

18 FEB 2010

**Shifnal Townswomen's Guild**

Thank you for your letter dated 11 January.

Gambling Advertising was liberalised under the Gambling Act 2005 under the then Blair Government; which positioned gambling as a legitimate leisure activity. This remains the position today with online operators licensed by the Gambling Commission and paying tax on betting and gaming conducted by U.K based customers being allowed to advertise in certain circumstances before the 2100 watershed.

Betting advertising is permitted before 2100 during live televised sporting events and other gambling products, particularly bingo can be advertised during daytime television.

William Hill believes that demand for gambling should be met by regulated and socially responsible operators, but we recognise public concerns about the prevalence of gambling and the morally contentious nature of the activity. However the industry is perhaps one of the most heavily regulated in the UK.

Because of society's attitude to gambling and after a decade in the industry, I have concluded that some aspects of gambling regulation make no sense at all and other decisions are driven by political expediency. Therefore I will not seek to explain the logic behind why some products are treated differently to others (if indeed there is any logic).

Also it is worth examining this issue in the context of the rise and incremental liberalisation of the National Lottery. The media and public frenzy last weekend around a £60 million rollover jackpot demonstrates on one hand how society can be so supportive of gambling and on the other be calling for restrictions. It is worth noting that the bulk of gambling in the UK is by way of National Lottery tickets and scratch cards which are available to sixteen year olds whereas other forms of gambling are restricted to over 18s.

Perhaps before the societal debate about advertising products, which can only be accessed by adults, there should also be one regarding allowing 16 year olds to gamble on the lottery and children being granted access to gambling in seaside arcades?

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Moving to your first question. William Hill is a founder member of a self regulatory body known as the Senet Group. As a member of that group we have agreed that all of our TV adverts carry responsible gambling messages. This includes signposting to the National Gambling Helpline and use of the phrase "when the fun stops-stop".

In addition as a group we have agreed to limit sign up offers and incentives specifically aimed at new customers only before the watershed and to devote a percentage of our betting shop window advertising to responsible gambling. We have also agreed not to advertise gaming machine use in betting shop windows.

The majority of gambling adverts now contain exhortations to "gamble responsibly" and last year the Senet Group spent some £2 million on focused TV commercial which solely promoted responsible gambling.

However one has to look closely at the way responsible gambling messaging is conveyed. There is strong evidence to suggest that for certain groups, stressing the risks of a particular activity or "preaching" about harm encourages some groups, particularly young adult men to want to engage more actively. Therefore the industry is focussed on getting the messaging right.

Moving to your second question, those engaged in online gambling generally have multiple accounts with different operators with at least two active accounts being operated. The online gambling industry is highly competitive and offering bonuses and free bets (or money back specials) is a way of recruiting and retaining new customers. There is a natural curb on bonus offers because of the impact on overall profits. This sort of incentivisation is not uncommon in other sectors, but there are clear regulatory rules about the offers being clear and transparent.

Frankly limiting offers by law would suit a company like William Hill as any sort of regulatory restriction suits large market incumbents at the expense of new entrants. However as offers are the only way that smaller operators can establish market share, this introduces issues relating to competition law. The industry cannot agree to limit what is a legitimate market and therefore offers have become a feature for all market participants in order to facilitate growth. An operator who did not incentivise new business or retain its active customers would quickly lose market share.

Finally, addressing how we pursue corporate responsibility objectives. It is important not to conflate the issues of gambling prevalence generally and the prevalence of problem gambling. Rates of problem gambling in the UK are low by international standards and have remained stable for a decade at about 0.5% of the population. This is far less than the levels of harmful drinking, obesity or tobacco consumption. Whilst gambling opportunities have increased (particularly with the onset of internet gambling via smart phones) the number of problem gamblers has not risen. The majority of active gamblers do so harm free.

Nevertheless we accept that all gambling products have the capacity to cause harm to a small minority of players. There will be more problem gamblers in gambling establishments (and engaged in online gambling) than there are in society in general.

Therefore where we see customers engaged in potentially harmful patterns of play (chasing losses, making multiple deposits etc) at significant levels, we do conduct responsible gambling interactions, signpost to treatment providers and offer self help tools like self exclusion.

Much gambling is anonymous, but where it is account based (online and gaming machines) we are developing an approach which harnesses identified markers of harm and, through an algorithm, helps



us target customers through direct messaging. This is all currently subject to development and academic review. The industry (through the Responsible Gambling Trust) also provides some £6 million per year towards research, education and the treatment of problem gambling.

Whilst we believe that it is ultimately for the individual to regulate their own behaviour, we accept that we need to provide informed choice and a suite of responsible gambling tools to allow customers to stay in control. Responsible gambling messaging is now prevalent in our betting shops and online.

To leave you with one final thought. When betting shops were legalised in 1961, the policy objective was to ensure that demand for gambling (especially in highly populated areas) was met by regulated and taxed operators. Prohibition has never worked and calls for over restrictive measures generally only benefit illegal suppliers. The ability to advertise is one of the incentives for operators to take a UK licence (and thereby subject themselves to UK regulation and tax). Without ISP blocking and extra territorial enforcement, it is perfectly possible with the internet for illegal offshore operators to trade with UK citizens. Thankfully the UK market is generally catered for by UK connected brands.

Whilst we respect the views of the Guild and the outcome of the vote, as you recognised, the subject is much more complex than it seems and simple solutions may not be that simple after all.

We were aware of the strength of feeling around gambling advertising, but it is always useful to hear directly from individuals or membership bodies.

As a matter of interest the industry have recently agreed an advertising code and although you would not expect it to fully restrict the practice, it does go some way to ensuring best practice.

I have included a copy of our corporate responsibility booklet which sets out a number of facts about our business which provides 13,000 jobs in the UK and a further 3000 jobs in overseas locations.

Kind Regards



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Director of Group Regulatory Affairs

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