the odds offered by European gambling monopolies throughout the FIFA World Cup

Executive Summary:

- This report analyses the performance of EU betting monopolies in restricted markets against the legal private sector in the EU
- Monopolies offered their customers 32% worse odds than licensed private operators
- The 'Perfect Bettor' forced to bet with a monopoly would have made €629 less than they would have done if they were allowed to bet with other EU-licensed operators in the private sector
- On average, a monopoly customer choosing to back the 'favourite' throughout every one of the 64 tournament matches would have received 38% less value, while one who chose to back the 'outsider' throughout each game of the tournament would have received 35% less value
- Monopolies offered customers wishing to back their home nation 35% worse odds than private operators
- It is clear from the results published in this report that consumers using online gambling services in the EU are receiving significantly lower value when forced to use a state monopoly provider

Background:

Right2bet is a pan-European consumer campaign seeking to ensure the right of every EU citizen to be able to bet with whichever EU-licensed betting operator they choose. Right2bet is partnered with consumer groups, betting operators, legal professionals and news and media publications.

Across the EU, state gambling monopolies are being protected by their governments, via legislation that prevents their citizens from using the services of other betting operators licensed in the EU. As well as simply prohibiting private companies altogether, Member States are introducing new reforms which impose disproportionate barriers to entry that are sufficiently high to dissuade foreign operators from entering a particular market.

As a result of the ensuing lack of competition, consumers in these countries are being offered an inferior product in terms of usability, choice, customer protection and value.

Right2bet is lobbying the European Commission to rectify this situation by treating the online gambling industry to the same single-market trade principles adopted throughout other commercial sectors. Fundamental EU law relating to trade and competition grants EU companies the right to offer their services cross-border, yet as things stand this is a right that is being ignored where online gambling is concerned.

In this situation it is the millions of European consumers who wish to gamble who are the ultimate losers. Through initiatives such as this World Cup report, Right2bet hopes to highlight the issue and in turn help resolve what it believes to be an unlawful and unjust reality.

Aim:

One of the key concerns of many EU consumers being forced to use a national monopoly operator is that the odds they are offered are inferior to those available from private operators licensed in other EU countries.



As with any industry, one service provider shielded from competing forces will face less pressure to be competitive with their pricing. Gambling monopolies are no exception, and right2bet was keen to explore whether this was the case.

The 2010 World Cup, the biggest betting event of all time, was deemed to be an ideal opportunity to test whether or not gambling monopolies were offering their customers inferior odds compared to those offered by other licensed EU operators.

The aim of this report is to offer an insight into the differing levels of value available to EU consumers depending on which Member State they were betting from.

By comparing the odds of the best-priced private operator with those offered by seven of Europe's biggest betting monopolies on every World Cup match, Right2bet has compiled a report that gives a clear indication as to whether customers forced to bet with a monopoly are receiving less for their money than their European neighbours free to choose their betting provider.

Method:

Right2bet chose to compare the prices offered in the 'Match Odds' market on every single World Cup Match (64 in total) by the best-priced private operator and seven European monopolies. The monopolies chosen were:

- Svenska Spel (Sweden)
- Danske Spil (Denmark)
- Lotto Bayern (Germany)
- De Lotto (Netherlands)
- OPAP (Greece)
- PMU (France)
- FDJ (France)

Only the odds offered by operators that are legally licensed in an EU Member State were used in this report. For each match the following operators were used to devise the best odds for that particular game: Ladbrokes, Bwin, Betfair, Stanleybet, Unibet, bet365, Victor Chandler and William Hill.

Approximately 2-4 hours before each match, right2bet documented the odds for that particular game being offered by the aforementioned operators. For the raw odds data please see the appendix.

Does France Still Operate a Monopoly?

In June, the French government passed a new gambling bill which stated that licenses would be made available to foreign betting operators. However, the new bill imposes disproportionate and unnecessary barriers to entry on foreign operators, including high turnover taxes and limits on customer payout.

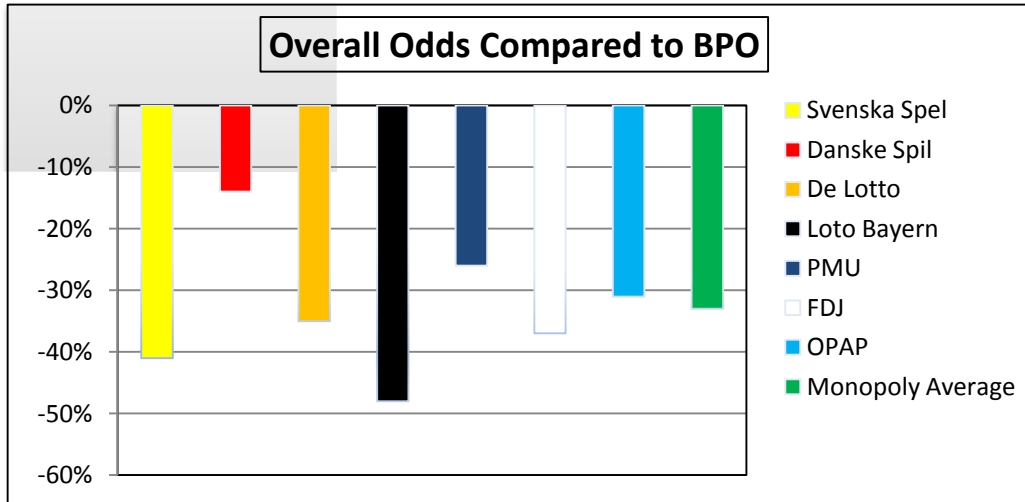
As a result relatively few licenses have so far been issued and French consumers are still being subjected to a curbed competitive environment, dominated by the pre-existing and further fortified French operators, PMU and FDJ.

We therefore included the aforementioned two providers in this report, to understand whether the French gambling reform has actually served its purpose to provide consumers with better value, driven by an influx in choice.

OVERALL VALUE OFFERED THROUGHOUT THE TOURNAMENT

By totalling the odds offered on the three outcomes (home, away, draw) in the Match Odds market for each game, and by calculating the hypothetical profits made from a pre-determined and consistent stake, the report can analyse the overall discrepancy in the odds offered by each operator.

The below table shows the difference in value, on average, offered by the studied state monopolies, when compared to the best available price offered by private betting operators, throughout the entire World Cup.



As the table shows, German consumers forced to use Loto Bayern to bet with during the tournament were on average offered the lowest odds of the analysed monopolies – 48% worse than those offered by the best priced private operator.

French operator FDJ and Swedish monopoly Svenska Spel were not far behind, each offering on average 37% and 41% lower odds respectively.

Intriguingly, Danske Spil, the Danish state provider, are far closer to private operators in terms of the price they offer than the other monopolies. This suggests that they are gearing up for the implementation of impending new legislation that will allow foreign operators into their market. A sign perhaps that consumers in Denmark are already benefiting from the proposed plans.

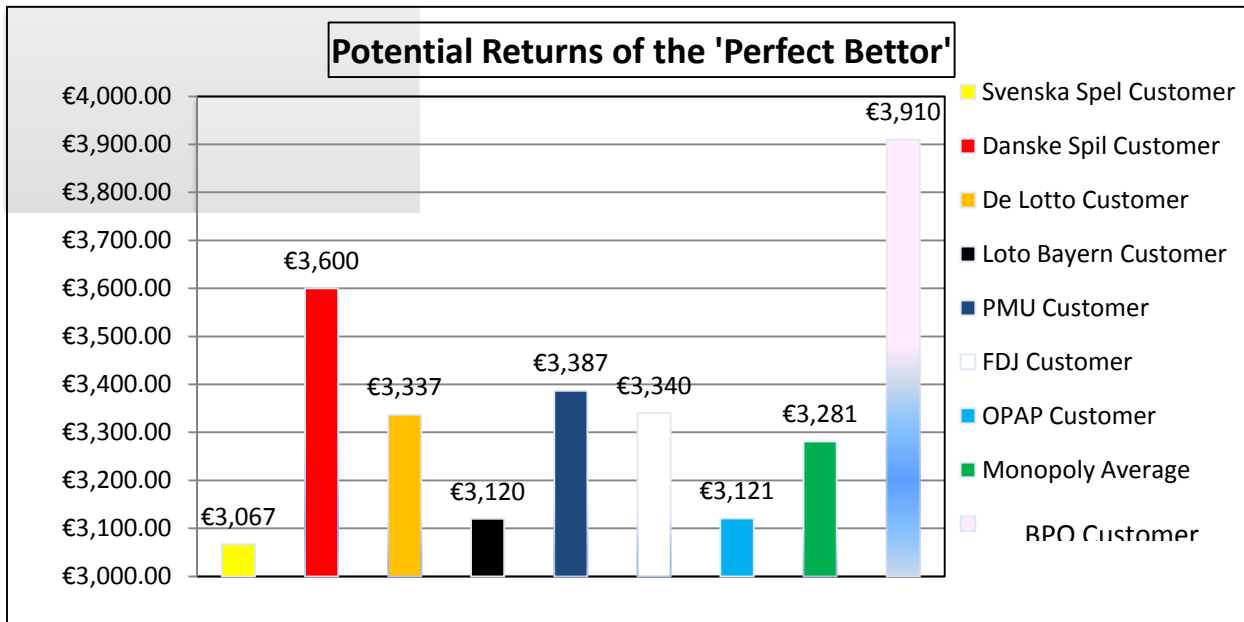
On average, monopolies offered their customers 32% worse odds than licensed private operators.

RETURNS OF THE 'PERFECT BETTOR'

The next segment of analysis focuses on the value lost to a winning World Cup bettor depending on which operator in the EU he was placing his winning bets with.

By looking at the odds offered on the winning selection in each of the 64 matches, the report can calculate what the difference in profit earned by a 'perfect bettor' (someone who predicts the correct result in every game) would be depending on which monopoly he was betting with.

If a customer was to have placed €20 on every single World Cup match, and won every single time, their returns would have been the following:



As the table above shows, consumers being offered only one state monopoly provider are making significantly less profit than those European consumers who have the choice of betting with a range of private providers – this is despite placing the same stake on the same outcome in the same event.

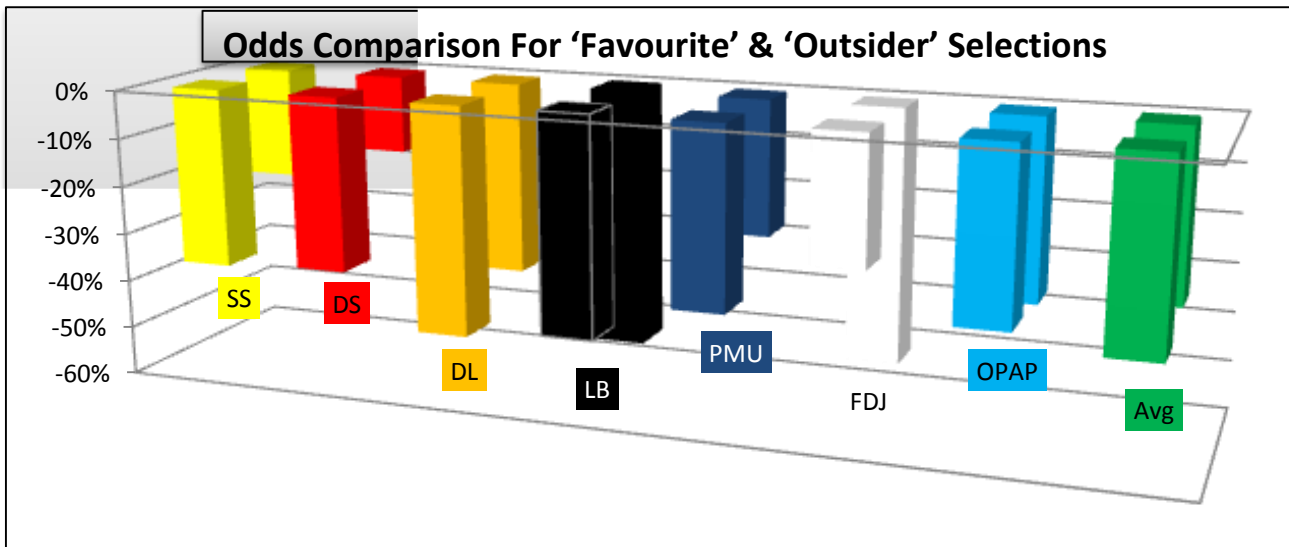
On average, the 'Perfect Bettor' forced to bet with a monopoly would have made €629 less than a 'Perfect Bettor' allowed to bet with private operators.

THE EFFECT ON CUSTOMER STRATEGY

Consumers have varying tactics when placing their bets on sporting events. Some prefer to trust the shortest-priced favourite throughout, while others prefer to pitch for bigger wins by backing the 'outsider' selection.

This segment of the analysis seeks to analyse the relative gains consumers can make depending on which operators they have access to combined with the betting strategy they choose to employ.

For this exercise the report studied the pre-match odds offered by each monopoly on the 'favourite' selection for each game, and the 'outsider' selection for each game. It then compared the total odds and potential returns from those odds against the equivalent being offered by private operators.



*The data on the front row represents the % difference in odds between the monopoly and BPO when betting on the favourites.

*The data on the back row represents the % difference in odds between the monopoly and the BPO when betting on the 'outsider'.

As the table shows, no matter which strategy consumers choose to employ, European monopolies were offering their customers significantly worse odds than those being offered by private operators.

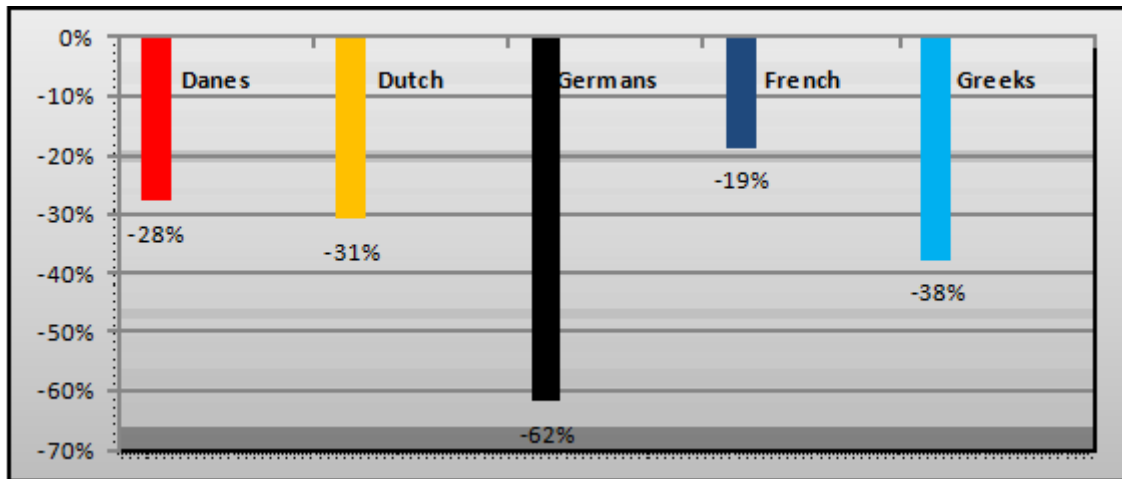
On average, a monopoly customer choosing to back the 'favourite' throughout every one of the 64 tournament matches would have been on the receiving end of 38% worse odds, while one who chose to back the 'outsider' throughout each game of the tournament would have received 35% worse odds.

BACKING YOUR NATION

It is an accepted fact that football fans, particularly when it comes to the national side in major tournaments, often choose to bet with their hearts rather than their heads.

A consumer's wish to express loyalty by putting their money behind their country was an act replicated throughout Europe during the World Cup. The affect on many EU consumers only having access to a state monopoly in order to do this is examined in the table below.

By analysing the odds offered by each monopoly on their nation's team to win in each game in which they played compared to what private operators were offering, we were able to see the difference in value available.



*The above figures are comparing the average odds of the monopoly to those of the best priced private operators.

As the table above shows, a consumer wishing to back his country but forced to do so with the state monopoly received significantly lower odds than they would have done if they were permitted to bet with private EU operators.

The odds offered by Lotto Bayern to those German consumers committed to backing their side in South Africa were 62% lower than the odds being offered by private operators.

On average, monopolies offered customers wishing to back their home nation 35% less value than private operators.

COUNTRY BREAKDOWNS

Sweden

Legislation: Sweden has been subject to European Commission infringement proceedings due to its stringent gambling legislation. Following a 2008 inquiry, Swedish policy makers are currently faced with deciding whether to retain and bolster the existing monopoly system or implement a liberalisation of the betting market.

Monopoly: Svenska Spel

On average, how much better were the odds offered by private operators during the World Cup?

41%

Denmark

Legislation: The Danish gaming market is likely to experience a shake-up after the government passed legislation in June which will see a full licensing system in place from 1st January 2011.

Until now, the Danish gaming market has been dominated by state-controlled company Danske Spil, which holds an exclusive right to offer all sports betting.

Monopoly: Danske Spil

On average, how much better were the odds offered by private operators during the World Cup?

14.4%

Netherlands

Legislation: Under current Dutch law, sports bets are limited to De Lotto, the state monopoly and exclusive holder of a sports betting licence. Despite recent legal challenges in the European Court of Justice by licensed EU online providers, Dutch gamblers are still prohibited from using any other EU licensed operator.

Monopoly: De Lotto

On average, how much better were the odds offered by private operators during the World Cup?

35%

Germany

Legislation: German gambling is currently dominated by state-run enterprises, who, thanks to strict licensing requirements, enjoy a monopolistic status in the lottery, bingo and sports betting sectors.

All online betting is prohibited.

Monopoly: Lotto Bayern

On average, how much better were the odds offered by private operators during the World Cup?

48%

France

Legislation: Despite the so-called 'controlled opening' of the online gambling market in France, stringent rules have forced out licensed European operators from other countries. The French regulator, ARJEL, predicted that around thirty state operators would apply for a new French license. This is in stark contrast to their own projections that there are a projected 5000 gaming websites currently in use by French consumers.

Monopoly: PMU/FDJ

On average, how much better were the odds offered by private operators during the World Cup?

31.5%

Greece

Legislation: Greece has a strict monopoly on gaming. OPAP, the state monopoly, reserves the right to operate all sports betting and has been challenged by the European Commission. In February 2010 the Greek government announced that it will be adopting a new legislative framework for gambling which is expected to try and safeguard OPAP's position while establishing some form of regulation in online gaming.

Monopoly: OPAP

On average, how much better were the odds offered by private operators during the World Cup?

31%

CONCLUDING STATEMENT

It is clear from the results published in this report that consumers using online gambling services in the EU are the recipients of significantly lower value when only offered a state monopoly provider.

In a supposedly single market it is not acceptable for consumers in the EU to have to face such disparity. It is our belief that gambling monopolies are being protected by Member States at the expense of EU consumers. Right2bet does not believe that the preventative measures of several Member States are either proportional or supportive to the aims they claim their restrictive methods are there to achieve.

Protecting the public from addiction and criminal activity are the reasons given when individuals and authorities attempt to justify the existence of their monopolies. Yet there has never been any evidence provided that supports a rationale that can at best be described as a misinformed assumption.

In fact, it is the opinion of several independently published reports that private online operators offer customers an as good or better level of security, and are also more adept at tackling related criminal activities.

We firmly believe that real, progressive change in this area will only take place when the unsubstantiated rationale used by those aiming to maintain gambling monopolies is deemed arbitrary, unless sufficient supporting evidence is provided.

Ensuring the safety and security of Europeans betting online is unquestionably of paramount importance. And right2bet unequivocally supports the notion that no operator should be permitted to offer their services unless they meet and conform to the strictest possible codes and standards with regards to these issues.

Right2bet also believes that the best way to protect the public from the aforementioned dangers are for Member States to operate a transparent, regulated online gambling industry. Governments should be working with reputable, responsible operators to ensure that their citizens have not only the finest and most exciting products available to them, but the safest services to use too.

In keeping with fundamental EU trade principals, if the authorities in one Member State deem a provider to be 'responsible' and adherent to the strictest licensing codes, then that should be sufficient to allow that operator to offer its services seamlessly cross-border.

Attempting to force citizens to use a state provider that offers customers significantly inferior odds and value is a misguided practice that is doomed to fail. The sole group benefiting from such a practice is not the governments, nor the consumers, but the illegal, black market service providers.

We encourage the European Commission to study the findings of this report and to do more to ensure that the unlawful practices of protectionism in the online gambling sector are rooted out.

European consumers deserve to be treated fairly by their governments. And the reality that they are being forced to accept an inferior product and service for reasons that are simply unjustifiable is one that Right2bet will continue to fight against.

For Further comment on this report or information about right2bet please contact the right2bet campaign at:

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To sign the right2bet petition please visit www.right2bet.net



