

Mobile phone gambling: preparing for take-off

Mobile gambling provides many opportunities for operators and consumers. This article examines the prospects for mobile gambling.

It is often claimed by marketeers that online gambling makes commercial sense (i.e., the combining of gambling and the Internet into one convenient package). Gambling looks like it is taking another step towards convenience with the advent of mobile phone gambling. This is gambling on the move, whenever, wherever, with the wireless world of mobile gambling. Since it is unnatural to be always near a computer, it makes the medium of wireless the perfect medium for online gambling. Whenever a gambler has a few minutes to spare (at the airport, in traffic etc.), a person can occupy themselves by gambling. Robert Lezec (the CEO of the mobile gambling company Indiqu) claimed that mobile gambling would be the most lucrative of all m-commerce segments over time.

Conventional wisdom says that two things have the power to drive any new consumer technology - pornography and gambling. These activities helped satellite and cable television, video, and the Internet. The wireless world of the mobile phone may not be too different. So will gambling compete with pornography for dominance of m-commerce? Along with pornography, gambling sites are one enterprise that should have little trouble reaching profitability - especially if this is combined with sports events. Sports are huge on the Internet. There are thousands of communities on the Internet built around sports teams or leagues, and even more "unofficial" team sites set up by fans. The most successful of those communities will look to "mobilize" and then

"monetize".

Gamblers are risk-takers to begin with, and may be less cautious with new forms of technology. Mobile phones are ideal for bet placing, and gamblers will be able to check on their bets, and place new ones. Furthermore, it is anonymous, and can provide immediate gratification, anytime, anywhere. Anonymity and secrecy may be potential benefits of mobile gambling as for a lot of people there is still stigma attached to gambling in places like betting shops. Mobile gambling is also well suited to personal (i.e., one-to-one) gambling, where users bet against each other rather than bookies.

So what types of gambling will work best on mobile phones? Internet gambling lends itself most naturally to "casino-style" games like slot machines, blackjack, roulette, poker, etc. These games require more in the form of graphics, sounds and interactivity. They are not really suitable for mobile devices that (currently) cannot really support these as well. Basically, mobile phone graphics and technology cannot compete with Internet web browsers. Mobile phone gambling is best suited for race and event betting. With mobile phone betting, all that is required is real-time access to data about the event to be bet on (e.g., a horse race, football match), and the ability to make a bet in a timely fashion. Such facilities are easily provided by the web-enabled third generation (3G) mobile phones, and the appropriate software. At the present time, WAP phones' biggest influence will be on sports betting. The placing of the bet is not the driving motivation in event wagering. Since being the spectator is what sports fans are really interested in, the sports gambler does not need fulfilment from the process of gambling. People betting on sports will use mobile phones

because they are easy, convenient and take no time to boot up. Once they have their sports book registered as a bookmark on their phone, they can access it and place a bet within minutes.

However, things could well change over time. Some people have compared WAP mobile protocol as the 'BASIC' programming language of wireless Internet. It is predicted that with fourth generation (4G) mobile phones, customers will be able to play typical "casino style" games like blackjack, poker and slots. Within the next few years, the limiting aspects of the technological and protocol demands of mobile gambling (graphics, sound and displays on mobile and personal digital assistants (PDA) devices - will be largely resolved, with the advent of 4G mobile devices.

Advances will allow punters to watch sporting events live on their phones while wagering in real time. Consider the following scenario. A betting service that knows where you are and/or what you are doing has the capacity to suggest something context-related to the mobile user to bet on. For instance, if the mobile phone user bought a ticket for a football match using an electronic service, this service may share this information with a betting company. If in that match the referee gives a penalty for one team, a person's mobile could ring and give the user an opportunity (on screen) to bet whether or not the penalty will be scored. On this type of service, the mobile phone user will only have to decide if they want to bet, and if they do, the amount of money. Two clicks and the bet will be placed. Context, timeliness, simplicity, and above all user involvement look like enough to convince also people that never entered a bet-shop.

So who will be inclined to pay to play? The penetration of wireless gambling will mostly be contingent upon the market penetration of wireless web users in general. The mobile phone market is already large in many parts of the world. According to International Data Corporation, there are 100 million mobile phone users in Asia and 60 million in Europe. The US is behind but catching up fast. By the end of this year, International Data Corp predicted there would be close to 1.3 billion web-enabled cellular phones globally. If these numbers are combined with the popularity of gambling, it could be speculated that there is the basis for a very profitable enterprise. However, the expected market share of the mobile gambling industry remains to be seen.

Mobile phone gambling is being pioneered in some places already. For instance, the Hong Kong Jockey Club has combined forces with a number of local mobile phone companies to create an SMS-based 'Telebet' account. Telebet accounts have a facility for placing instant bets. Furthermore, the technology allows money transfer between the customer's bank account and their Telebet accounts. To facilitate and maintain interest, mobile phone gamblers are given wireless broadcasts of racing reports, racing commentaries, betting odds and the latest racing and lottery results.

As with all new forms of technological gambling, ease of use is paramount to success. In the early days of WAP phones, programming the phone to use the protocol was very difficult. However, mobile phones are becoming more user-friendly. Pricing structures are also important. In Europe, Internet access and mobile phone use has generally been paid for by the minute. In other places (e.g., Asia,

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North America), there are one off payment fees (e.g., unlimited use and access for a monthly rental fee). The latter would appear to facilitate leisure use as consumers would not be worried that for every extra minute they are online, they are increasing the size of their bills. In Europe, the way the pay structure works means that gamblers can pay more for the phone bill than to gamble. This means that (initially) mobile phone gambling will be more readily embraced in Asia and North America, rather than Europe. Europeans also have a different behavioral history with credit cards than North Americans. At present, Europeans feel less secure using credit cards over the phone and Internet because they generally have to sign something before commercial transactions are processed.

Sports/Mobile gambling
Manchester United has transformed itself into a powerful media company. It has launched its own digital TV channel, signed up a host of big-name technology partners (including Vodaphone, Sun, Lotus, Informix), and started an ISP service. Their partnership with Vodaphone is perhaps a sign of the shape of things to come. In addition to sponsoring United's kit, Vodafone will also get the chance to develop co-branded mobile services with the club. This will offer users WAP access to content similar to United's Web site (receiving real-time scores and team news via SMS). What they are heading towards is their ultimate goal - live video of matches, straight to mobiles, anywhere in the world.

Vodafone predicts that within four years, users will be able to subscribe to the matches (much like pay-per-view television), on their mobile phones and devices.

While watching them, users will be able to view statistics, player biographies, and order merchandise. So what does all this have to do with gambling? Mobility will facilitate an increase in "personalized" gambling, where bettors gamble against each other, rather than the house. Match even allows people to raise the stakes during an event which is a perfect application for when someone is at a match or watching it in the pub and cannot get to the betting shop.

Gambling will become part of the match day experience. A typical scenario might involve a £10 bet with a friend on a weekend football match. The gambler can SMS their friend and log on to the betting service to make their gamble. If the friend accepts, the gambler has got the chance to win (or lose). Football clubs will get a share of the profits from the service. Manchester United already has a relationship with Eurobet, and betting shops are easily found in and around most all football stadiums. Clubs are keen to get fans using branded mobile devices where they can simply hit a "bet" button and place a wager with the club's mobile phone partner.

It is clear that the medium of mobile phone gambling will develop over the next few years. However, whether it will be the long term success remains to be seen.

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