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# Storm clouds gathering

With the UK general election not far away, gambling consultant **Steve Donoghue** assesses a difficult political landscape for bookmakers and considers their options for protecting both brand and business

Predicting the political future is always fraught with uncertainty and you can only hope that your mistakes are quickly forgotten. I once argued that the internet would only ever be a 'middle class plaything'! I also never signed the Beatles. However, there are some things I am fairly certain of after analysing British gambling politics for clients over the last 20 years, as well as researching my PhD on the same subject, one of which is to notice when the proverbial is about to hit the fan. I am rubbing my big crystal ball and forecasting that Thursday 7 May 2015 will be the day that the fingernails of British

bookmakers finally lose their grip on the edge of the political abyss and they start tumbling down. Out of the wreckage will emerge a transformed, smaller, costlier industry. A dramatic analogy indeed, but one I think is worthy of the enormity of the problem. For the day of the General Election will be the day that we most likely see the Labour Party become the biggest party in Parliament and Ed Miliband, the one most likely person to move in to No. 10 Downing Street. The Labour Party have for many months now had bookmakers in the box of 'predatory capitalists' along with pay day lenders. Their

proposed policy of giving betting shops a unique planning class has already been adopted by this government. They have also promised to give local authorities powers over the number of B2s (fixed odds betting terminals) that a betting shop can have and, since no-one can think of a local authority in favour of gambling (with the exception of Blackpool possibly), the chances are that the B2 estate will diminish significantly. The Conservatives and the Lib Dems are more than likely going to support such a move as there is little to gain politically from defending the industry.

It does get worse though. The current Labour Party spokesman on gambling, Clive Efford MP (Eltham), has stated on a number of occasions that he would invoke the precautionary principal and remove B2s until they are proven to be safe. The chances are he will be Gambling Minister. By the time you read this article, the Responsible Gambling Trust will have hopefully published the outcome of its research into

it into an uber-regulator. Add to this the statement in the recent consultation on licence conditions and codes of practice, where the Commission states: "It is for society, not the regulator, to decide where on the spectrum of freedom and control that it wants gambling to be". This is open to the whims of dog-whistle politics and could be interpreted as a regulator with a definite appetite for over-regulation.

*"The political strategies of the last few decades no longer apply – the problem is the bookmakers have taken too many years to realise it"*

B2s and found (and I am guessing here) that it was inconclusive. The consequent moral panic this will have produced will undoubtedly have caused all political parties to try and outdo themselves on what restrictions they can put in place to protect the innocent and out-of-control consumer. If it hasn't, then bigger political events have got in the way or aliens may have landed. Even so, it will be on the Minister's to-do list. Why? Because it plays too well in the Daily Mail, a new Minister punishing the evil bookies while defending the sheep-like punter. We must remember that Mr Efford can easily turn B2s into B3s with the simple passing of a Statutory Instrument that would lower their stakes and prizes.

Just to add insult to injury, we also have the prospect of a new regime at the Gambling Commission. While the overpaid outgoing incumbent seemed happy on creating a micromanaged bureaucracy of little knowledge, imagination or capability, the fear is that the new guy wants to turn

Surely not, you cry! You're just being a scaremonger. What of the strenuous efforts of the bookmaking industry to show how socially responsible they are? Didn't they bring in Prof. Mark Griffiths to give them a code of conduct for the FOBTs which introduced pause screens and pre-commitment? All of which, in a review of his own work, Prof. Griffiths found to be working well. Didn't the big three (William Hill, Ladbrokes and Coral) and upstart Paddy Power set up the Senet Group, a new watchdog to enforce these codes of conduct and bring in new restrictions on marketing? What about this? Isn't this enough to assuage the unfair and untrue campaign against bookmakers, who singly defend the public's right to punt?

Of course these efforts have to be applauded, at the very least for showing that the industry has started to move on from its years of complacency. From 2010 it appeared that all it could do was recite the mantra of 'you touch FOBTs and you

damage jobs and taxes', a classic line from the ancient playbook of bookmaker lobbying (most recent editors Topping and Goulden). Trouble was this didn't chime well in the austerity times and middle-class ways of Westminster. Using the economic argument just doesn't work when research shows that money spent in betting shops is not that economically efficient. If the money is spent elsewhere in leisure it creates more revenue and generates better jobs. Bookmakers not having to pay VAT and ignoring union pleas to end single manning doesn't help your case when arguing in the current economy. Plus you can no longer claim that closing betting shops creates illegal gambling. People just go online, gamble and now pay taxes in the UK. The political strategies of the last few decades no longer apply – the problem is the bookmakers have taken too many years to realise it.

But, much like when the old Cold War dinosaurs had lumbered off the battlefield, Gorbachev took over the Soviet Communist Party and introduced Perestroika, the new heads of the bookmaker firms are realising they have to try something new and have acted. The trouble is that the measures introduced are not getting ahead of the curve, they are merely pre-empting imminent increases in regulation, possibly by only a few months considering the various consultations that the Gambling Commission are involved in. Unfortunately, there has been no extra mile taken and no paradigm shifted. The bookmakers have done the bare minimum to ensure the smallest impact on their balance sheet. Their public affairs adviser has looked four months into the future and incorporated it into their strategy. This is still very much communism, to continue the analogy.

This is not an accusation of negligence, which was the crime that the previous ►



Labour's Clive Efford could well be Gambling Minister in the next government



FOBTs are a hot political topic in the UK

Photo: Ian Sutton (flickr.com/gamingfloor)



Professor Mark Griffiths helped create an FOBT code of conduct

bosses need to stand trial for, though I suspect with their multi-million payoffs they are not overly concerned. This is a request for a realisation that without good government relations gambling companies will wither and die, for they operate only at the whim of the government. They are not normal retail and never have been, whatever the kind words used about adult leisure in the build-up to the Gambling Act. That was the 'happy time' of Tony Blair, everlasting economic growth and a belief in individuals having fun within limits. Now is the time of moral markets and a Labour Party that is embracing socialist ideology again and, unlike value-light New Labour, this means a historical and ideological hatred of gambling and those who operate it. With no working class MPs left to appreciate betting culture and the years of political complacency by the bookmakers, the dislike of the industry has become entrenched, and so has the perception that it only operates to prey on the poor and the needy.

Like any brand or celebrity that has become publicly toxic, you don't rehabilitate yourself by just doing much the same in a slightly better way. You apologise. You do everything you can to be seen to be changing your ways. You engage. You spend money. You be nice. You go the extra mile. You appreciate that gaining short-term financial advantage is nothing compared to having your business decimated. For at the moment in Westminster there are many in all the big three parties who think this wouldn't be a bad thing. The British bookmaking industry must realise that they are one bar down from the last chance saloon and need to choose their exit wisely.

So what can the bookmakers do? Two things spring to mind – one is a tactic and one is a strategy. The tactic is to make all FOBTs only work if the customer uses a player's card. Have the whole industry sign up to it and therefore no-one has any competitive advantage. Pay for the independents who can't afford it. It's not

a big cost in the scheme of things. Have a company like SIS operate the technology and provide each company with aggregated industry data, detailed own-firm customer analytics. This improves your business, but most importantly you can say to government: 'this is the FOBT question solved'. Anyone who shows problem gambling behaviour

is flagged, intervened and signposted for help. Self-excluders are completely banned. Researchers get useful data. Everyone is happy, especially as this saves the product from imminent and almost certain death. The Commission gets what it's been asking for since 2012's Triennial Review consultation. It will cost you money, you will not make as much money, but you will still have a UK retail industry and a glimmer of appreciation in SW1.

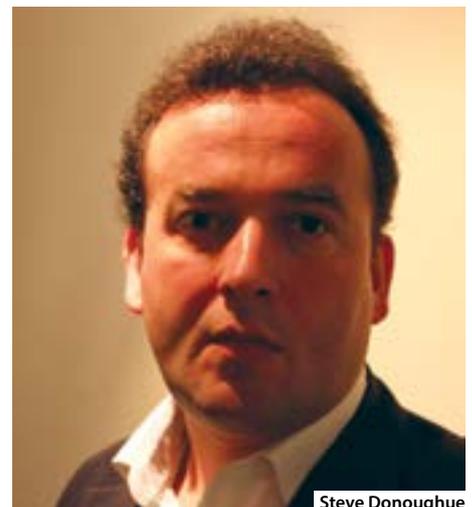
The next is a strategy. Think about bingo halls and pubs. Both industries in structural decline, both recipients of accusations of social irresponsibility (for bingo this was the 60s!) and both successfully rebranded as social hubs for the community and recipients of government largesse. Betting shops are a social hub, they provide a community base for punters, they are mini-societies. Those of you who have spent time in them will know they are a lot like extended families, often dysfunctional, often supportive. The customers and staff share their time and their lives together, punctuated by the sporting and gambling events that give passion to their lives.

Too often we have been a bit embarrassed by this, possibly because the mainly male C2DE group that make up our customer base is not as PR friendly as blue-rinsed grannies in bingo halls or the clientele of the Queen Vic or the Rovers or Woolpack that supposedly exists in every town. Bookmakers should do everything they can to emphasise the community element of betting shops. Links with local organisations, supporting local teams, volunteering. I know you already do it a bit but shout about it and make it core to your business. Show the world that a closure of a betting shop is a knife in the heart of the local community.

This is not just of vital importance to the retail betting industry but to the wider gambling industry. Politicians as a whole are not detail people. They've mostly never been in a betting shop and never will. To them all gambling is the same and while there is a big almighty stink about FOBTs it permeates across all the industry. What this means is that no-one will progress any other sector's interests because who wants to be tainted. It becomes politically too difficult. So it's in everyone's interest that the nettle is grasped. ◀

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