



The role of the CDP in highly regulated industries: Gaming



Content

Foreword	3
The crux of the matter: Anonymisation and pseudonymisation	4
The role of the CDP in gaming: Safety and loyalty	6
Putting this into practice	9
Governance and consequences	11
Closing remarks	13



Foreword



You don't open a pub to bar the locals. You open it to create an enjoyable, entertaining space for adults to come and have fun. You keep it safe by being responsible with who you sell alcohol to and who you don't. You understand the regulars, and you pay a close eye on everyone else – you have a fundamental need to be responsible and smart.

The same is true of gambling operators. You can't afford to be reckless with how you look after your customers – you don't want them to descend into problem betting and therefore self- or forced exclusion. You want to make your domain somewhere people come to have fun – safely – within their own limits.

Like alcohol, gambling is seen as a vice. We can't escape that, but it's something which has become part of our culture – and this is primarily down to it being done responsibly with the customer's safety and health at the heart of operations.

The tension (sometimes unwritten) in maintaining a balance and responsibility is that a gaming operator is a commercial entity. It isn't a not-for-profit business aimed at satiating public demand – it exists to make money, but without exploiting its customer base. It's perhaps not discussed enough and is mildly taboo.

So, as an operator, how can you walk this tightrope without falling off?

Pure and simple, you do it by building an understanding of your customer, using this to inform responsible marketing and promotion outreach. This understanding is also key to identifying any concerning behaviours which warrant timely and considerate intervention. You need to know how, when, and where they gamble. In doing so, you can build a full picture of a customer and tap into their passions, in the process creating the opportunity to drive loyalty without compromise.

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The crux of the matter: Anonymisation and pseudonymisation

Before any discussion about the role a CDP can play within a highly regulated industry such as the gambling sector, it's critical to address the two core aspects of data management which define its effectiveness: anonymisation and pseudonymisation.

An understanding of these is especially key when balancing GDPR compliance with the ability to harness insight through data.

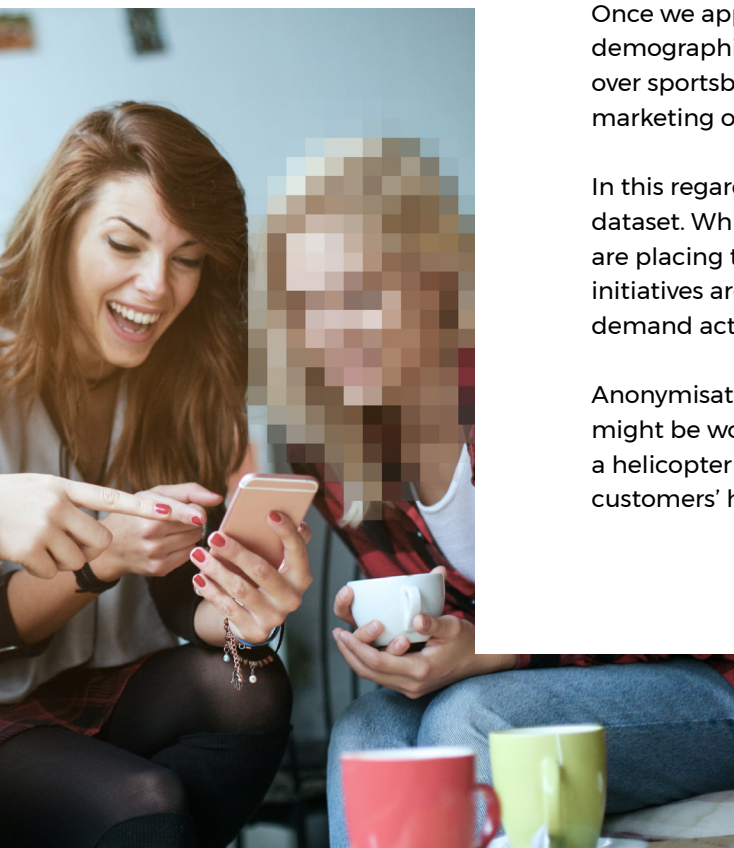
Anonymisation

This refers to the removal of all possibility to identify a specific customer through rendering it anonymous. The data involved is wholly detached from its subject and, as a result, can only be seen in absolutes. In the gaming sector, the overall betting levels can inform odds-setting, the success (or otherwise), of specific games and slots, and which sports events bring the most attention.

Once we apply anonymised data, however, we can create a demographic level underneath this; which age groups are using slots over sportsbooks? And, therefore, where should promotional and marketing outreach be focused for specific segments of users.

In this regard, it can reveal macro trends within the entire customer dataset. While it won't allow an operator to know which customers are placing the bets, it can be used as an indicator of where safety initiatives are working, and where trends are appearing which demand action.

Anonymisation can inform business strategy and where marketing might be working, but only from a top-down perspective. It can provide a helicopter view of how an operator is acting responsibly with their customers' health and wealth.



Pseudonymisation

Solely using anonymised data will completely remove risk from handling customer data – but, as we’ve seen, it creates opacity and doesn’t truly inform specific actions against insights. When you consider the ethical necessity of gambling operators in terms of identifying problematic behaviour, anonymisation simply doesn’t deliver all the insight and action the operator needs. They’re therefore unable to keep their pledge to keep a punter safe – and from an operator perspective this will lead to fines and potential license revocation.

However, introducing a pseudonymised stage to data management ensures businesses can act responsibly and deliver on their fundamental business duty of care. It also allows a firm to personalise their marketing output, while staying GDPR compliant and safeguarding customer information (and behaviour).

In this process, individual customer data points are tagged with identifiers before analysis – “John Smith” becomes “SchemeCustomer001”, for example. This allows the operator to monitor individual player habits, but in a context where nothing is disclosed about the individual that allows them to be specifically identified.

Marketing to identifiers

From a commercial perspective, this means that the operator can understand the behaviour that SchemeCustomer001 demonstrates – where do they play most often? When? Are they a sportsbook player or do they prefer slots? What’s their betting limits – high roller, or weekend hobbyist?

But, crucially, the provider only knows what that identifier does. It does not directly know that this is actually John Smith – the pseudonymisation of the data ensures GDPR compliance but can harness the power of the data it holds.

The upshot of such an approach means SchemeCustomer001 can be added to a marketing batch to receive specific promotions, offers, or safety messages – all of which are relevant, but none of which compromise privacy.



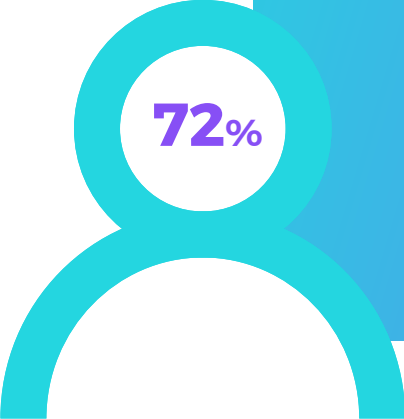
The role of the CDP in gaming: Safety and loyalty

As with all highly regulated industries (HRI), there are two sides to the use of data in gaming. From one perspective, the nature of an operator as a commercial business demands the insight it can yield must be used for marketing and promotional activity.

On the other side, the data must be the gatekeeper to maintaining player safety and the foundation for the duty of care an operator has toward every single one of its customers. All gaming companies tread a very fine line in making a profit but not at the expense of the health of every customer. It's here where a CDP becomes a commercial necessity; used smartly, it will allow loyalty to be built, customers safeguarded, and entertainment maintained.

The link between loyalty and safety

Pseudonymised data allows for complete confidence among users that they're being looked after. This can be a loyalty driver in itself, as our own research has identified. We polled regular gamblers to understand their motivations and expectations, at one point looking to understand the level to which customers had a negative experience with their betting activity. Just over half (51%) stated they'd had such an experience.



72%

Of these, however, a high majority (72%) stated that their loyalty to the operator would have increased if the site had taken more responsibility in monitoring their behaviour. Interestingly, this increased to 81% for the highest spenders who gambled over £100 per month – the most profitable and crucial punters an operator has on its books. Such a connection between loyalty and responsibility cannot be overlooked.

Safety through data

The last few years have seen myriad tools created which can help gamblers stay safe. Time-outs, self-imposed deposit limits, exclusion from specific parts of the operator's site, for example. The advent of mobile app-based gaming has arguably led to more such tools and made gaming even safer especially on the move.

But these are very much opt-in. They rely on the user recognising their own behaviour or gaming needs and setting their own parameters. Where a CDP comes into its own is in identifying where such restrictions might be suggested by the operator, in order to safeguard a customer.

Pseudonymisation plays a key role here. Within the confines of the CDP, pseudonyms can be securely decrypted to uncover the specific individual and identify worrying trends they may be displaying in terms of unhealthy gambling indicators. This means that interventions can be made, from subtle nudges during games, to an explicit mention of support networks and associations.



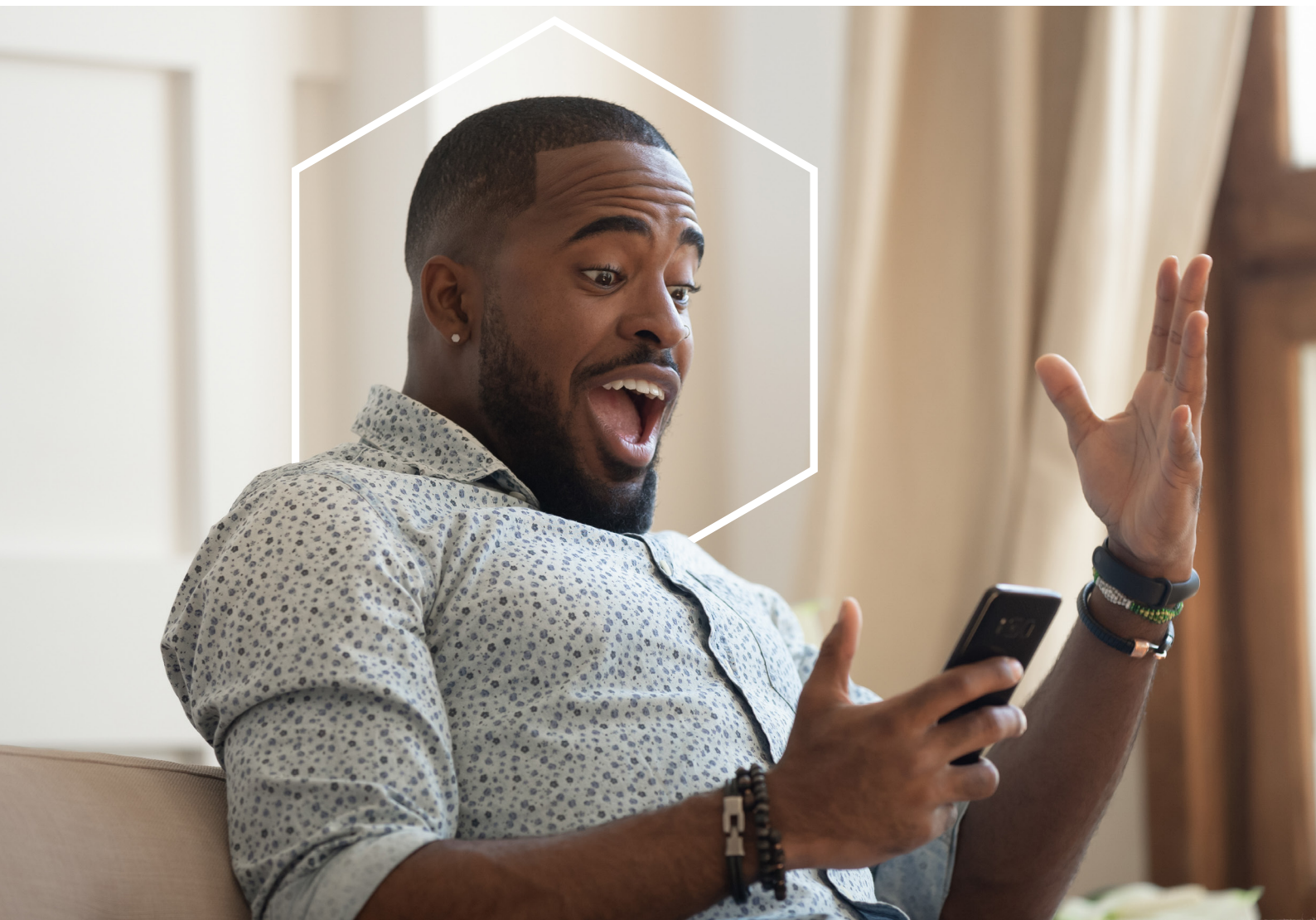
The healthy hobby

It's important to revisit the reason the vast majority of customers gamble, namely that it's good fun. People bet because they enjoy it, and they want it to be entertaining, whether it's an annual flutter on the Grand National or simply making a Premier League dead rubber between Nottingham Forest and Everton vaguely exciting. To deliver on this, operators must deliver the best user experience with the most creative, engaging use of gambling options, games, and apps.

Yes, odds matter, but to compete on odds alone means an operator is constantly chasing loss leaders or cutting its own margins and isn't doing enough to retain truly valuable customers who buy into the manner, style, character of the operator's platform.

This again is where a CDP comes to the fore – it allows an operator to see where the most popular areas of the site are, and to which customers, allowing for the most refined (and responsible) targeting possible.

Your customers need confidence that you'll look after them and not break that code of trust you share with them. They want a safe pair of hands. They also need confidence in their gambling. They're getting the best odds, the best experience, the best service, and the best... fun.



Putting this into practice

The foundations to any successful operation sit atop understanding the customer from day one. The onboarding process must kickstart the picture operators build of their customers; when do they bet, on which sports or casino games, how much do they wager, and how?

All of this needs to be taken into account in order that any promotional activity is effective and makes the customer feel valued, understood, and appreciated. Naturally, the completeness of any customer profile is also essential to monitoring behaviours and safeguarding players.

The customer today, not yesterday

But building the punter's profile shouldn't stop once onboarded – it should be constantly monitored and must evolve accordingly so an operator always has the most accurate picture of its customers and where situations have changed which will impact their betting behaviour (and limits).

While the direct impacts of the pandemic – furlough, job losses, wage cuts – have waned to an extent, we're witnessing a significant economic downturn and customers' wallets are being hit hard. In this regard, when considering promotional campaigns, an operator must consider who the customer is today, not who they were a year ago.

Marketing must reflect this to avoid jarring, or potentially ostracising through suggesting now unaffordable betting opportunities. Again, this also strays into operators' ethical responsibilities – promoting excessive bets goes against the duty of care.

The role of AI and ML

Changing deposit limits, frequency, and what they are betting on are all indicators of a change in status. While an operator will never know a customer's specific status outside of the platform, there are inferences that can be made from pseudonymised data. It's here where there's the need to consider how to make the most out of Artificial Intelligence (AI) and Machine Learning (ML) tools.

It's possible to build an understanding of an expected pathway a punter might take using AI and ML. Through comparing behavioural information against wider customer data pools, it's possible to see how a player might evolve – whether this is into a higher, regular (but safe) gambler, or someone to monitor for escalating concerns.



A consistent experience

Recent research from Statista highlighted that although the number of 16-24-year-olds regularly gambling online is relatively low at just under 16%, this jumps up immediately for the 25-34-year-olds (25%), further still for the 35-44-year-olds (29%), and peaks at the 45-54-year-old age group (34%). This is a significant proportion of the public – people enjoy what's in the main, a harmless hobby.

But with so many players, jostling for attention (and share of wallet), is complex. Operators need to make sure that, once onboard, the customer is retained through a consistent, engaging, and reliable omnichannel experience. Users may gamble at home in front of the TV, in bed on their tablet, and on their mobile during their commute.

If the experience doesn't align throughout, there's the risk they'll leave entirely, or not use an operator's specific app or online portal (and use another operator's, potentially). Design plays a role in this, naturally, but so does the consistency in data collection and on-site behavioural tracking – if there's something which can be learnt in one platform and carried to another, it has to be a priority.

Of course, we have to remember this is an industry with highly regulated landscapes and an implicit bond of trust. The very nature of the hobby is based on money. If security is lax, or the experience seems glitchy or clunky, then an operator runs the risk of customers losing faith in their abilities. The punter may well be gambling with their money, but they don't want operators to be leaving anything to chance.



Governance and consequences

An idiosyncrasy of the gambling sector is that more fines and rebukes are handed out for a lack of protection provided to customers than for data losses and misuse. As such, it's the duty of care that is most scrutinised and upon which operators are held heavily to account.

A report from Public Health England (now the UK Health Security Agency) in September 2021 identified 246,000 people in the UK as having some form of gambling addiction – a startling 0.5% of the population. Around 2.2 million were either identified as problem gamblers or at risk of addiction.

The main governing and regulatory body for the industry in the UK is the Gambling Commission, an executive non-departmental public operation sponsored by the Department for Digital, Culture, Media, and Sport (DCMS). It covers all aspects of gambling including sportsbooks, online casinos, lotteries, raffles, gambling machines, and gaming software.

While often criticised (see below), it arguably sets a standard in evolving to the demands of the industry and how punters are gambling. It responded during the pandemic to increase protection following the surge in online gamblers during Covid (a move which leaves a solid legacy), and which pushed operators to withhold promotions to those showing signs of a problem.

It also launched the National Strategy to Reduce Gambling Harms which aims to bring a lasting impact on reducing gambling harm across the UK.

In addition to the Gambling Commission, the Betting and Gaming Council (BGC) aims to make gambling enjoyable, fair, and – crucially – safe for all gamblers. In particular, it looks at the experience side of gambling and the advertising and marketing element of an operator to ensure promotions are legitimate, accurate, and not misleading.



Mistakes made

Unusually, it's not just the operators who come under fire for their behaviour. A report from the House of Commons Public Accounts Committee in 2020 found that the DCMS and its regulators are failing betting customers as much as the operators. The comment from the Chair of the committee was particularly damning: "...a torpid, toothless regulator that doesn't seem terribly interested in either the harms it exists to reduce or the means it might use to achieve that".

A particularly high profile recent fine from the Gambling Commission came in March 2022 when 888 UK Limited which operates 78 different sites, was fined £9.4m for failures including those in terms of duty of care. This on top of a £7.8m fine in 2017 for similar reasons.

Specific failures included a customer with 11 accounts having a Source of Funds concern flagged on one account but being able to continue betting on the other ten without intervention. Another customer who lost £37,000 in a six-week period during the pandemic was not contacted, and an NHS keyworker earning £1,400 a month (a fact the site knew) was allowed a deposit cap of £1,300.

Notably, while actions were undertaken in some instances, they were deemed insufficient – an email with links to support but no need for the customer to respond and no direct intervention with those showing concerning signs.

Elsewhere, the UK National Lottery operator, Camelot, was fined over £3 million for marketing to known self-excluders, with Sky Betting fined £1.7 million for a similar infringement in advertising free spins to self-excluded players. Intriguingly, Sportsbet was fined £1.3 million for spamming customers – a seemingly easy hit to have avoided.

In total, as of July 2022, the Gambling Commission has put out fines to the tune of over £23 million in the UK.



Closing remarks

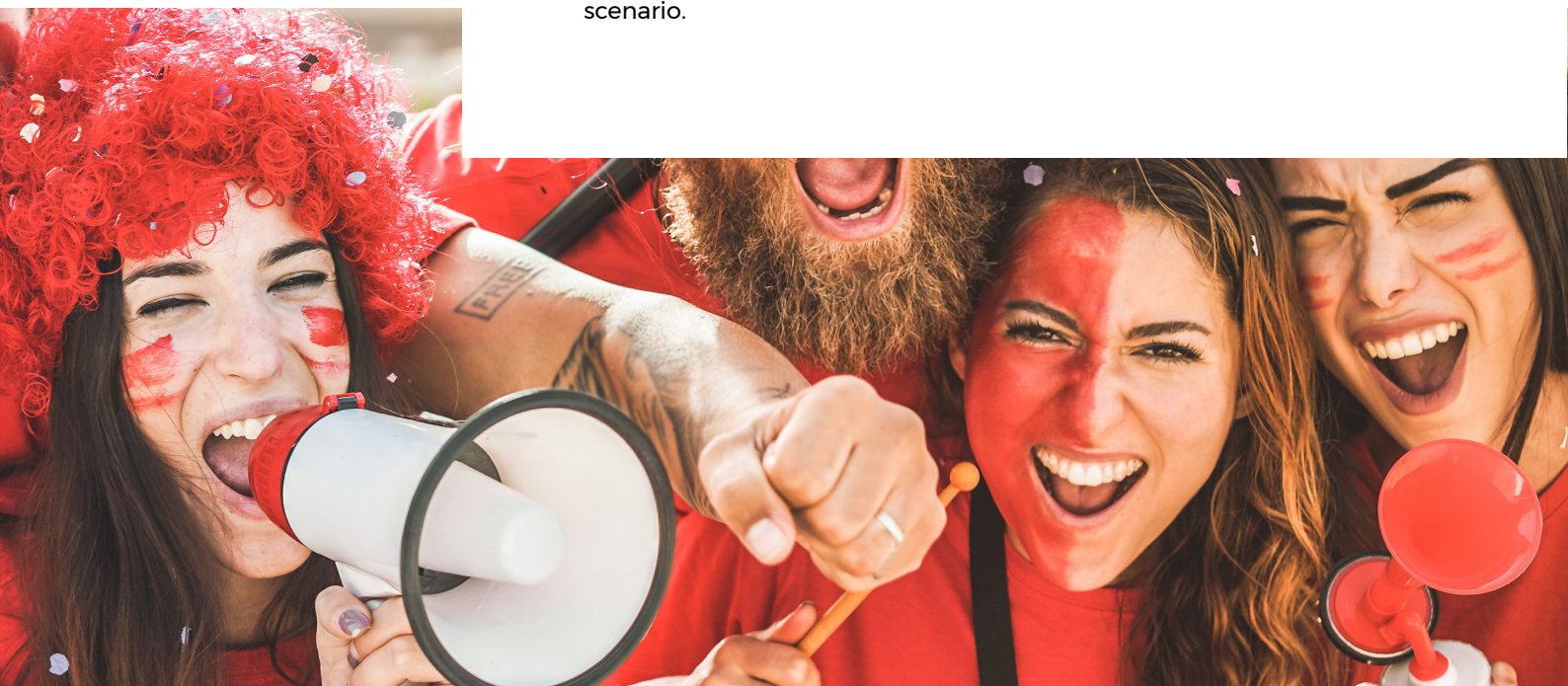
One of the biggest challenges facing the gaming industry is the current walled gardens that exist around each operator. Arguably, what's needed is an equivalent of the Open Banking initiative in financial circles which will bring all accounts into one place to offer a holistic view of the gambler.

This is an essential evolution for operators in that it would give the industry an insight into where problem gambling is either being shared across multiple sites, or where collectively an individual is racking up significant debt. There's a huge benefit to the consumer also of course, in allowing them to see their whole betting portfolio.

It seems that an open model with pseudonymised data would solve this, but it's something not currently in place. There are the regulators though to push for it, as well as myriad charities and support organisations driving change.

Without this however, it puts the onus on each operator to keep their individual house in order for the macro good of the public. They must look after each gambler in their own right and use the tools at hand to get a full view of the customer. Nowhere is this more apposite than with the integration of ML which will allow a firm to identify where a gambler is showing concerning signs of problem betting.

It's not all bad though. The same systems will let operators know where to push specific promotions, and how to tailor the gaming interface for each punter. Increasing enjoyment and improving the experience of gambling can be achieved without compromising safety, and firms need to start thinking about how they can establish such a win-win scenario.





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Tag Management | API Hub | Customer Data Platform and Machine Learning | Data Management

Tealium connects customer data—spanning web, mobile, offline, and IoT devices—so brands can connect with their customers. The Tealium Customer Data Hub encompasses tag management, an API hub, a customer data platform with machine learning, and data management solutions that make customer data more valuable, actionable, and secure. Tealium Predict ML uses the power of machine learning to predict the likelihood of any customer behaviour you're tracking in the Tealium AudienceStream Customer Data Platform. With Predict and AudienceStream, you can anticipate when a customer will make a purchase and take action to increase revenue, or identify prospects who won't purchase and suppress them from advertising to save costs. Power your whole tech stack with predictive machine learning insights when you choose a machine learning-powered customer data platform.

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