

## Gambling market terms

The Danish Gambling Authority uses GGR to measure the size of the gambling market, which is general practice in the industry (also internationally). At times, turnover which is called stakes in the Danish Gambling Authority are also enquired for as a measurement of the gambling market. However, this may be misleading, if the premises are not known. On this basis, an explanation of why gross gaming revue (GGR) is used when measuring the gambling market and an explanation of various terms is provided.

In the below sections, various terms are described and exemplified. From the first quarter of 2019 and onwards, the descriptions of the terms are included in the quarterly statistics that are published on the Danish Gambling Authority's website.

## Terms explained

The terms in this section may all appear in the Danish Gambling Authority's quarterly statistics. To the greatest extent possible, the Danish Gambling Authority publishes relevant data on all gambling sectors of the market. Each gambling sector has its own procedures regarding licences reflecting the different legal and commercial conditions. Consequently, similar data is not available in all gambling sectors, which is why statistics for each sector is collected and processed on different times and with different intervals. Finally, the Danish Gambling Authority considers competitive conditions, accordingly, data is always aggregated.

### Gross gaming revenue (GGR)

GGR for a gambling sector is measured as stakes (plus any commission) minus winnings, and are used as the most robust term for the economic value of gambling products. By this it is meant that GGR determines how much a casino or another operator earns before duties, fees, taxes, and other expenses (salaries, building expenses etc.). Moreover, GGR is used as the basis for calculating the operator's gambling duties and fees to the Danish Gambling Authority. Finally, GGR is the most correct measure of the amount lost by gamblers. To gambling operators, GGR is a term for the "sale" and not "profit". However, please note that GGR may include bonuses as described in the section "Bonus".

**Example:** "A" gambles DKK 1,000 at betting operator X at odds of 3.0 and loses all DKK 1,000. At the same time, "B" gambles DKK 800 at betting operator X at odds 2.0 and wins a total of DKK 1,600 (DKK 800\*2). The way GGR is calculated for betting operator X is:

DKK 1,800 (stakes from A and B) – DKK 1,600 (B's winnings) = DKK 200 in GGR.

### Stakes

The term stake is used as the total of the deposits made on gambling in a market where winnings that are played through are included. In the quarterly statistics, the Danish

## Note

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Gambling Authority states how much is deposited in the betting and online casino markets. Every time a deposit is made, it counts as a stake. Moreover, bonuses are also included in stakes. The Danish Gambling Authority does not find stakes to be a robust measure of the size of the gambling market, as it exaggerates the size of the market. Please note that other countries (e.g. Norway) uses stakes to measure the size of the market, which must be taken into account in case of any comparisons between countries.

**Example:** “A” deposits DKK 1,000 into an account at betting operator X. A gambles DKK 500 on two matches both at odds 2.0. The first match is won and the other is lost, which leaves A with DKK 1,000 in the account. This will appear as a stake of DKK 1,000 and winnings of DKK 1,000, and a GGR of DKK 0 in the Danish Gambling Authority’s quarterly statistics.

Now, A chooses to gamble all DKK 1,000 on one match at odds 3.0 and wins. This, together with the above appears as DKK 2,000 of stakes, DKK 4,000 of winnings, and a GGR of DKK -2,000 in the Danish Gambling Authority’s quarterly statistics.

At this moment, A has DKK 3,000 in the account. A chooses to gamble all DKK 3,000 on a bet at odds 2.5 but loses the bet. As A deposited DKK 1,000 into the account and spent all of it, A would claim that only DKK 1,000 is gambled for. But in the Danish Gambling Authority’s quarterly statistics, it will appear as the following (all the above games included): DKK 5,000 of stakes, DKK 4,000 of winnings, and DKK 1,000 of GGR.

In this example, the stake in total is five times greater than the amount that the player actually lost and five times greater than the amount of which the betting operator must pay gambling duties.

In the online casino market, the difference between stakes and GGR is considerably greater than on the betting market, as the rate of return is also considerably greater. In 2017, the total stakes on the online casino market was DKK 45,937.7 million while GGR excluding commission was DKK 1,675.0 million, which means that stakes in this real case is 27.4 times greater than GGR.

#### **“DKK in”**

“DKK in” is a term used in connection with land-based gaming machines. The term indicates how much money that enters the machine, but not how much money that is spent.

**Example:** “A” puts DKK 100 into a gaming machine and plays ten games, each of DKK 1. A loses the first nine games but wins DKK 10 at game number ten. A now has DKK 100 to spend on the machine. Again, A plays ten games, each of DKK 1, but this times all DKK 10 are lost. Subsequently, A withdraws the remaining DKK 90 from the machine. In the Danish Gambling Authority’s quarterly statistics, “DKK in” will appear as DKK 100, stakes will appear as DKK 20, and GGR will appear as DKK 10.

## Winnings

In the Danish Gambling Authority's quarterly statistics, the amount of winnings for online casino and betting is stated. According to European standards, a stake is considered "lost" until a game or bet is settled, after which any winnings are paid out. Thus, winning are not a term for the players' profits, as winnings also include repayment of stakes (when players win).

**Example:** "B" gambles DKK 1,600 at online casino Z and gambles all DKK 1,600 on red at the online roulette. The ball lands on a red number and B receives DKK 3,200 in winnings (stake plus the amount won (DKK 1,600 + DKK 1,600)).

## Commission

Commission games are games where the players play against other players, for instance games such as multi-player poker and multi-player bingo. In these games, the players pay a percentage of their stake in commission to participate in the game, after which the players play for the rest of the stakes. Commission may also appear in the betting market, where some operators provide gambling exchanges. Commission is included as a part of GGR.

**Example:** The Danish gambler, A, pays DKK 100 to participate in an online poker tournament at operator Y. In addition to A, nine other foreign gamblers participate in the tournament, who also pay DKK 100 each as participation fees. Operator Y receives 5% as commission, which in this case equals DKK 50, as the total stakes from the players is DKK 1000. The ten players gamble for the remaining DKK 950, but no matter how A fares, GGR in Denmark is DKK 5 (5% of the stake paid by A).

## Bonuses

General practice in the gambling market is that operators give bonuses to players as a part of a strategy to attract new gamblers and/or keep current gamblers. Usually, bonus offers require that the bonus and the deposit is played through a certain amount of times, possibly at minimum odds, before the money can be withdrawn. Bonuses are included in stakes and accordingly affect GGR.

**Example:** "A" creates an account at betting operator X, where A receives a welcome bonus of a 100% of the first deposit. The bonus and the deposit must be played through six times at minimum odds of 1.5. A deposits DKK 1,000 into an account at betting operator X and receives DKK 1,000 as a welcome bonus. Now, the total amount in the account is DKK 2,000. A gambles all DKK 2,000 at odds 2.0 and wins. A now has DKK 4,000 in the account. A must still play through the money five times, equaling DKK 10,000. Subsequently, A gambles 4,000 at odds 1.5 and loses with no money left in the account. A has lost DKK 1,000, but in the Danish Gambling Authority's quarterly statistics the example will appear as the following:

DKK 6,000 (stakes) – DKK 4,000 (winnings) = DKK 2,000 in GGR.

**Rate of return**

In the Danish Gambling Authority's quarterly statistics, the rate of return is the term for how much of the deposited amount that is returned to the players. For instance, a gaming machine with a rate of return of 80% will on average return DKK 80 to the players every time DKK 100 is gambled.

*Example:* On the 2017 betting market, there was an average rate of return of 89.1%, which means that 10.9 per cent made up the operators' GGR. The total turnover for the betting market was DKK 21,317.0 million in 2017, which means that the total GGR (without commission) was DKK 2,323.6 (10.9 percent \* 21,317.0 = 2,323.6).