

# trafficology

AFFILIATE FOCUS BY GAMBLING INSIDER

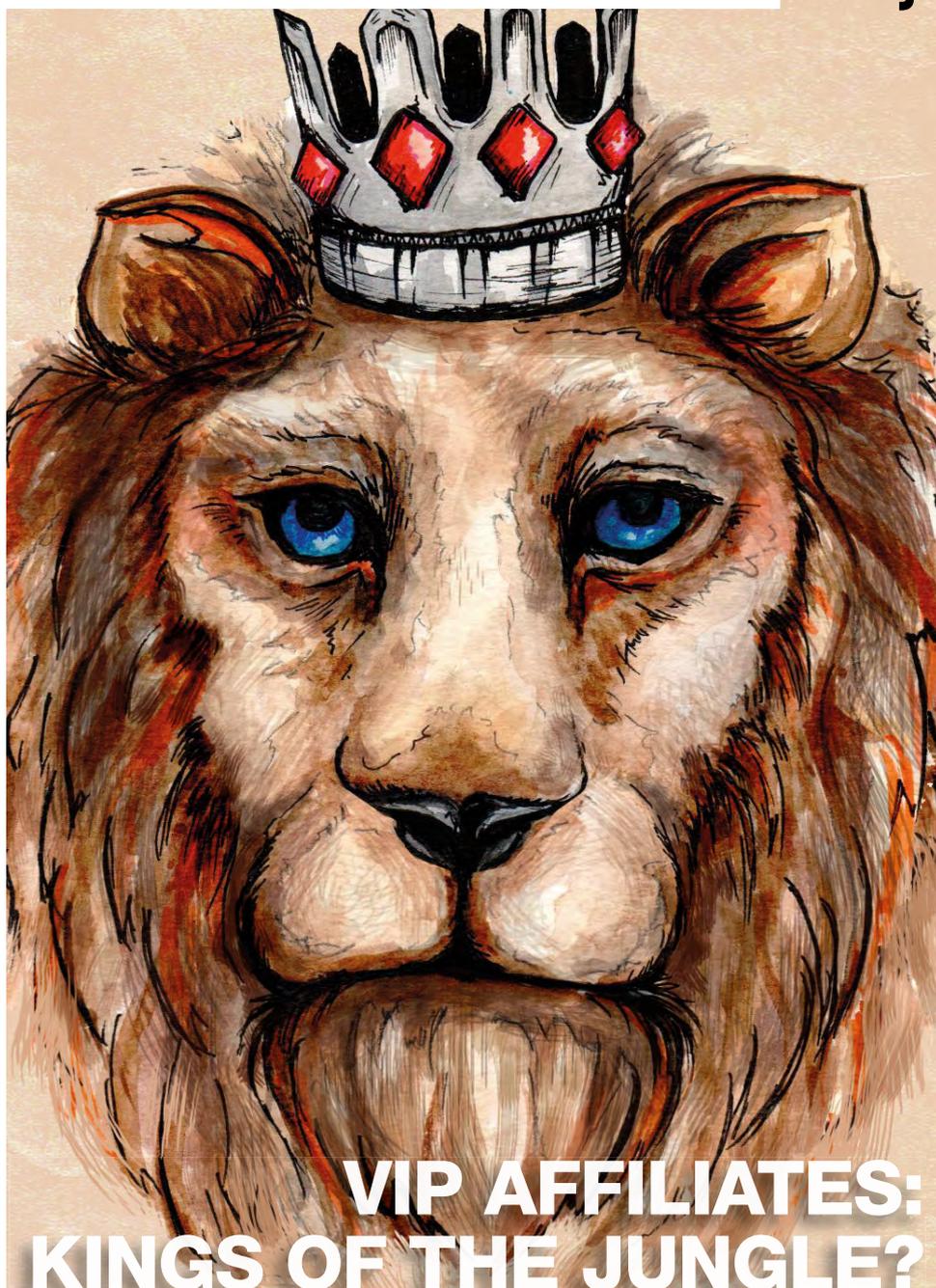
JULY 2017

## INSIDE

- **AMSTERDAM AFFILIATE CONVENTION**
- **CHARLES GILLESPIE, CEO, GAMBLING.COM**
- **A BOOMING MARKET - THE STATE OF PLAY IN NJ**
- **CHRISTIAN FERRERI, HEAD OF AFFILIATES, CASUMO**
- **BERNADETTE KELLY - HOW VIP AFFILIATES CREATE VALUE**

Sponsored by:

**bet365**



## VIP AFFILIATES: KINGS OF THE JUNGLE?

How do iGaming operators reward and retain the very best affiliate partners, their so called VIPs?

# ONE DOMAIN TO RULE THEM ALL

**Charles Gillespie** has overseen the industry's most famous domain name as CEO of the performance marketing firm formerly known as KAX Media. He speaks to *Trafficology* about the company's rebrand and acquisition strategy, and his future plans for Gambling.com

Charles Gillespie's affiliate business has undergone something of a transformation recently. The most obvious place to start would be the company's re-branding, which has seen the old KAX Media moniker making way for the new Gambling.com Group brand, reflecting the stellar performance of the website that he acquired back in 2011. Making the most of this key web asset makes perfect sense and the move has tied in perfectly with a recent TV campaign aimed at turning the enviable web address into a well-known brand. In February this year, the company closed over €10m worth of acquisitions. These acquisitions included UK focused AndroidSlots.co.uk and three Swedish casino affiliate websites: SvenskaCasino.se, Lyckospel.se and CasinoMobilt.se. Commanding a meaningful share of traffic in the region, the Swedish acquisitions will provide a platform for expansion into the Nordic gaming market. The funds for purchase were raised through a convertible bond issue in Stockholm, which marks a move not only into the gaming markets there, but is also the Gambling.com Group's first foray into the established Swedish corporate finance market.

*Doug Peck* spoke to Gillespie about the impact of these changes and got his thoughts on a life spent in the affiliate world.

## **How have you seen the affiliate space change since you first got involved in 2006?**

The biggest change for me has been the professionalisation of the affiliate groups. In the beginning, it was a very fragmented marketplace, and then a couple of years ago suddenly XL Media listed on AIM. It was the first publicly traded affiliate, but the float didn't garner much attention because they're somewhat opaque, and I don't think that the significance was fully appreciated at the time. Catena Media followed suit, and since then there's been this ongoing corporatisation of the sector. There's obviously other companies now looking to list so a greater proportion of the overall traffic is controlled by fewer and larger affiliates. This has resulted in the pressure being turned up on the operators, because the big affiliates know all the tricks and how the operators function and so they are not going to be taken advantage of. The operators are going to have no choice but to pay full value for the traffic coming from those bigger affiliates.

## **The relationship between affiliate and operator has traditionally been a wary one. Is there any more trust now in the industry?**

Despite the fact that we are bigger than we have ever been, we still have the same issues that we have always had with operators not

honouring agreements. Operators haven't progressed in their maturity at all from our perspective. I see the same problems as I did ten years ago, so we mitigate and manage those issues now through experience and knowing who to deal with, and equally importantly who not to deal with. If you do CPA deals there's a lot less to worry about, so if they start renegeing on agreements you simply take them off the website and they don't have any leverage over you, but if you send someone a lot of



players on revenue share it can create a lot of awkward situations. Even if it's a listed plc, nobody likes to pay revenue share over a long period of time.

Frankly it's impossibly frustrating; the Holy Grail for affiliates is sending an operator a high roller on revenue share, but even when you achieve that it opens up a whole new set of issues in terms of

actually collecting that money. They look at it from an effective CPA perspective and if they've got one massive high roller on there it's costing them a huge amount of money, and their effective CPA is going to be through the roof - it's tough for their marketing team to wrap their heads around that. They could have taken that player on a CPA deal, but they committed to a revenue share arrangement when they agreed to acquire that traffic, and they should honour that. There are certain companies in this industry, such as bet365, which have been basically infallible in this respect, time and time again they don't cause any problems but there are other big names that still think they can play fast and loose.

#### **Is there still room in the affiliate world for newcomers or is the gaming world reaching saturation?**

Yes and no. You can still build a website, register with an affiliate program and be in business in 24 hours, but it doesn't mean you'll make any money. That said there's always new niches popping up though like bitcoin or e-sports which the newcomers discover and manage to make work. Our bread and butter is casino traffic in the UK and that's extremely competitive but even within that market we see a lot of room for growth for ourselves. I see the competitive areas being more and more dominated by the big boys while the newcomers pick up the scraps on the side-lines. The smaller affiliates do tend to keep finding new niches but it must be getting harder for the one-man bands. Operators aren't choosy about where the traffic comes from as long as it doesn't cause them any legal or PR issues. In terms of quality the values vary enormously but people are still buying low quality traffic because they can still make a profit from it.

#### **Gambling.com is one of the most recognisable, and arguably valuable, domain names available. Do you think you got good value for money when you bought it in 2011?**

At the time we thought it was a good deal, and in retrospect it looks like a great deal! I'd love to say that we're some kind of visionary domain investor with calculated strategy but the reality is we were in the right place at the right time, and managed to scoop it up when the previous seller wanted to sell it quickly.

#### **Was the success of gambling.com a driver in your decision to rebrand as Gambling.com Group?**

When we did the deal we didn't know if the existing KAX Media business or the new gambling.com business would end up being the driving force of the business. Six years on, and Gambling.com has become the biggest part of the business so we decided to lead with that name. It's an incredible and unique asset, there's only one Gambling.com, and the name change is about realising the full value of that asset. We just want to showcase that and put it out front. However, we still use the KAX Media brand for our internal digital agencies in Ireland and Florida.

#### **Does this mean you will devote more resources to the Gambling.com property?**

I would say our resources are evenly split between Gambling.com and our 30 other sites. For example, all of our media buying goes through Gambling.com, there's no point doing this through our smaller sites as they just don't have as strong a brand name, and we'll just get better conversion rates with Gambling.com. The rest of the portfolio is purely for SEO reasons. Gambling.com definitely remains the flagship, it's the big money maker and we still see huge future potential for it.

#### **What attracted you to move the business to Malta?**

The company was originally set up in the British Virgin Isles which is fairly typical for the industry, but as the company got bigger it became time to move the business onshore and subject ourselves to European corporate governance laws. So we decided to move the business and redomicile our existing legal entity into Malta along with our IP, and we're very happy to be there, it's a great place to operate a gambling

business even if you don't require gambling license My business partner Kevin and I have spent several months in Malta and enjoy the place immensely.

The key draw to Malta from our perspective is banking. Banks in other jurisdictions that aren't familiar with the gaming industry are less interested in dealing with any form of gambling company, even if, like us, they aren't actually licensed operators. Malta is good for banking because they understand our business model and the industry at large.

#### **As someone with a US background, are you tempted to make in-roads in America?**

As of today we make zero money out of the US but the founders of the company are American, we understand the US and we have a US office. The affiliates already established in New Jersey and some of the other American markets are apparently doing all right so there is money to be

**EVEN IF IT'S A LISTED PLC,  
NOBODY LIKES TO PAY REV  
SHARE OVER A LONG  
PERIOD OF TIME**

made there. The market is quite small, NJ is comparable to Sweden in terms of people and GDP. Everyone obsesses over Sweden and I don't think the US has got the same attention as the European market so we definitely think there is an opportunity there.

We deliberately took a wait and see approach as we've been disappointed time and time again by the progress in regulation in the US. We were initially quite cynical about it but we have taken the decision that now is the right time and so we are moving into NJ and the other regulated US states.

#### **Speaking of Sweden, what was behind your decision to acquire three casino sites there?**

We closed those acquisitions at the end of February, we've been keeping it quiet! The reason we invested in Sweden is because we see it as strategic gambling market. Sweden is the capital of the Nordic market, and Sweden's regulations are probably going to be the model for the rest of the countries in the region. Stockholm has become the new home of online gambling in terms of corporate finance in particular, and it's where the bulk of the money we raised to do our acquisition came from.

So part of the decision was based on buying assets that make a lot of money at a reasonable price, and part of it was getting a toehold in the Nordics in terms of both future revenue growth and also in terms of being at the table for the corporate finance opportunities in Stockholm.

#### **Where else do you see opportunities for growth globally?**

There are noises being made about the potential of Japan which we're looking into, but just as an interested observer at this point. I think South America is also very interesting, medium term that will be a growth area for us but frankly there are a lot of opportunities left in Europe, even in the UK where we can substantially grow the business. We're not trying to cast the net too wide at this point, we're trying to keep the focus on what has been working in the markets we know. We don't need to be first in all of these emerging markets. ◀