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)