



# **Online Gambling in Bulgaria**

In the new regulated environment

# Summary

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# Intro

Bulgaria is one of the most recent EU jurisdictions to adopt the GPT regime since Jan 2014

A mature market, most of the big companies in the iGaming sector were present, working successfully across all the verticals

Following the new regulation, a blacklist drafted at the Gambling Commission was established, domains were blocked and advertising is banned for non-regulated businesses

In the new era some of the players have pulled out, some have remained in the shadows and few have regularized their position

New, often local players, have now sprung to life, reaching for the lucrative Bulgarian interactive wagering market

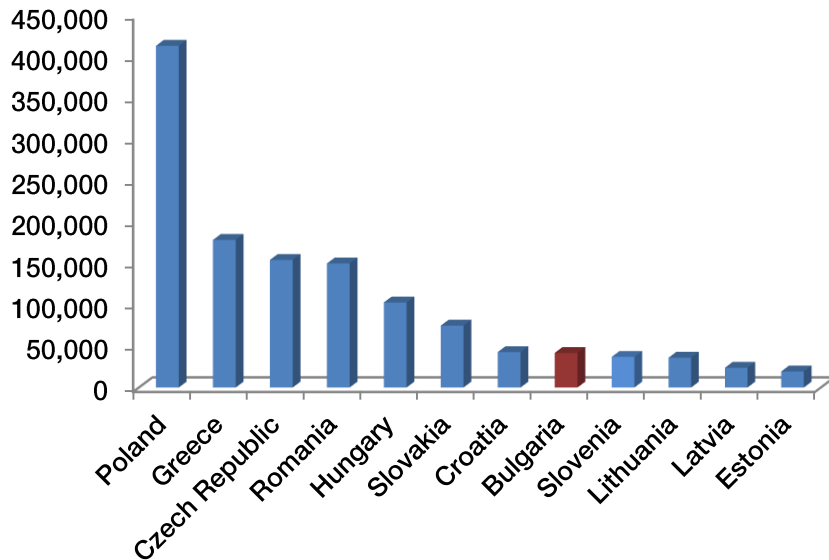
- ❖ What is the size of the market and who are the players?
- ❖ What are the steps to be taken in order to operate legally in Bulgaria?
- ❖ Is competition a factor for a penetration strategy?
- ❖ What actions are to be taken in order to acquire and retain users in a regulated environment?
- ❖ What are the typical KPIs observed in Bulgaria?
- ❖ What makes Bulgaria one of the preferred outsourcing jurisdictions in the industry?

# Economic data and demographics

- ❖ Bulgaria is one of the newest members of the EU (2007)
- ❖ Has a GDP of 42 bln EUR (2014) for a population of 6.9 mln people
- ❖ GDP per capita (PPP) stands at 11,000 EUR

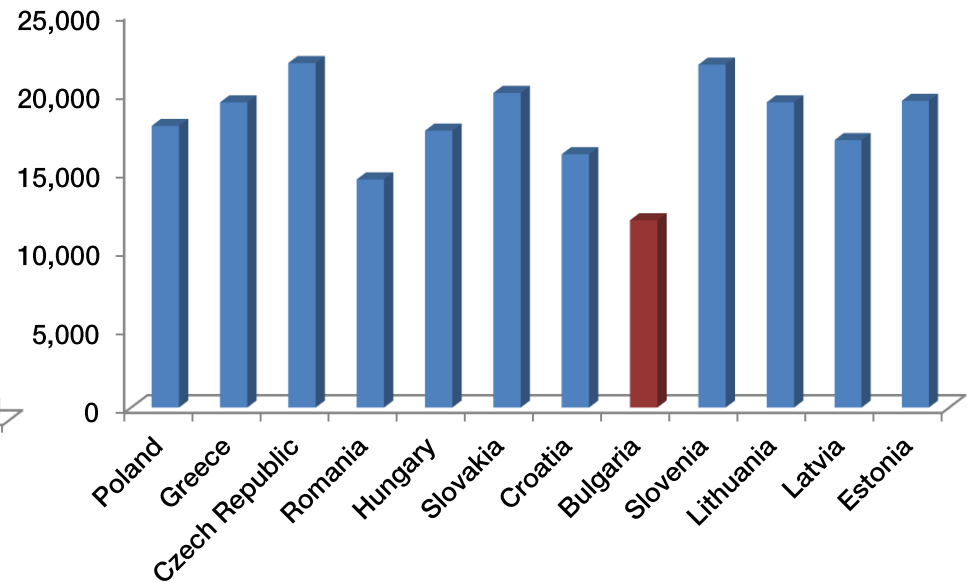
EUR mln

## Region GDP 2014



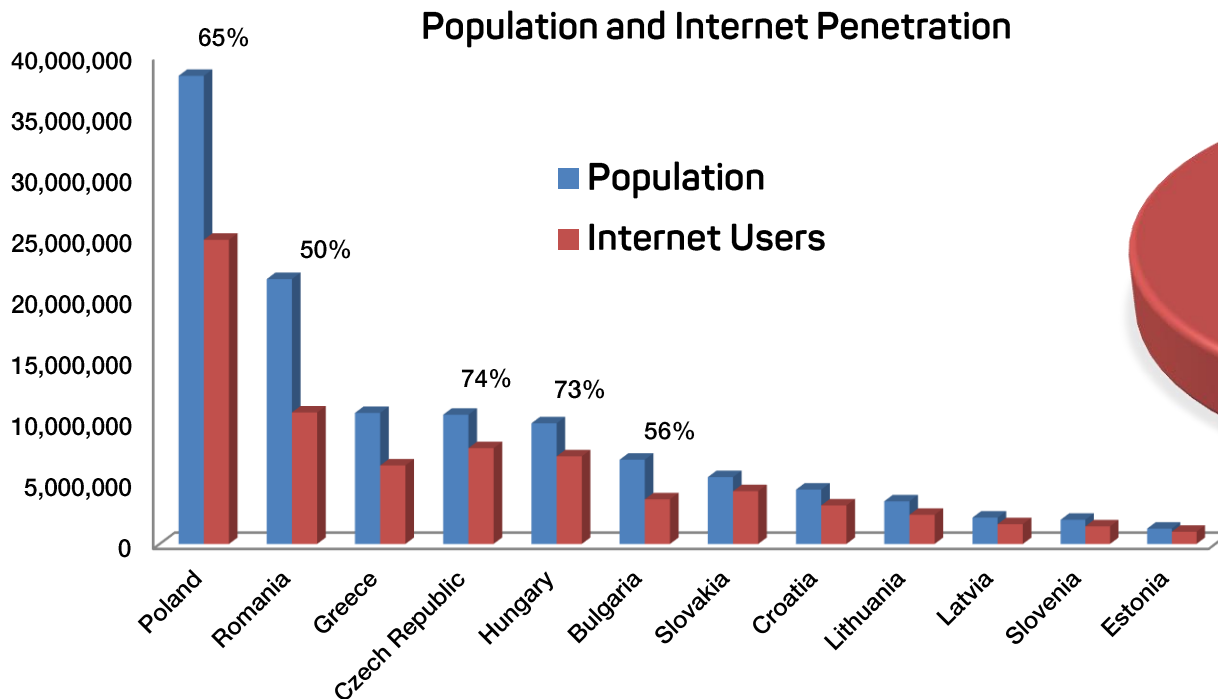
EUR

## GDP per capita (PPP)

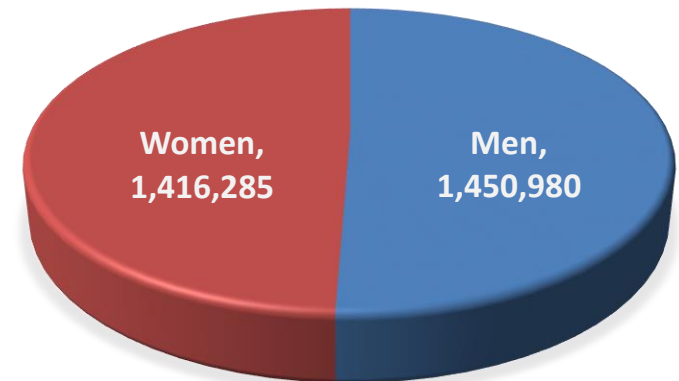


# Economic data and demographics

- ❖ Internet penetration stands at 56% or 3.9 mln users
- ❖ 3 mln Facebook users in 2014
- ❖ 10 mln active mobile subscriptions, 2.8 mobile broadband subscriptions



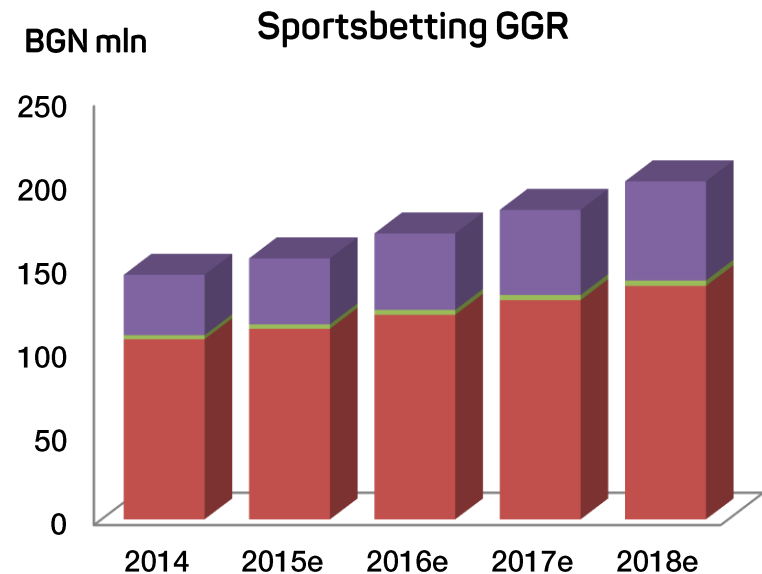
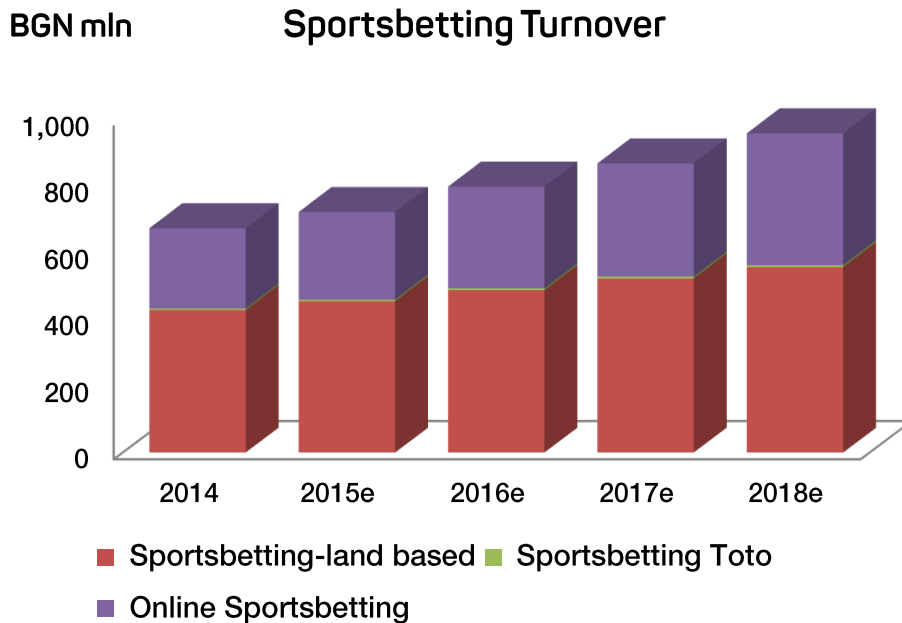
**Population 18 – 54 in cities**



# Specific industry data

- ❖ Online sportsbetting accounts for 36% of all sports bets placed in the country in 2014 but is set to grow with 50% in the next 4 years.
- ❖ Online GGR for sportsbetting stands at 25% of total sports GGR

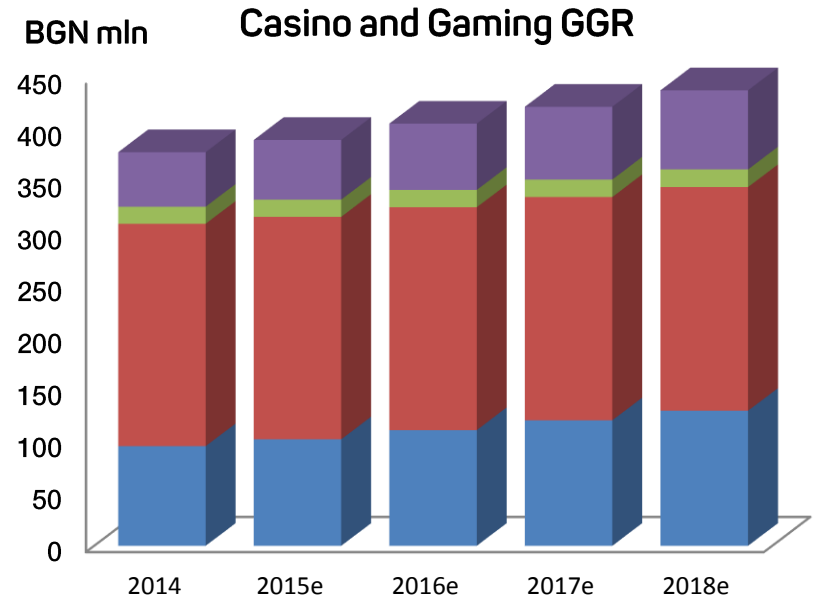
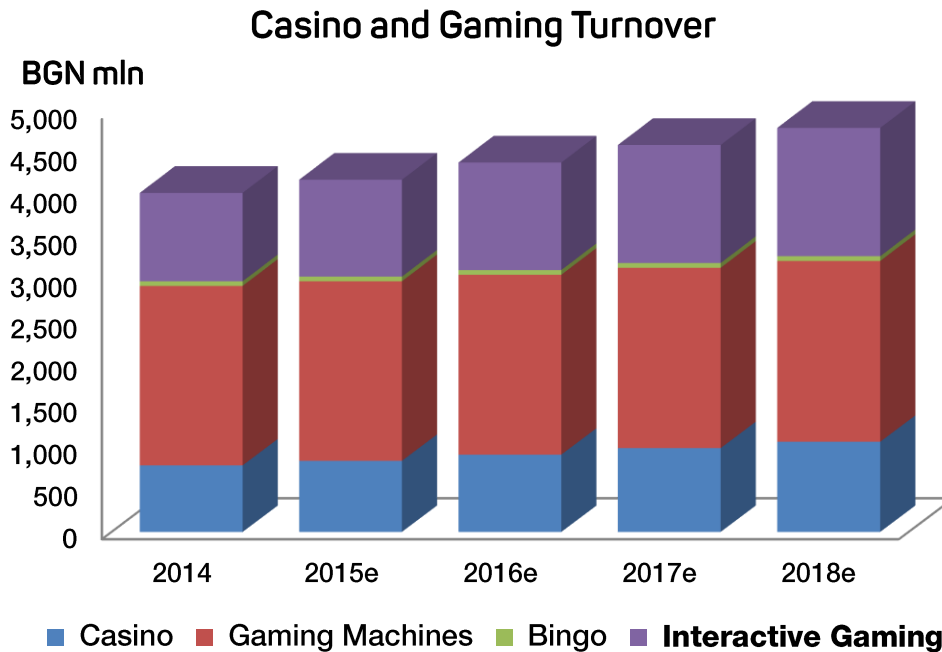
1 EUR ≈ 1.95 BGN



# Specific industry data

- ❖ Interactive gaming accounts for 26% of all casino and games turnover in the country in 2014
- ❖ Interactive gaming GGR for casino and games stands at 14% of this product GGR

1 EUR ≈ 1.95 BGN



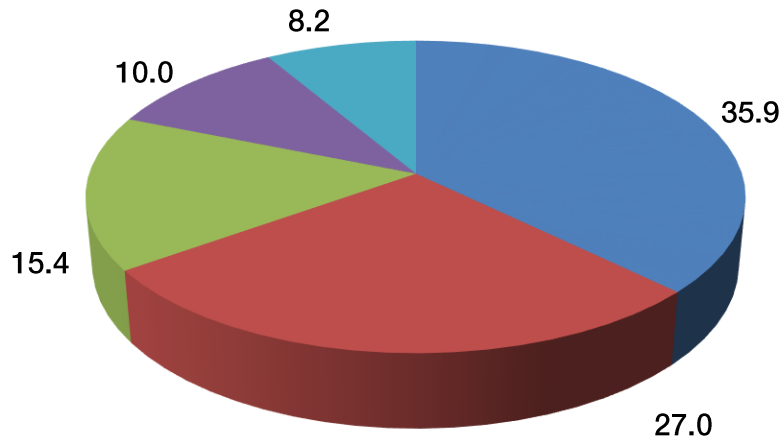
# Specific industry data

- ❖ The share of the unregulated (and blacklisted) business remains low following the exit of the big players in 2012/2013

1 EUR ≈ 1.95 BGN

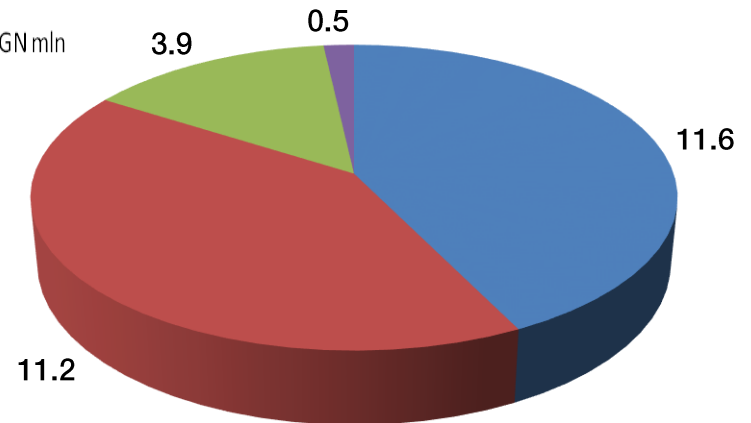
## Interactive Wagering GGR Regulated 2014

BGN mln



## Interactive Wagering GGR Unregulated 2014

BGN mln

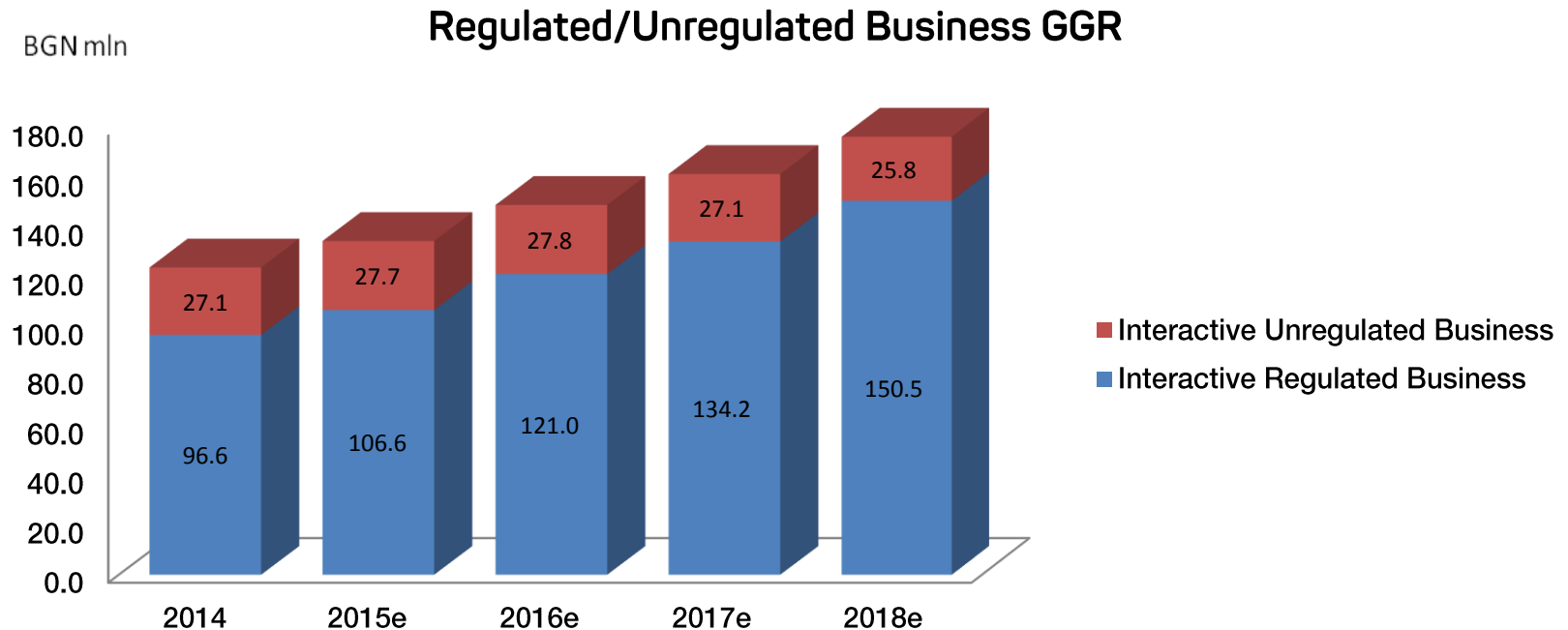


■ Betting ■ Casino ■ Poker ■ Bingo/Other ■ Lottery

# Specific industry data

- ❖ The volume of the Bulgarian online wagering business is estimated at 124 mln BGN in GGR and is set to grow with 43% in the next 4 years

1 EUR ≈ 1.95 BGN



# Legal landscape

An EU compliant, 20% GPT law voted in 2013, came into effect in Jan 2014 with the following conditions:

- ❖ Investments:
  - ❖ amounting to not less than 600,000 BGN - for online betting
  - ❖ amounting not less than 300,000 BGN - for gambling games
  - ❖ means for organizing the game amounting to not less than 1,000,000 BGN
- ❖ Application and issuance fees:
  - ❖ 40,000 BGN for Sportsbetting
  - ❖ 70,000 BGN for RNG Games (Slots, Virtuals, Poker)
- ❖ One-off payment of 100,000 BGN at the obtention of the license for all products and games, valid for the duration of the license, i.e. 5 years.
- ❖ Annual payment for the duration of the license of 50,000 BGN towards compulsive gambling prevention organizations.
- ❖ 20% GGR tax, accrued and payable on a monthly basis. GGR is defined as bets placed – amounts won. Commission based games GGR is considered to be the amount earned by the Operator, i.e. Poker rake or other.
- ❖ The license is issued for a period of 5 or 10 years.

# Compliance

Furthermore, regulated businesses are due to comply with the following and simultaneously met conditions:

- ❖ No instances of administrative enforcement measures applied under the repealed 1999 Gambling Act
- ❖ The communication equipment shall be located in Bulgaria, the EU or EEA
- ❖ A depositing account should be opened with a Bulgarian bank or a EU/EEA institution
- ❖ The backend should have a reporting system in real time sending player information to the Commission and the NRA
- ❖ All gambling software should be initially and periodically audited by the Commission
- ❖ The operators should appoint a local compliance officer

Reports to be sent to the Commission and the NRA in XML format

- ❖ Initial registration data for the Operator
- ❖ Registration data for the users
- ❖ Data about settled events, sorted by users
- ❖ By request only – all the data related to ongoing (unsettled) events and active games/sessions
- ❖ Communication receipt files

# Competition overview

## Licensed

efbet.com  
toto.bg  
pokerstars.bg  
betfair.com  
ecasino.bg  
eurofootball.bg  
novabet.bg  
eurobet.bg

## In the blacklist

sportingbet.com  
bet365.com  
planetwin365.com  
unibet.com  
12bet.com  
betin.com  
betsafe.com  
Many others...

## Pulled out

bwin.com  
willhill.com  
ladbrokes.com  
bet-at-home.com  
interwetten.com  
fulltilt.com  
expekt.com  
Many others...

Those sites who have not regularized their position but remained in the market face bans from most of the ISPs in the territory, following a court order and their acquisition activities are seriously hampered. They focus on below the line advertising and retention tactics.

# Marketing insight

## Main KPIs observed with users in Bulgaria

- ❖ CPA: 60-70 EUR (blended)
- ❖ CTR for CPC networks (to funded): 0.3%
- ❖ ROI on Affiliate sites: up to 4.5 with typical affiliate share of 25%
- ❖ Funded sign up ratio: 40%
- ❖ Avg. bet size: 8 EUR for Sports and 12 EUR for Casino and Games (mass market)
- ❖ Bets per customer (monthly): 48 bets for Sports and 450 bets in Casino and Games
- ❖ Over 90% of the NGR in Sports would come from European football (major leagues) and the Live Dealer Casino would be the most preferred Casino game, contributing up to 50% of the NGR
- ❖ VIPs would typically contribute up to 40% of the turnover and make 30% of the NGR in Sports

# Sales techniques

## Acquisition – a clever blend of:

- Sign up bonus
- Affiliates and CPC networks, hybrid deals return better ROI
- SEO and SMO
- OOH advertising, TV and radio for brand awareness
- Sponsorship deals with local clubs, stadium boards
- Below the line advertising, organic growth, word of mouth, etc.

## Retention – a mix of:

- Leaderboard competitions of any sort
- Loyalty programs and bonuses
- Frequent weekly promotions on domestic or international events
- Brand ambassadors, sports personalities for brand loyalty

## Reactivation – a must do

- Monthly lapsed campaign for all verticals
- Dormant users regular campaigns
- Self-exclusion management

## Segmentation

# Setting up operations

- ❖ Obtain an Online Gambling License – up to 3 months after application
- ❖ Comply with the audit of the Sports backend and Casino/Poker software
- ❖ Comply with the reports structure for the Commission and the NRA
- ❖ Localize the frontend and the communication
- ❖ Provide skillful 24/7 support in Bulgarian language
- ❖ Contract experienced content and affiliate managers
- ❖ Draft a penetration marketing strategy and initial offerings
- ❖ Start the operation!

# Business Processes Outsourcing

- ❖ Bulgaria, especially Sofia, has become an important hub for BPO
- ❖ Gambling or related companies having BPO operations in Bulgaria:

|              |                |
|--------------|----------------|
| Bwin.party   | Tempobet       |
| William Hill | Offside gaming |
| Online       | Anakatech      |
| Playtech     | Titanbet       |
| SB Tech      | Tradologic     |
| Paddypower   | Skrill         |
| Xprogaming   | Neteller       |
| Mansion      | Safecharge     |

## Main factors:

- ❖ Qualified IT specialists and multi-talented young people
- ❖ Favorable and friendly business climate, affordable and available real estate
- ❖ Flat corporate and personal income tax at 10%
- ❖ Liberal provisions in the Labor Code related to 24/7 operations
- ❖ EU jurisdiction