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Casino Journal

May, 2002

High Profile

Online casino ads are everywhere... Are they working?

Despite their growing ranks and revenue, online casinos really haven't permeated mainstream American culture yet. But their ads have.

In February Jupiter Media Matrix -- the paragon of Internet traffic analysis -- decided to start including online casino data in its monthly advertising reports.

The reason was a surge in online casino ads during the past year, which placed the industry among the top five advertisers on the Web. In conjunction with the announcement, Jupiter released a slew of statistics that reverberated in news reports:

- In December, 2.5 billion online casino ads were displayed on the Internet, a 170 percent increase from 911 million in December 2001.
- Only books, investment, consumer credit, and travel surpass online casinos in the number of ads served online.
- Online casinos served more unique advertisements than any other category, amounting to 2,448 different ads in December 2001.
- The gambling sites tracked by Jupiter received 13.6 million unique visitors in December 2001.
- The gambling sites that received the most traffic in December were kcasino.com and webstakes.com, with 2.3 million unique visitors each.
- In 2000, most casino ads were placed on gambling-related sites. In 2001, 39 percent were found on portals and only 13 percent appeared on gambling-related sites.
- A single casino -- Casino-on-Net -- accounted for about 46 percent of the gambling ad views counted by Jupiter.
- 73 percent of visitors to the gambling sites tracked by Jupiter are between the ages of 25 and 54; eight percent are between 18 and 24. 55 percent are childless.
- In the 25 to 54 age group, women gamblers slightly outnumber men.
- 13 percent of online gamblers have household incomes of less than \$25,000, and 19 percent have incomes of \$25,000 to \$40,000.

These numbers plot the striking growth and scope of Internet casino ads, and tell us something about the people who gamble online. They also raise questions about the strategies that shape 'Net advertising, and the measures of its success. For example:

Is this legal?

As with actual Internet gambling, that depends on whom you ask. Free Speech protections, the absence of a federal Internet gambling ban, and the offshore locales of casino owners usually deter authorities from trying to stop it -- except when the casinos get gutsy and venture into the "real" world.

Last June, for example, the state of New Jersey persuaded three billboard companies to remove ads for Internet casinos from the New Jersey Turnpike and Atlantic City. And in December, the Colorado attorney general and gaming commission told four Denver radio stations to stop playing ads for Internet casinos and sports books. Citing consumer protection statutes, they warned that carrying such ads "falsely gives the public the impression that such sports wagering is legal."

GoldenPlace.com scored a victory in March, when a federal judge found that Nevada boxing authorities had violated the First Amendment by forbidding a boxer to wear a temporary tattoo promoting the online casino. (The ban stemmed from concerns that the tattoos would be a distraction, not objections to the particular business being advertised. Still, a win is a win.)

The virtual world, though, has been far less tumultuous. Many websites choose not to accept casino ads in deference to conservative audiences, but mainstream portals and news sites such as Yahoo!, Google, and MSNBC have made no apologies for running them. 'Net casino ads have become a ubiquitous feature of the Internet, with no serious change or challenge in sight.

Is it working?

For any business, advertising can serve two goals: generating immediate income and building brand recognition. Hopefully, it does both.

As for the first, we know that online casino advertising is exploding -- and so is revenue. To some degree, we can infer a relationship. Of 2.5 billion ads viewed in December, a modest percentage of users clicked to the casinos, and a number of those stayed to gamble. Each site should be able to track those players and measure the direct payoff.

But online casinos have been booming since the late 90s, when almost all casino ads were confined to gambling- or sex-related sites. They've never needed to advertise to their core customers.

In terms of recognition, though, the reallocation of ads to non-gambling sites was very smart. By putting ads in front of every avid Web surfer -- it's nearly impossible to click for ten minutes without encountering one -- online casinos have managed to create the impression they're "everywhere." It doesn't matter that most people never act on the ads; familiarity might breed the acceptance the casinos need.

It also could breed frustration and contempt, which is why the message and approach are so important.

Tricks for Clicks?

The first online casino ads were sneaky, sexy, and garish. They were sneaky in order to "trick" users into clicking into the site, on the chance they'd be mesmerized and stay to play. They promised porn because many had connections with sex sites and thought they were targeting a vastly male audience. And they were garish in an attempt to recreate the rush and dazzle of a real casino.

Since those days, online strategists have learned a few hard lessons about advertising. First, it's far better to inform people than to fool them. If long-term trust and goodwill are important, an ad shouldn't instill hatred. Second, what works in the real world doesn't always carry over to the virtual. Flash and fast movement can be stimulating in person; migraine-inducing online. Finally, women do indeed surf the Web -- and gamble there -- at a slightly higher rate than men.

By and large, online casinos have done a fair job of adapting to these facts. Most casino ads still use a "pop-up" format, but this practice isn't nearly as despised as it once was. The ads and the sites themselves are showing cleaner and clearer design - still imitating real casinos, but without the obnoxious edge. And those that target "average" consumers have dropped the smut -- from the ads if not the sites.

Of course there's room to improve each of these areas. Simple and straightforward are the new rules of the game.

Why don't traditional casinos advertise online?

The Web is the favored ad venue for online casinos because it's where they live. So far, it's safe. And the casino is only a click away.

But there are other good reasons to build a profile online. With advertisers in other sectors running from the Web, space is cheap and accommodating. It's also an effective way to reach average Americans -- particularly in conservative markets -- who are seldom exposed to casino promotions.

Yet real casinos constitute a miniscule piece of gambling advertising on the Web. Perhaps they, like most bricks-and-mortar businesses, don't see the point of promoting online if they don't do business there.

True, a picture of a roulette wheel isn't likely to inspire some guy in Chicago to jump a plane to Vegas. But why not try another approach? Why not use the Internet to promote travel packages and hotel deals? A casino needn't operate online to advertise there.

Whatever the legal and cultural destiny of online gambling, online casino ads are doing at least one thing very well: they're being seen.

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