

**Open Space
summary
*G2E 2024***



At G2E 2024, 50 industry leaders came together to engage in dynamic discussions on the most pressing issues in the gaming world. Using the innovative Open Space format – where there are no set speakers nor a predefined agenda – the participants shaped the conversation by proposing and leading topics themselves. Key discussions at the iGB Executive event covered a wide range of subjects, including navigating new markets dominated by large players, the rise of ESG in gaming, opportunities with emerging social channels like TikTok and Telegram, and challenges around responsible gaming, compliance and AI's evolving role in the industry. What follows is a summary of the day's insightful discussions.

1. Sweepstakes: Future outlook and compliance challenges

The sweepstakes model appears to have significant potential for long-term sustainability, with many participants expressing optimism that it could expand across the United States. There were suggestions that some states might even legalise sweepstakes in the future, provided a clear regulatory environment is established. However, compliance will play a crucial role in this evolution.

Key points discussed

- Long-term sustainability: The sweepstakes model is likely to remain relevant in the long run as companies see its expansion potential across the US market.
- Compliance complexities: Entering the market will require significant attention to compliance. There was consensus that simply opening a sweepstakes operation with minimal regulatory oversight will no longer be feasible.
- Large players driving compliance: Leading gaming suppliers like Relax Gaming and Evolution, already established in the market, are likely to drive these compliance initiatives.
- Taxation considerations: Taxes, such as sales tax, are expected to become increasingly relevant as the sweepstakes model continues to grow in popularity across different states.



2. Retail game offerings: Industry challenges and global comparisons

Another key area of discussion focused on the retail offering of games, with a particular emphasis on the challenges faced in satisfying players who migrate between online and retail environments.

Key points discussed

- **Dissatisfaction in retail offerings:** Online players who shift to retail environments often express dissatisfaction with the limited game selection and overall experience.
- **Global comparisons and technology:** The group discussed various gaming technologies and terminals available globally, though no definitive conclusions were reached. Each country's regulatory environment dictates what is possible, adding complexity to the global gaming market.

3. User journey and the rise of the black market

This topic focused on user journeys in the gambling industry and the ongoing challenges presented by the rise of black market operators.

Key points discussed

- **A vicious cycle in regulation:** The industry is currently caught in a vicious cycle, with studies applying pressure on politicians, who in turn apply pressure on regulators. This cycle has resulted in increased regulation for the legitimate market, which has made it difficult for regulated operators to compete with black market platforms.
- **User segmentation and player behaviour:** Different generational groups, such as Gen Z and Gen X, have varying approaches to gambling. The group emphasised the importance of understanding these differences to better tailor offerings and reduce problematic gambling.
- **Educating players and stakeholders:** A critical component of combating the black market is educating both players and stakeholders about the differences between regulated and unregulated operators. Many players do not differentiate between black market and regulated platforms, often relying on word of mouth or public perception to choose where to gamble.
- **Game theory and collaboration:** No single operator can tackle the challenges posed by black market competition. Collaboration across the industry, possibly through associations, was suggested as a means to develop universally accepted best practices and messaging that could help shift the narrative in favour of regulated markets.
- **Engaging the broader ecosystem:** Educating not just players but also regulators, governments, suppliers and other stakeholders was identified as crucial to the industry's sustainability. Building awareness around self-regulation and the positive steps the industry is taking could help strengthen its reputation and support future growth.

4. Gaming industry as a target for abuse

This discussion focused on the challenges faced by gaming operators in combating abuse, particularly in the European market. The speaker shared his experience of encountering unprecedented levels of exploitation in gaming operations, providing insights on how this issue might expand globally to regions like Asia and South America. There was also a focus on how to prevent such occurrences in the future.

Key points discussed

- A consultant specialising in business abuse discussed how gaming operators in Europe, a largely unheard-of target, have faced significant exploitation by hackers.
- Hackers who have targeted operators often move into high-level security consultancy, indicating the scale of the issue.
- The abuse problem appears more significant in Europe than in the US, but there's concern about its growth in other markets like Asia and South America.
- The speaker, with years of experience in gaming, was taken aback by the scale of the issue, highlighting the need for better preventative measures moving forward.



5. New business opportunities on social channels

This topic covered how platforms such as TikTok, Telegram, Reddit and X (formerly Twitter) are becoming critical for business innovations, especially in the gaming sector. The discussion explored how operators can leverage these platforms to grow communities and increase business opportunities, especially with Telegram's rising role in hosting casino games.

Key points discussed

- Reddit was examined as a platform for building and moderating communities, with a focus on creating value rather than direct promotion for brands.
- Telegram's encrypted nature makes it appealing for gaming businesses, with many game providers expanding to the platform.
- The group discussed alternative channels like TikTok and X as avenues to create promotional campaigns and enhance player engagement.
- The conversation also touched on region-specific approaches, especially for US, Canada and UK markets.



6. Challenges in the New York market

This discussion centred on the difficulties of expanding the gaming market in New York, particularly due to political hurdles, tribal agreements, and resistance from existing land-based operators. While there is optimism for growth in other US states, New York is perceived as a highly challenging and slow-moving market.

Key points discussed

- Political and tribal issues are the main barriers to New York expanding its gaming market, with debates over the role of land-based operators.
- The complexity of the New York market makes it one of the most difficult to navigate in the U., and the group did not find a clear solution to these challenges.
- While other states present lower-hanging fruit for sports betting and gaming expansion, New York remains a long-term challenge.
- There is a reluctance to invest heavily in New York at the moment, with companies focusing on more accessible markets for growth

7. Entering markets dominated by big players

This discussion focused on strategies for smaller operators or new entrants to succeed in markets already controlled by large, established players. The group emphasised niche targeting, customer experience improvements and partnerships as key strategies for differentiation.

Key points discussed

- Smaller operators should focus on niche markets rather than trying to compete directly with big players.
- Streamlining customer experiences, particularly around onboarding and KYC processes, was identified as a key way to stand out.
- The idea of shared KYC programmes, like those implemented in the Netherlands, was discussed as a potential solution to reduce friction and costs.
- Local expertise was emphasised as crucial in emerging markets like Latin America, where trust is a key factor for success.
- The disruptive potential of cryptocurrency and blockchain technology was noted as an area where smaller operators might gain a competitive edge.

8. ESG in gaming

The role of ESG initiatives in the gaming industry is gaining traction, particularly among younger demographics who value corporate responsibility. The group discussed how operators can leverage ESG efforts to improve their reputation and attract socially conscious customers and investors.

Key points discussed

- ESG is becoming increasingly important, particularly as major investors like BlackRock's Larry Fink have shifted focus toward socially responsible investments.
- Operators are facing pressure from both regulators and the public to meet ESG standards, particularly around environmental sustainability and responsible gaming.
- Gen Z and millennials are more likely to support operators that excel in ESG, with nearly 50% of gamblers in these age groups preferring operators with strong ESG scores.
- Many gaming operators have not yet fully embraced ESG, making it a ripe area for growth and differentiation in the market.



9. Sweepstakes and compliance in the US

This discussion covered the growing trend of sweepstakes models in the US gaming market, as well as the regulatory challenges associated with them. The group emphasized the importance of compliance and predicted that more regulations will soon govern these operations as their popularity increases.

Key points discussed

- The sweepstakes model is expanding across the US, but compliance is becoming more complex as regulators begin to take notice.
- Larger players in the market are pushing for regulatory clarity and fairness, which is likely to result in stricter rules governing sweepstakes in the future.
- The group expects that states will begin implementing sales taxes or other forms of taxation on sweepstakes models as they continue to grow.
- Properly navigating the regulatory landscape will be key to successfully operating in this space as it evolves.



10. Responsible gaming and advertising

This discussion focused on the importance of responsible gaming, especially in the context of advertising. The group expressed concern over the shift from fun, lighthearted marketing to more aggressive, win-focused messaging, which can encourage risky behaviours.

Key points discussed

- Advertising in the gaming industry has shifted from lighthearted, playful content to more aggressive promotions focused on winnings, which could contribute to problematic gambling behaviours.
- The group compared the US and Europe, noting that Europe has more established responsible gaming standards and advertising regulations.
- There is a need for US operators to take responsible gaming more seriously, particularly as public scrutiny increases.
- Regulators and industry leaders are expected to place greater emphasis on responsible advertising and gaming practices in the future.

11. AI and the future of igaming affiliates

The discussion highlighted the growing impact of artificial intelligence (AI) on the igaming affiliate market. The group debated whether AI would replace traditional SEO practices, but most agreed that it will enhance, rather than replace, current methods.

Key points discussed

- AI is transforming the igaming affiliate market, offering new tools for content creation, customer targeting and data analysis.
- Affiliates face challenges like obtaining licences in various states and creating segmented content to appeal to different markets.
- AI can provide more precise, data-driven insights, helping affiliates better understand player behaviour and tailor their marketing strategies.
- While AI presents many opportunities, the group agreed that traditional SEO will still play a key role, especially in highly regulated markets.

12. Reimagining casino spaces

This conversation explored how physical and digital spaces in casinos are being reimagined to meet the needs of a new generation of players. The group discussed using unused spaces in casinos and the growing role of digital and virtual environments.

Key points discussed

- The gaming industry is rethinking how physical spaces are used, with a focus on flexible, multi-use spaces that can appeal to a broader audience.
- Esports and other technology-driven activities, such as virtual reality (VR), are becoming important parts of casino offerings to attract younger players.
- In-person social experiences, such as dining and events, are still valued but will need to adapt to compete with the growing popularity of digital alternatives.
- The future of casino design may involve a combination of physical and digital experiences, creating more interactive and engaging environments for players.

13. Digital economic zones and Web 3.0

This session examined the development of digital economic zones, particularly those created by indigenous tribes, which are focused on Web 3.0 innovations. These zones present opportunities for new regulatory frameworks, banking models and digital currency integration in the gaming industry.

Key points discussed

- Indigenous tribes are creating digital economic zones that focus on Web 3.0 technologies, offering new opportunities for innovation in gaming and finance.
- These zones could allow for the development of new regulatory structures and banking systems tailored to digital currencies.
- Fractional reserve bitcoin systems and other blockchain-based financial models were discussed as potential innovations for casino payments.
- The creation of a secondary currency backed by digital assets was proposed as a way to innovate within the casino ecosystem, offering new opportunities for both players and operators.



14. AI in gaming and safer gambling

This discussion focused on the potential of AI to enhance both the player experience and safer gambling initiatives. However, the group also discussed the complexities and risks of using AI in a highly regulated environment.

Key points discussed

- AI offers powerful tools for improving player experiences, from personalised gaming recommendations to identifying problematic behaviours.
- There are concerns that AI might empower players to become “experts” at gaming, raising regulatory questions about how operators can balance personalisation with responsible gambling measures.
- AI’s potential to transform the industry is significant, but it also introduces complexities that operators will need to navigate carefully, particularly in relation to player safety.
- The group agreed that AI could be a game-changer in promoting safer gambling if applied correctly.

15. Combating illegal competition and black markets

The final topic focused on the challenge of illegal gambling operations, such as speakeasy casinos, which draw customers away from regulated establishments. The group discussed strategies to combat these black markets by improving the public perception of legal gambling.

Key points discussed

- Illegal gambling operations, like unregulated speakeasies, attract customers due to stringent regulations in legal markets.
- Improving public perception of regulated gambling through initiatives like using gambling tax revenues for public good was discussed as a way to counteract black market competition.
- Emphasising the safety and trustworthiness of regulated casinos, particularly around responsible gaming and fair play, was seen as a key strategy.
- Combating illegal gambling will remain a challenge, particularly in regions where negative social and political attitudes toward gambling prevail.

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