



## **Sky Betting & Gaming Response to DCMS Call for Evidence**

### **1. Introduction**

- 1.1 Sky Betting & Gaming (SB&G) is an online only UK based gambling operator. Headquartered in Leeds with offices in Sheffield, London, Rome and Munich we are now the largest online operator by UK customer numbers. We operate five major brands – Sky Bet, Sky Vegas, Sky Casino, Sky Bingo and Sky Poker – and also own the leading betting affiliate Oddschecker.
- 1.2 In March 2015 we became an independent company following Sky's sale of its majority share of the business to CVC Capital Partners. Since then we have more than doubled our headcount, investing in nearly 600 new roles in Yorkshire. With the right regulatory and tax regimes in place we are committed to continuing this investment in hi-tech, well paid jobs in the North.
- 1.3 We are pleased to respond to the Government's call for evidence. We have responded in detail to questions 5 to 7 below. We are an online only operator so do not operate gaming machines and as such have not offered any views on questions 1 to 4.

### **2. Executive Summary**

- Levels of problem gambling have remained broadly stable at 0.7% of the adult population in the last three years and are relatively low by international standards;
- Customers are making more use of responsible gambling tools to remain in control of their gambling;
- The online gambling industry has robust age verification processes that ensure under 18 year olds do not access their services;
- Children saw far fewer gambling ads in 2015 than in 2012. The average number of gambling ads seen by children aged 4-15 each week fell by 16.4% between 2012 and 2015.
- Children on average in 2015 saw 3.4 gambling advertisements each week, down from 4.1 in 2012.
- Children see a very small proportion of gambling operators' adverts - Senet Group figures show that just 3.9 % of all impacts from bookmakers broadcast advertising were seen by children in the first 9 months of 2016;
- The equivalent figure for alcohol advertising is 4.0 % and 5.4 % for payday loans and 6.6 % for HFSS high fat, sugar and salt products;
- The most recent data available from October 2015 to September 2016, shows an even more pronounced fall in children's exposure to gambling advertising.
- Children's gambling impacts have fallen 26% since October 2012 to September 2013.
- 10-15 year old children's impacts have dropped 30% in the same period.
- In August 2015 adults aged 16-24 saw 6% fewer gambling ads than they did in 2012. The average 16-24 year old sees 7.8 gambling ads per week.
- A Gambling Commission survey found that there was "little evidence of a direct influence on gambling activity" of those children who had seen gambling adverts or social media posts.



- The current advertising regulatory regime therefore provides robust and appropriate protection for young and vulnerable people and the evidence shows that children see very few gambling adverts;
- We do not therefore believe that any further advertising restrictions are appropriate;
- There is some evidence however, that 18-24 year olds use responsible gambling tools less often than older customers and that they are more at risk of becoming problem gamblers;
- Sky Betting & Gaming therefore believes that mandatory deposit limits for this age group should be introduced;
- In addition, Senet responsible gambling advertising campaigns have been successful at positively changing regular gamblers' behaviour; and
- Senet members will therefore fund more of this advertising and the Government should consider the introduction of an advertising levy to fund more of this type of activity.

### **3. Answers to specific questions**

#### **5. What has been the impact of social responsibility measures since 2013, especially on vulnerable consumers and communities with high levels of deprivation?**

- 5.1 Before examining the impact of specific social responsibility measures it is important to note that overall problem gambling rates are low, and have been relatively stable since 2013.
- 5.2 The Gambling Commission's quarterly survey data shows that 0.4% of the adult population in 2013, 2014, and 2015 were problem gamblers. The most recent data in this series suggests a small increase in 2016 to 0.7% of the adult population<sup>1</sup>. This would mean that problem gambling levels in the UK are very similar to levels recorded in the last major survey, the 2012 Health Survey.
- 5.3 As the authors of the last major report into problem gambling rates, commissioned by the Gambling Commission, state, "Overall, problem gambling rates in Britain appear to be relatively stable"<sup>2</sup>.
- 5.4 Within that context we have examined the take up and usage of the range of social responsibility measures that we offer to our customers. These include:
- Deposit limits that can be set on a daily, weekly or monthly basis;
  - A cool off setting so the customer can have a break from all products for up to 30 days;
  - A 'self-exclusion' per product option, restricting the customer's access to a product for a period of 6 months to up to 5 years; and
  - A full 'self-exclusion' option to let the customer close their account at any time for a minimum of 6 months or up to 5 years if you want to take a longer break from gambling.
- 5.5 For background it is important to know that all self-limitations applied to an account take immediate effect. Any self-exclusion will only be removed after it has expired and the

---

<sup>1</sup> Gambling Commission date published on 26<sup>th</sup> July 2016 available at <http://www.gamblingcommission.gov.uk/docs/Survey-data-on-gambling-participation-YEAR-TO-June-2016.xlsx>.

<sup>2</sup> Gambling Behaviour in England and Scotland, NatCen, for the Gambling Commission, 29<sup>th</sup> July 2014, <http://www.gamblingcommission.gov.uk/PDF/Gambling%20behaviour%20in%20England%20Scotland%2010072014.pdf>



customer has contacted our Contact Centre, requesting to have the self-exclusion removed. At this point a 24 hour delay is automatically applied to the account before the customer is able to log in, in case they change their mind.

- 5.6 We have therefore analysed the take up of these responsible gambling tools between 2013 and October 2016:
- The number of customers using our self-exclusion tool has increased from 26,000 to 67,000.
  - The number of customers using our self-exclusion by product tool has increased from 8,000 to 50,000.
  - The number of customers using our cool off tool has increased from 11,000 to 33,000.
  - The number of customers using deposit limit tool has declined from 219,000 to 143,000 suggesting that once a limit is set they are often left alone.
- 5.7 Since 2013 we have placed a greater emphasis on guiding customers to these tools. We believe that their use reflects the fact that more people are using them to help them stay in control of their gambling. At the same time, rates of problem gambling have remained broadly stable. It is obviously not possible to draw a definitive and direct link between these two trends, but it would at least suggest that the tools available to customers have helped a number of them.
- 5.8 In addition to making these tools available to customers we proactively contact those we think may be at risk of gambling related harm. These customers are identified in a number of ways. Firstly our staff are trained to look out for potential signs of problem gambling when in contact with customers. This includes particular trigger words or phrases. We also run a number of trigger reports looking at the amount that customers deposit. If they reach a certain amount, or have a number of deposits declined by their bank, we will proactively contact them.
- 5.9 This year alone, these triggers have resulted in 17,141 proactive customer contacts of which 4,634 were verbal conversations and 12,507 email contacts.
- 5.10 In addition, our Data Science Team has developed an initial predictive model to aid the identification of potential problem gamblers. We have based this system in part on the relevant markers of harm outlined in the Responsible Gambling Trust research into gaming machines. This model is currently in its third iteration and we will update it to reflect the research into online gambling to be published by PWC on behalf of GambleAware.
- 5.11 Using this model our responsible gambling advisers have contacted nearly 2,500 customers to check they are in control of their gambling and guide them towards our tools and outside help. We have subsequently reviewed around 1,000 of these accounts to see if we are satisfied from a responsible gambling point of view.
- 5.12 We have always adopted this proactive approach to responsible gambling but since 2013 we have significantly increased resources invested in this area and introduced new and improved systems. We have a variety of checks in place ranging from well trained staff through to the latest in data analytics. Not only do we monitor for customers who may be at risk of problem gambling but we proactively contact them both over the phone and via email to make sure they are comfortable with their level of spend. Ultimately, if we are not



satisfied that they are in control of their gambling we will stop transacting with them and help them get counselling or other external advice and support.

- 5.13 Although not a new social responsibility measure we also offer robust age verification processes. All individuals must enter a date of birth as part of their initial registration for an account with Sky Betting and Gaming and any date of birth below 18 years is immediately rejected. Prior to any financial transaction, Sky Betting and Gaming will verify all customers' details using a 3rd party verification provider. All customers registering from within the United Kingdom will be prohibited from transacting on the site before a positive age and identity match is confirmed by the 3rd party verification provider.
- 5.14 In fact in recent debates about protecting children from adult and age-restricted products the gambling industry's age verification systems have been cited as a success story that could be replicated elsewhere. For instance, the NSPCC cited the gambling industry in its evidence to the Home Affairs Select Committee<sup>3</sup> and MediaWatch did the same in its submission to the Parliamentary Enquiry into Online Child Protection<sup>4</sup>.
- 5.15 The recent Gambling Commission survey into young people and gambling published in November 2016 demonstrated the impact these controls are having. It highlighted that online gambling was one of the least popular ways for young people to gamble and that "the most popular forms of gambling continue to be fruit machines (5%), placing a private bet with friends (5%), playing cards for money with friends (4%), and National Lottery scratchcards (4%)"<sup>5</sup>. Interestingly, amongst the minority of children who had gambled online a majority of those had done so with their parents' permission. Online operators must remain vigilant and continue to improve their age verification processes but for the most part they are successful in preventing underage people from gambling.
- 5.16 As the first online only member of the Senet Group we also want to draw attention to their response to this call for evidence. Their evidence includes detail on the impact of the responsible gambling advertising and messaging which this group has carried out. In short:
- 50% of the adult population recognised the 'When the Fun Stops, Stop' responsible gambling campaign;
  - This figure rose to 75% amongst regular gamblers;
  - Amongst the regular gamblers who were aware of the campaign 37 % said it had made them think about their gambling behaviours;
  - 18% said the campaign had helped them – at least once – stop gambling more than they should;
  - 66% said it made them more aware that gambling can become a problem for some people; and
  - 9.9% of all adults agreed the campaign had "led me to warn other people about their gambling, if only jokingly".
- 5.17 So not only are our customers making more use of the responsible gambling controls available to them, we are proactively contacting more customers to check they are in

---

<sup>3</sup> <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmhaff/70/70vw02.htm>

<sup>4</sup> <http://www.mediawatchuk.com/wp-content/uploads/2013/03/Parliamentary-Enquiry-into-Online-Child-Protection.pdf>

<sup>5</sup> <http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf>



control of the gambling, and the wider industry has had some success at using its advertising resource to positively influence regular gamblers' behaviour. All of which is likely to have played some part in ensuring that problem gambling levels have remained stable.

**Q6. Is there anything further that should be considered to improve social responsibility measures across the industry? Please provide evidence to support this position.**

- 6.1 There is always more that the industry can do to refine the social responsibility measures that are in operation. We are committed to incorporating the Responsible Gambling Trust research into online gambling into our social responsibility measures, in particular our data science model.
- 6.2 Beyond this we believe that there are three specific areas that the industry should do more on. Firstly, the recent problem gambling evidence suggests younger gamblers are more at risk from gambling related harm.
- 6.3 The Gambling Commission's recent quarterly statistics show that for the 16-24 age group the problem gambling rate has increased from 0.4% in year to June 2013 to 1.5% in year to June 2016. This was though consistent with the rate reported in the 2012 combined Health Surveys which was 1.4% for 16-24 year olds. Regardless of whether there has been an increase in the last few years there is a notable difference between this age group and the population at large.
- 6.4 We also know that our customers aged between 18-24 years old are less likely to use the responsible gambling tools available to them. For instance, only 12% of 18-24 year olds use deposit limits compared to 22% of 25-34 year olds and nearly one third of those aged over 65.
- 6.5 Sky Betting & Gaming therefore believes that 18-24 year old customers should be mandated to use the deposit limit responsible gambling tool to help them stay in control of their spending. We will be introducing this measure in 2017.
- 6.6 The Government has cited concern regarding this particular group of customers. We believe that this specific social responsibility measure will do more to address the trends in problem gambling in this cohort than any action on advertising. We would therefore welcome Government support for introducing this commitment.
- 6.7 We believe the second area for industry action is around social media. The Minister stated last August, in response to the previous review of gambling advertising, that she wanted to see "gambling operators, regulators and social media firms come together to examine if more needs to be done to ensure that marketing for gambling products is not reaching young people through social media"<sup>6</sup>.
- 6.8 The Senet Group has therefore agreed a new enforceable commitment related to the promotion of responsible gambling messaging through social media. All members will now push responsible gambling messages over twitter every day, with more tweets on busy sporting days.

---

<sup>6</sup> Government press release, 20<sup>th</sup> August 2015, <https://www.gov.uk/government/news/gambling-industry-toughens-code-on-television-adverts>

- 6.9 As the recent Gambling Commission survey into young people and gambling found that the 9% of children who follow gambling companies on social media are twice as likely to have gambled we are also committed to working with the social media companies on ways, beyond highlighting the over 18 nature of our channels, to reduce the number of children following gambling operators' social media channels.
- 6.10 Finally, given the success of the previous Senet Group responsible gambling advertising campaign we believe the industry as a whole should do more of this type of activity. Senet Members are willing to pay for another campaign based on the previous work they carried out. However, we would also support an industry-wide campaign funded by some form of advertising levy. This would include contributions from all licensed operators and broadcasters. We would happily work with the Government on how this could be introduced either through the industry bodies or via legislation.

**Q7. Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?**

- 7.1 In October 2014 the independent Advertising Standards Authority published a review of the gambling advertising regime together with research into consumer attitudes to gambling advertising and its regulatory regime.
- 7.2 This review found that complaints on gambling advertising made up a very low proportion of overall complaints that the ASA deals with. It stated that gambling cases made up 3.5% of all ASA cases dealt with in 2013. 50% of these cases were related to non-tv advertising<sup>7</sup>.
- 7.3 Significantly the research into consumer attitude towards gambling advertising found that "Children's exposure to sports betting was not seen as a significant problem"<sup>8</sup>. In addition it also highlighted that "participants did not think [gambling advertising] should be restricted from appearing around sporting events"<sup>9</sup>.
- 7.4 The review concluded:
- "Given the relatively low number of cases we receive that relate to scheduling or targeting, and the agreement of focus group participants with the ASA's general approach and specific*

---

Page 11 <https://www.asa.org.uk/News-resources/Media-Centre/2014/~media/Files/ASA/Reports/Review%20of%20the%20ASA's%20application%20of%20the%20UK%20Advertising%20Codes%20to%20gambling%20advertising.ashx>

Page 15 <https://www.asa.org.uk/News-resources/Media-Centre/2014/~media/Files/ASA/Reports/Review%20of%20the%20ASA's%20application%20of%20the%20UK%20Advertising%20Codes%20to%20gambling%20advertising.ashx>

Page 15 <https://www.asa.org.uk/News-resources/Media-Centre/2014/~media/Files/ASA/Reports/Review%20of%20the%20ASA's%20application%20of%20the%20UK%20Advertising%20Codes%20to%20gambling%20advertising.ashx>



*decisions in this area, we can conclude that the existing provisions are providing appropriate levels of protection.”<sup>10</sup>*

- 7.5 This review and the subsequent action by the Industry Group for Responsible Gambling were both welcomed by the Government in August 2015<sup>11</sup>. It would be surprising if consumer attitudes towards gambling advertising and the level of complaints about gambling advertising had changed significantly in the 16 months since the Government welcomed this review.
- 7.6 This Call for Evidence cites the fact that the number of gambling adverts on television increased from 90,000 in 2005 to 1.4m in 2012. However, it did not highlight the make-up of this advertising by gambling product which Ofcom stated was as follows –
- bingo accounted for 38.3% of adverts;
  - online casino and poker services were 29.6%;
  - lotteries and scratch cards represented 25.6%;
  - sports betting adverts accounted for 6.6% of the total.
- 7.7 So although the Secretary of State seemed to suggest in her evidence to the Culture, Media and Sport Select Committee on 24<sup>th</sup> October that she was most concerned about sports betting advertising, this type of advertising is actually only a fraction of overall gambling advertising.
- 7.8 More significantly, children’s exposure to gambling advertising is actually decreasing since Ofcom last looked into this issue. Data shared with Sky Betting & Gaming from the commercial broadcasters has replicated the methodology used by Ofcom in their review of trend in gambling advertising in 2013. Using BARB/Nielsen AdDynamix they have compared the change in impacts in each of the years from 2012 to 2015
- Children saw far fewer gambling ads in 2015 than in 2012. The average number of gambling ads seen by children aged 4-15 each week fell by 16.4% between 2012 and 2015.
  - Children on average see 3.4 gambling advertisements each week, down from 4.1 in 2012.
  - Adults aged 16-24 are seeing 6% fewer gambling ads than they did in 2012. The average 16-24 year old sees 7.8 gambling ads per week.
- 7.9 In addition, Sky have looked at the most recent data available from October 2015 to September 2016 and shared this research with us. This shows an even more pronounced fall in children’s exposure to gambling advertising. Children’s gambling impacts have fallen 26% since October 2012 to September 2013, 10-15 year old children’s impacts have dropped 30% in the same period.<sup>12</sup>
- 7.10 Finally, data from the advertising agencies who have been working with The Senet Group on their responsible gambling campaigns found that in analysing all advertising from

---

Page 25 <https://www.asa.org.uk/News-resources/Media-Centre/2014/~media/Files/ASA/Reports/Review%20of%20the%20ASA's%20application%20of%20the%20UK%20Advertising%20Codes%20to%20gambling%20advertising.ashx>

<sup>11</sup> DCMS press release 20<sup>th</sup> August 2015 <https://www.gov.uk/government/news/gambling-industry-toughens-code-on-television-adverts>

<sup>12</sup> Sky television advertising data is based on the BARB Techedge system. Unless otherwise stated they have used the latest available evidence in our analysis, October 2015 to September 2016, and have compared it with the equivalent period in preceding years. Children are defined as between the ages 4 and 15.

January 2016 to the end of September 2016, only 3.9 % of all impacts from bookmakers broadcast advertising were seen by children. The equivalent figure for alcohol advertising is 4.0 % and 5.4 % for payday loans and 6.6 % for HFSS high fat, sugar and salt products.

- 7.11 Children are not therefore exposed to a significant amount of gambling advertising. Nor, are young adults or the population as a whole. The fact that children and young adults see less gambling advertising than the full adult population shows that the advertising regulatory regime is working to protect those groups from exposure to gambling advertising. Even sports broadcasting, which has been singled out by the Secretary of State, accounts for a tiny proportion of the advertising impacts that children experience.
- 7.12 This is supported by further Ofcom research into children's media usage which demonstrates that total TV viewing hours are in decline among all children. And that no live sports events were in the top twenty programmes watched by children<sup>13</sup>.
- 7.13 Finally, the current advertising regime ensures that gambling advertising does not appeal to young and vulnerable people in a number of different ways:
- The Industry Group for Responsible Gambling's Code for Socially Responsible Advertising states that gambling advertising "should not be specifically and intentionally targeted towards people under the age of 18 through the selection of media, style of presentation, content or context in which they appear";
  - The Committees of Advertising Practice rules state that gambling advertising should not "be likely to be of particular appeal to under 18s, especially by reflecting or being associated with youth culture" and should not "exploit the susceptibilities, aspirations, credulity, inexperience or lack of knowledge of children, young persons or other vulnerable persons";
  - Gambling advertising should also not feature anyone gambling or playing a significant role in the ad if they are under 25 years old;
  - The Senet Group members also dedicate a proportion of their tv, press, radio and digital advertising to responsible gambling messaging.
- 7.14 The available evidence suggests therefore that the existing rules on advertising are appropriate for the protection of children and vulnerable people from any potential harmful effect of gambling advertising. The current regulatory and voluntary regime ensures that children are exposed to very little such advertising, and that the advertising that they do see is carried out in a responsible manner and not designed to appeal to them. Even if children do try to access online gambling services as a result of gambling advertising then industry age verification measures mean they are unable to do so. Finally, industry activity around the promotion of responsible gambling messaging through their websites, apps, and marketing activities has helped positively change the behaviour of regular gamblers.
- 7.15 Sky Betting & Gaming can therefore see no reason for fundamentally changing the gambling advertising regulatory regime.

---

<sup>13</sup> Pages 226-226 [https://www.ofcom.org.uk/data/assets/pdf\\_file/0034/93976/Children-Parents-Media-Use-Attitudes-Report-2016.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0034/93976/Children-Parents-Media-Use-Attitudes-Report-2016.pdf)