

## Chapter 22

# Differences that Matter: A New Framework for Evaluating Marketing Communication Effectiveness in Online Social Gambling

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### ABSTRACT

*Gambling has been a part of humanity for a very long time, and references to it have been found in some of the earliest dated records. Literature on the topic has been accumulating since ancient times. The advent of Internet technology, along with its typical subsets, provides a new twist on how gambling is conducted in postmodern times. Drawing on qualitative research, this chapter examines online social gambling and real money gambling marketing communication practices and offers some insights on the development and implementation of effective marketing communication programmes. In contrast to existing studies, the chapter, in part, proposes integrative and higher levels of marketing communication programmes between online social gambling and real money gambling environments.*

### INTRODUCTION

As profit driven entities, internet gambling companies (also referred to as ‘online gambling’ and ‘real money gambling online’ in this study) are seeking expansion into a rapidly growing online social gambling industry (Yakuel, 2013; Chang and Zhang, 2008). A few of the large internet gambling companies and social gambling companies have already started spending millions of dollars trying to fight for market share; while other gam-

bling companies and social gambling companies have begun building strategic alliances (Johnson, 2013). These actions have sparked controversy within the industry in terms of how companies should handle both markets (Schneider, 2012; Goode, 2013; Morgan Stanley, 2012). This controversy, combined with limited research within the social gambling industry, has left industry leaders and scholars with different ideas about how to understand the business models of the social gambling and internet gambling industries,

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and more specifically, whether or not to merge them together or keep them separate (Schneider, 2012; Goode, 2013; Collson, 2012a; Rogers, 2013; Morgan Stanley, 2012). This has spawned debate amongst government officials about whether or not social gambling online can actually be considered 'gambling' and whether or not they should step in and regulate the online social gambling market (Alaeddini, 2013; Cohen, 2013). Furthermore, authors also have different perspectives about online gaming and there appears to be no clear definition of what online gaming entails (Yee, 2006; Raylu and Oei, 2002; Jieun, et al., 2011; Schneider, 2012). More specifically, Yee (2006) and Kaye (2012) claim online gaming involves playing traditional video type games online; while Owens (2010) and Alaeddini (2013) suggest that internet gambling games are forms of online gaming; and Jieun, et al., (2011), Roche (2012), and Odobo (2013a) suggest that the definition also includes the relatively new industry social gaming (including social gambling).

The advantage for internet gambling companies is they can exploit marketing opportunities within the unregulated social gambling industry that they can no longer do within the regulated internet gambling industry. The social gambling industry is unregulated in over 99% of countries globally, primarily because it is currently not considered to be gambling (Morgan Stanley, 2012). More specifically, some social gambling sites do not allow real life monetary value for their virtual currency (fake gambling chips), while other social sites do not accept payments (wagers) from players for prizes won. Either way, both strategies eliminate one of the three key elements for something to be considered gambling (UK Gambling Act, 2005). This allows real money gambling sites direct access to players where local governments have placed legal restrictions for internet gambling marketing communication programmes and consumer buying.

At a recent gambling conference in London, some industry experts stated that social gambling and real money gambling businesses should not be

viewed as identical entities but should be viewed separately as each has a unique business model (Goode, 2013) and social gamblers and real money gamblers have different motives for playing (Choi and Kim, 2004). In addition, 98% of social gamblers are not willing to spend any money at all, and therefore, cannot be converted into profitable real money gamblers (iGaming Business, 2013). This data is consistent with Chang's (2010) case study, which also states that 98% of social players online are not willing to spend any money.

Other industry leaders feel differently and view both business models as a perfect fit for each other. For example, Zynga, the global market leader for social games and social gambling games online, has teamed up with BWin.Party, currently one of the largest real money gambling companies online, and entered the UK real money gambling industry in April 2013 using the social gambling brand Zynga Poker (Collson, 2012a; Pitt, 2013). Other recent examples of convergence between real money companies and social gambling companies include: 1) Facebook teaming up with 888 Holdings PLC, another one of the world's largest online gambling companies, to offer a real money gambling platform on Facebook in 2013 (Collson, 2012b) and also teaming up with Gamesys Software to launch a real money bingo platform (Church-Sanders, 2012) on the Facebook platform; 2) The \$500 Million US acquisition of the third largest social casino site, Double Down Interactive, by International Game Technology (IGT), making this the largest deal of its kind to date (Wall Street Journal, 2012); and 3) Caesars Entertainment, one of the largest casino companies in the US, is currently ranked number two in the social gambling market share after it purchased the social gambling software company Playtika in 2011 (Tsipori, 2011; Morgan Stanley, 2012). By forming these strategic alliances (the merging of a social network/gambling company with a real money gambling company) core competencies and economies of scale can be shared to increase the chance of success while also minimising risks (Rogers, 2013).

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