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EDITORIAL
Exploring the opportunities presented by Internet gambling

Interactive gambling in all its forms (computers, smart phones, wireless devices, and to a lesser extent interactive television) is revolutionising the delivery of gambling products. Substantial changes imposed by Internet gambling have made an impact on virtually every relevant sector and interested agencies including governments, politicians, policy makers and regulators, operators (online and offline), treatment providers, researchers, and of course, consumers. Internet usage and penetration has increased substantially, growing 480% since 2000 worldwide (Miniwatts Marketing Group, 2011). The majority of the population in Europe, North America and Australasia have access to the Internet through computers and mobile phones, and penetration of Internet access has grown over 1000% in Africa, the Middle East and Latin America and the Caribbean since 2000 (Miniwatts Marketing Group, 2011). In recognition of the tremendous potential market for Internet gambling, over 690 owners and operators have established an estimated 2595 Internet gambling websites (Casino City Online, 2011). Given the ease with which customers can access a variety of different sites, operators must compete for player loyalty. Consequentially, Internet gambling sites typically offer high levels of return to player (estimated winnings range from 88% to 98.7%) and sophisticated, interactive games and products (Ranade, Bailey, & Harvey, 2006). Many sites also aim to engender trust and loyalty amongst players by offering bonuses for opening accounts and ongoing betting and deposits and providing secure payment methods and some levels of customer protection (Church-Sanders, 2011; Ranade et al., 2006).

The increased trust and legitimacy of online gambling sites and willingness of players to bet online, coupled with the convenience and accessibility of online gambling are all likely to be factors fostering participation in most international markets. Participation in online gambling is still relatively low, particularly compared to traditional land-based forms of gambling, with international data indicating that between 1 and 30% of adults gamble online (Gainsbury, 2010; Petry, 2006; Wardle et al., 2011; Wood & Williams, 2009). Estimates of online gambling are limited given that few national prevalence studies have been conducted. Further, Internet gamblers may be less likely to be included in prevalence studies using land-based telephones in recruitment procedures and in jurisdictions where Internet gambling remains illegal resulting in underestimates of actual participation rates. Nonetheless, industry reports show a clear trend of increased Internet gambling revenues; from approximately US$2.2 billion in 2000 to an estimated US$33 billion in 2011 (Christiansen Capitol Advisors, 2005; 2007; Global Betting & Gaming Consultants, 2011; 'New H2 eGaming dataset', 2011). Internet gambling now represents around 8% of the global gambling market. Sustained growth is predicted as more jurisdictions legalise online gambling, technology continues to develop, the Internet becomes more accessible, and existing land-based gambling and non-gambling companies move to enter this market. Little is currently known about the transition from land-based to Internet gambling, including whether Internet gambling replaces or is used in addition to traditional gambling activities. This topic is

explored in the context of Sweden, through an examination of new adopters of Internet gambling as compared to existing Internet gamblers in a longitudinal study by Svensson and Romild (2011), in the current special issue.

This new gambling medium conveys both positive and negative elements subject to whether or not one adopts a perspective from the vantage point of the industry, regulatory agencies, government, welfare groups or community members. In this context, many groups have expressed concerns about the potential unfettered global expansion of gambling and accordingly have responded by attempting to curtail, restrain and limit the introduction of, and/or access to, this mode of gambling. In recognition of the existing Internet gambling market and customer participation, many international jurisdictions are liberalising policies and introducing regulations to legalise online gambling. The UK is one example of an open market in which licensed online gambling operators are permitted to offer products to consumers subject to the requirements of customer protection and appropriate advertising. Jurisdictional policies vary widely, but most efforts at liberalisation are based on attempts to provide a safe gambling environment and retain revenues onshore. These justifications have been advanced by the various Canadian provinces that have launched or are in the process of offering online gambling sites for residents in an attempt to reduce play on offshore sites.

A cautious approach to Internet gambling is warranted, particularly given the potential adverse effects of problem gambling produced by increased access to gambling opportunities, and the need for consumer protection and harm minimization. Some jurisdictions, notably the huge potential markets of the US and China, have enacted policies that prohibit Internet gambling, in an effort to limit participation, and have taken various efforts to enforce these regimes, recently including prosecution of operators that act in contravention of laws. A comparative discussion of Internet gambling policy in Canada and Australia by Gainsbury and Wood (2011) in the current special issue highlights the different regulatory approaches that can be adopted and the implications and consequences of these.

As a result of governments enacting regulation to close online gambling markets, there have been a significant number of legal cases and substantial attempts from a vast number of lobby groups to modify online gambling laws in various directions. For example, in the fourth quarter of 2010, 55 different parties, including operators, trade organisation, financial services companies, suppliers, sports leagues, and interest groups, spent an estimated USD$4.94 million lobbying both for and against Internet gambling in Washington, D.C.; up 5.8% over the preceding quarter (Krafcik, 2010). The European Court of Justice has also been investigating a substantial number of cases as the European Union continues efforts to ensure that member state's online gambling regulations are appropriate and non-discriminatory. Several public consultations and inquiries have also been held in Australia by various government groups in an effort to clarify the effectiveness of existing regulation and potential modifications required (Gainsbury, 2010). Public inquiries have been held in Europe, the US and Australia, inviting stakeholders and members of the public to lodge submissions regarding the debate on Internet gambling, which clearly indicates the importance of considering current impacts and developments in the field as well as a range of perspectives. The various efforts that are being taken by many stakeholders groups indicate the potential opportunities and impacts that this mode of gambling will produce and the importance of implementing an appropriate response.

Internet gambling usage and expenditure data demonstrates a continually expanding electronic communication framework (software and hardware) that has a significant market penetration, popularity and acceptance. Mobile Internet access represents a significant new development that online gambling operators are likely to capitalise on; smartphone penetration has reached 35% of online adults in Australia, and population penetration has surpassed 31% in the main European markets (UK, Germany, France, Spain and Italy) and 27% in the US ('EU and US', 2011; Gillmer, 2011). The sophistication, graphical designs and variety of multi-player and standalone games and products offered is evolving almost exponentially as is the interactivity of online gambling with other related land-based gambling, social/communication media, sports and sport sponsorship, and video games. For example, free-play poker is one of the most popular applications worldwide on the social networking site Facebook, video game players can place bets on the outcome of games, online gambling sites increasingly include live video feeds of sporting events, and commercial gambling operators are widely promoted through sponsorship of a variety of sporting events and teams. Therefore, it is now necessary to implement a cohesive framework to inform and shape a properly regulated Internet gambling environment. The global nature of the Internet has also shifted the focus of attention from local to international jurisdictional competition, and with it, an array of conflicting and confusing legal and regulatory offshore standards and requirements.

Historically, Internet gambling has been generally considered to be a homogeneous activity that has tended to ignore the role and implications of various factors such as the type and site of online gambling providers, and the nature of games and products characteristically found within this mode. Furthermore, Internet gambling does not represent a new form of gambling; it is simply the expansion of an efficient electronic form of communication that provides the platform through which individuals can access gambling products traditionally offered through land-based venues. The Internet can be used as a convenient vehicle replacing face-to-face or telephone interactions, for example, purchasing lottery tickets, wagering or sports betting, or to recreate a virtual casino replete with single or multi-player table games and standalone gaming machines. Similarly, Internet gamblers are substantially varied in terms of the socio-demographic population segments they represent, reasons for, and their behavioural patterns of online gambling. This variability presents significant challenges for operators (understanding their customers), for regulators, (difficultly identifying online users and the laws that apply), and researchers (attempting to evaluate online gamblers).

The lack of knowledge surrounding Internet gambling, attributes and behavioural patterns of users, and their trajectory over time has largely characterised the field to date. Although it could be argued that a proportion of operators have a relatively adequate understanding of their customer base and usage, it is accurate to state that they also have access to a large amount of data on their customer profiles. Similarly, regulators implement policies based on limited information with the capacity to predict the longer-term impacts of Internet gambling remaining difficult given the lack of historic precedence. Internet gambling research has also been limited by the use of small, self-selected and non-representative populations, and self-report measures. Comparisons between Internet and non-Internet gamblers have some utility, but there is now a growing recognition of the importance to consider sub-groups of online gamblers to further the conceptual understanding of this new gambling media. In an effort to increase the understanding

of Internet gamblers, Wardle and colleagues (2011) have analysed the results 2010 British gambling prevalence study to examine subgroups of gamblers based on their engagement with various types of land-based and Internet gambling activities in a paper included in the current special issue.

Improved quality of Internet gambling research is beginning to emerge as developing cooperation between researchers and operators results in greater access to and analysis of relevant data. Several studies have been conducted, and more are underway internationally, analysing player behaviour based on detailed databases of player behaviour and interactions with online gambling operators provided by the gambling operators. Examples of these include the published analyses of the player database provided by European sports wagering site *bwin* (Braverman & Shaffer, 2010; LaBrie, LaPlante, Nelson, Schumann, & Shaffer, 2007; LaPlante, Kleschinsky, LaBrie, Nelson, & Shaffer, 2009), and two of the manuscripts included in the current special issue: the analysis of online casino players by Dragicevic, Tsogas, & Kudic (2011) and investigation of customer interaction with online operators by Haefeli, Lischer, & Schwarz (2011). These studies make a valuable contribution to the field because the data reflects actual behavioural data, including expenditure, betting frequency, and communication with operators, derived from gamblers in naturalistic settings. This allows researchers to investigate the characteristics of specific sub-groups of Internet gamblers resulting in more valid and reliable outcomes.

Understanding motivations for online gambling and investigating actual gambling behaviours, in addition to self-report is vital to formulate a conceptual model of Internet gambling that can be applied in guiding effective policy decision-making, responsible gambling and prevention strategies, and treatment interventions. New treatment options that may be more suitable for Internet gamblers are being developed and implemented, such as Internet-based self-help, reviewed by Gainsbury & Blaszczynski in the current issue. Preliminary evidence is provided by Jime´nez-Murcia et al. (2011) in the current special issue, to indicate that there are not substantial differences between Internet and non-Internet gamblers that seek treatment. However, more research is needed to more fully explore the nature of gambling problems amongst Internet gamblers. The association between Internet gambling and pathological and problem gambling is not well understood and further efforts are needed to appreciate the various causal factors and pathways involved.

The importance cannot be underemphasized of the need to utilise and share precise and objective player account data with researchers to advance knowledge, taking into account of course competitive commercial sensitivities (Gainsbury, 2011). By understanding patterns of player behaviour within and across jurisdictions, regulators and governments may implement appropriate regulatory policies to best protect consumers, jurisdictional interests and the taxation revenue. Operators who understand their players may identify potentially risky patterns of play and intervene with customers before they develop problems. Researchers from multiple disciplines studying multiple aspects of gambling can analyse behavioural data, in conjunction with self-report, to evaluate the current use of Internet gambling and contribute to a variety of disciplines by answering some of the ever growing list of research questions. A greater understanding of Internet gamblers and online gambling behaviour can be used to guide the

development of treatment interventions to meet the unique and specific needs of Internet gamblers, including Internet-based interventions such as online self-help programs.

This special issue of Internet gambling was created based on the realisation that Internet gambling is of continued and paramount interest to all stakeholders. Relevant empirical data collated from actual players rather than non-representative analogue populations exposed to simulated gambling tasks should be used to advance current and future research. The papers included in this issue represent some of the most relevant and innovative research to date, although future issues will also include papers on this topic as the field progresses. It is anticipated that as Internet gambling continues to expand and evolve, it will become vital that we all endeavour to foster a collaborative and cohesive blueprint for research.
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