

Mobile Phone Gambling

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INTRODUCTION

It is often claimed by marketeers that online gambling (i.e., the combining of gambling and the Internet into one convenient package) makes commercial sense. Gambling looks like it might make 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 somewhat unnatural to always be near a computer, it could be argued that wireless mobile phones are the ideal medium for gambling. Whenever gamblers have a few minutes to spare (at the airport, commuting to work, waiting in a queue, etc.), they can occupy themselves by gambling (Griffiths, 2005a).

BACKGROUND AND BRIEF OVERVIEW

The mobile phone industry has grown rapidly over the last few years. It is predicted that by the end of 2005, the number of international mobile phone users will pass the two billion mark. The latest research by Mintel (2005a) highlights that mobile phone revenues from mobile gambling and gaming is increasingly rapidly. In 2004, mobile gaming revenue reached \$200 million. According to the Mintel report, by 2009, mobile gambling is set to generate \$3 billion in the United States alone. Despite the huge figure, mobile gambling will only likely account for around 1.5% of mobile industry revenues. It will also be a small part of the overall market as Mintel predicts that the U.S. casino gambling market will generate revenues of almost \$71 billion by 2009 (compared to the \$48.3 billion generated in 2004).

In the UK, mobile phone gambling has also increased dramatically. Mintel (2005b) reported that the number of betting pages downloaded by the end of 2005 was expected to approach three million, up 367% on 2004. Mobile phone users in the UK are set to spend £740m on phone downloads by the end of 2005. This is 18 times the £40m spent in 2002. Ring tones for phones account for approximately one-third of all mobile downloads. Arcade-style games (26%), screensavers and wallpaper (13%), and music (8%) are all popular. However, the biggest growth area has been in gambling, which now accounts for 9% of all mobile phone downloads in the UK.

These predictions also seemed to be backed up by Juniper Research (2005) who predicted mobile gambling revenues will

total about \$19.3 billion worldwide by 2009, with lotteries accounting for about \$7.9 billion, sports betting bringing in \$6.9 billion, and casino-style gambling contributing \$4.5 billion. Juniper predicts that lotteries will make most money for mobile gambling operators because governments are generally less censorious about lotteries than other forms of gambling. They are also easy to play and relatively low cost compared to other types of gambling (Griffiths & Wood, 2001). This means that mobile lotteries are likely to become established fairly quickly in a greater number of markets. Given the ubiquity of lotteries worldwide, it only requires a very small percentage of players to buy their tickets via their mobile phone for the resulting global dollar revenues to run into the billions. Juniper also claims that the growth in the UK National Lottery is almost wholly attributable to mobile betting.

Conventional wisdom says that two things have the power to drive any new consumer technology—pornography and gambling (Griffiths, 2001, 2004a). These activities helped satellite and cable television, video, and the Internet. It has been claimed in the media that Internet gambling and adult (pornography) sites are about the only e-businesses easily succeeding, as they provide adult entertainment in a convenient and guilt-free environment. The wireless world of the mobile phone may not be too different. So will gambling compete with pornography for dominance of mobile 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.”

To some extent, the majority of gamblers are risk-takers to begin with (Griffiths, 2004b). Therefore, they may be less cautious with new forms of technology. Third-generation (3G) 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 and casinos (Griffiths & Parke, 2002). Mobile gambling is also well suited to personal (i.e., one-to-one) gambling, where users bet against each other rather than bookies. Online betting exchanges (e.g., betfair.com)

are prime examples of where people bet on anything and everything with each other (Griffiths, 2005b).

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, and so forth. These games require more in the form of graphics, sound, and interactivity. These types of gambling are not ideal for mobile devices but have now been introduced on 3G devices. It is unlikely that mobile phone graphics and technology can compete with Internet Web browsers (although the technology is improving all the time). Intuitively, mobile phone gambling is best suited for sports 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, a football match), and the ability to make a bet in a timely fashion.

These basic requirements are easily provided by the current generation of mobile phones and the appropriate software. At present, it looks as though mobile 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 fulfillment 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.

FUTURE TRENDS

However, the situation will change over time. The new generation of mobile phones already has the capability to play typical “casino-style” games like blackjack, poker, and slots. The limiting aspects of the technological and protocol demands of mobile gambling (graphics, sound, and displays on mobile and personal digital assistant devices) are largely being resolved through technological advance.

These 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 soccer 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 phone 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 he or she wants to bet, and if so, the amount of money. Two clicks and the bet will be placed. Context, timeliness, simplicity, and above all user

involvement look like enough also to convince people who never entered a bet shop.

The scenario described is not as far-fetched as it would seem. Manchester United soccer club 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 Vodafone, Sun, Lotus, and Informix), and started an ISP service. Its partnership with Vodafone is perhaps a sign of the shape of things to come. In addition to sponsoring the club’s kit, Vodafone will also get the chance to develop co-branded mobile services with the club. This will offer users access to content similar to the company’s Web site (receiving real-time scores and team news via SMS). What Vodafone is heading towards is the ultimate goal—live video of matches, straight to mobiles, anywhere in the world.

While watching matches, 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, for example, the types of service offered by Eurobet’s Match service, where bettors gamble against each other, rather than the house.

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 text the friend via SMS and log on to the betting service to make a bet. If the friend accepts, the gambler has the chance to win (or lose). Football clubs will get a share of the profits from the service. 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.

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. Juniper predicts that by 2009, mobile gambling revenues will be concentrated in Europe (37%) and the Asia-Pacific region (39%). They predict that North America will produce only 15% of global revenues because of government and societal opposition to wireless gambling. If these numbers are combined with the popularity of gambling, it could be speculated that there is the basis for a very profitable enterprise.

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. Internet access and mobile phone use that is paid for by the minute produces very different customer behavior to those that have one-off payment fees (e.g., unlimited use and access for a monthly rental fee). The latter payment structure 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.

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