

A low-angle, upward-looking photograph of several modern skyscrapers with glass and steel facades, reaching towards a clear blue sky. The perspective creates a sense of height and architectural grandeur.

# The consolidation of the online gambling industry

A scoping study of a changing sector

Sébastien Berret, Virve Marionneau & Janne Nikkinen  
CEACG, University of Helsinki  
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# **EXCESSIVE GAMBLING: PROMOTING AND PROTECTING HEALTH IN A DIGITALISED WORLD**

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# Main research questions

What are the dynamics driving the consolidation of the global online gambling market?

What are the potential public health implications?

Recent phenomenon, with potential big impact on gamblers





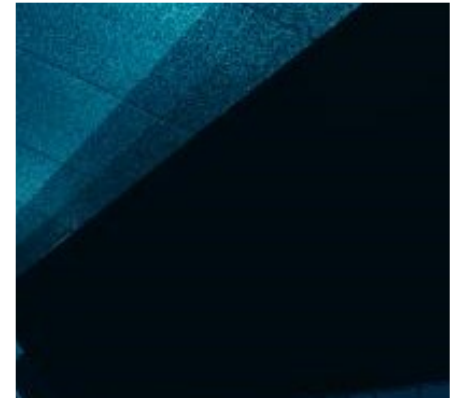
# Data & methods

Data collected by Vixio Gambling Compliance (Jan. 2009-Sept. 2024).

Data from operator and supplier press releases (deal size  $\geq$  USD 1M).

Total of 204 transactions (184 completed by Sept. 2024).

Statistical analyses: descriptive statistics, non-parametric tests (Kruskal-Wallis, Mann-Whitney U tests).







# Results



# Deal size by region and by year (2009-Sept. 2024)

USD Million

Location of acquired companies

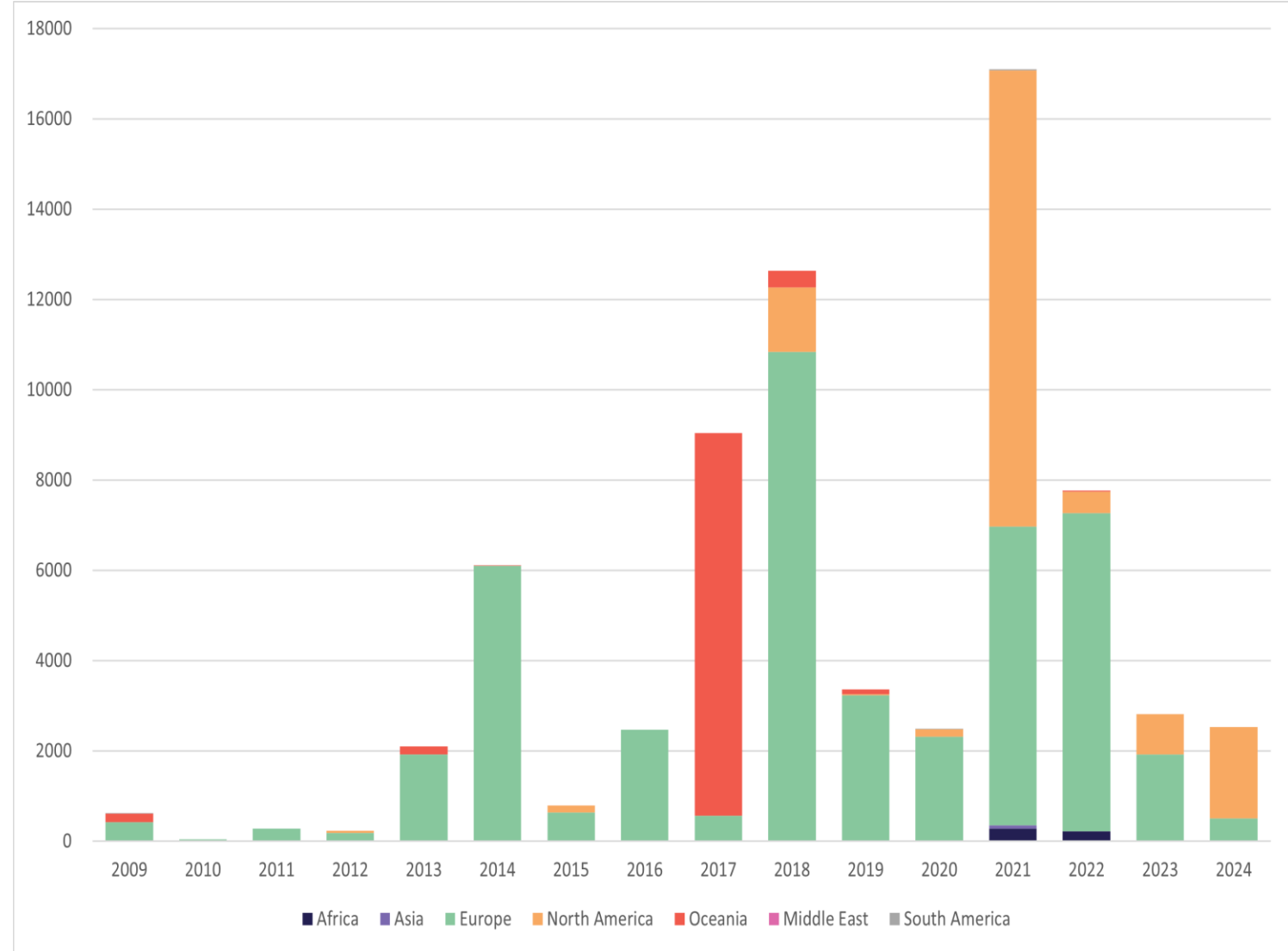
Europe and North America most consolidated regions.

Influence of regulatory changes and of Covid-19.

2020 total deal size largely underestimated

2021:

- Surge in deal size reflects US casinos' new strategy towards omnichannel [1] (acquisition of online operators by Bally's Corp., Penn Ent., and Caesars Ent.)
- ... and that of US fantasy sports betting operators towards traditional sports betting [2] (e.g., Flutter's acquisition of Fan Duel for USD 4.1 billion).



[1] Saraf, S. , & Soinski, D. (2022).

[2] Wardle et al. (2024)

# Significant difference in deal size between regions of acquiring firms

Methods: Kruskal-Wallis test & *post hoc* pairwise comparison using Dunn's test (Holm correction).

KW test: statistically significant difference among groups for the variable regional location of acquiring companies' operational headquarters.

Post hoc pairwise comparisons showed that Europe-based acquiring companies had significantly lower rank distribution than North America-based acquiring companies.

North-America based corporations initiate M&A whose deal size is significantly higher than that of European acquiring firms.

No other comparisons were statistically significant.

**Hypothesis:** late liberalization of US sports betting market & US casino industry's transition to omnichannel after covid-19 pandemic.

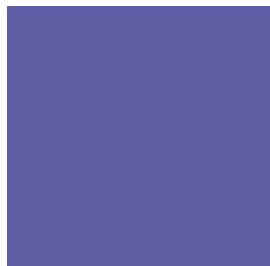
H = 13.764 (3), p-value < 0.01

	Z	P. unadjusted	P. adjusted
Europe/North America	-3.4551978	0.0005498893 **	0.003299336 **
Europe/Oceania	-1.0664700	0.2862112528	1.000000000
North America/Oceania	0.4461203	0.6555103760	1.000000000
Europe/Rest of the world	-1.3332163	0.1824608166	0.912304083
North America/Rest of the world	-0.2274388	0.8200825290	0.820082529
Oceania/ Rest of the world	-0.4714907	0.6372903576	1.000000000





# Discussion





# Key factors of the consolidation of the online gambling industry

How to explain the growing consolidation of the online gambling industry?

- Digitalization of gambling products (accelerated due to Covid-19 pandemic), leading to the acquisition of competitors' customer database & network effect (e.g., cross-selling)
- Market maturity: European conglomerates acquired the highest number of firms due to the maturity of the markets they originate from (e.g., UK-based operators)
- Rampant deregulation of online gambling incentivize key players to acquire domestic operators (customer database, brand image & distribution channels)

Highly technological industries tend to experience intensified consolidation (OECD, 2018; Lee, 2020).

Companies providing digital goods/services can achieve strong economies of scale due to network effects (Kanter, 2023). Firms that are the first to compound advantages (patents, low marginal costs etc.) can rapidly acquire or merge with others to gain a competitive edge.

## Flutter Ent. & The Stars Group merger example (2020):

"The merger is the latest in a series of deals as the industry responds to the growing number of gamblers using online and mobile devices and the opportunity created by the **relaxation of rules** on sports betting in the US. [...] The merger is also expected to deliver pretax **cost synergies** of £140m a year, along with opportunities to **cross-sell products** to one another's customers in international markets and lower finance costs, they said" [1]

"The Parties also submitted that the Merger will allow the Merged Entity to enhance its **product offering** while driving efficiencies through its cost base, including through continued investment in **technology, product innovation, data analytics**, brands and responsible gambling" ([2], p. 6)

[1] <https://www.rte.ie/news/business/2020/0331/1127495-flutter-entertainment-deal/>

[2] United Kingdom Competition and Markets Authority (2020). Anticipated merger of Flutter Entertainment plc and The Stars Group Inc. Decision on relevant merger situation and substantial lessening of competition. ME/6865/19 . En ligne: [https://assets.publishing.service.gov.uk/media/5e9db323d3bf7f03173116af/Flutter\\_Stars\\_phase\\_1-decision.pdf](https://assets.publishing.service.gov.uk/media/5e9db323d3bf7f03173116af/Flutter_Stars_phase_1-decision.pdf)

# Online gambling and informational capitalism

*Informational capitalism*: techno-economic system where the generation of new knowledge is the most crucial source of productivity and growth (Castells, 1989).

“Period of capitalist restructuring in which deregulation, privatization [...] worked to maximize profits and globalize production, circulation and markets. The technological innovations [...] that were crucial to these developments ultimately created a new techno-economic system which was informational, global and networked” (Reith, 2013).

The gambling industry embodies the neoliberal transformation of the economy and can be seen as a microcosm of these developments (Reith, 2013).

M&A data shows the transformations of capitalism: deregulation of online gambling markets, importance of tax havens, expansion to Global South, importance of technological innovations.

Current consolidation trends in the online gambling industry illustrates the techno-economic system of informational capitalism.

Castells, M. (1989). *The information city. Information technology, economic restructuring, and the urban-regional process*. Basic Blackwell, United Kingdom.

Reith, G. (2013). Techno economic systems and excessive consumption: A political economy of ‘pathological’ gambling. *British Journal of Sociology*, 64(4), 717–738.

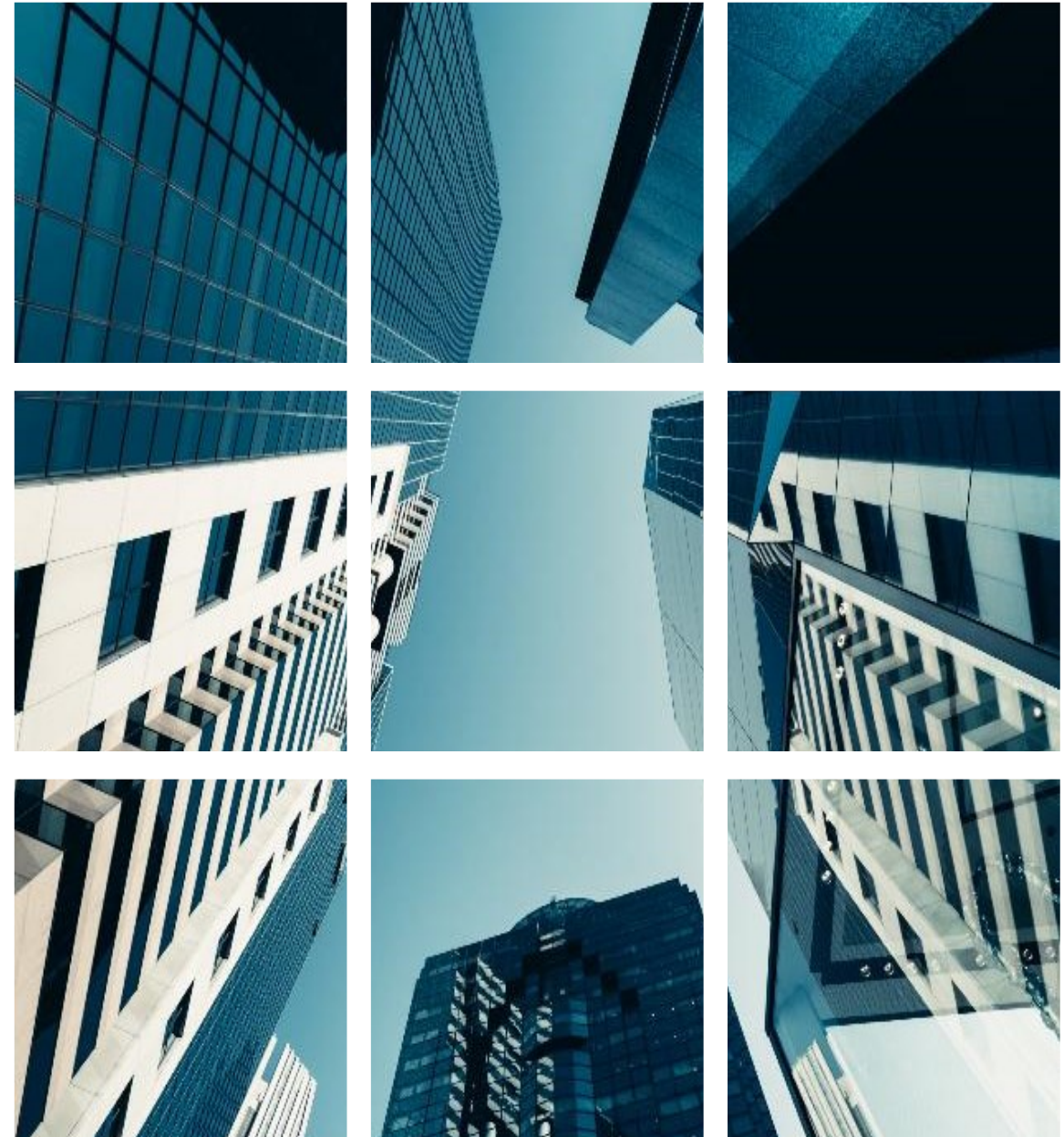


# Conclusion

Growing consolidation in the online gambling industry allows conglomerates to *cross-sell* their products in many jurisdictions and to acquire proprietary technologies. However, operators leveraging surveillance data to conduct ever-refined behavioral tracking (Wardle et al., 2024) and cross-selling gambling products have the potential to harm consumers:

« Operators are also providing an increasing number of gambling activities across their platforms. For example, online poker sites now generally offer sports betting and other casino games alongside their core products of online poker, with customers able to use a single account balance across multiple forms of gambling. This is relevant to consumer protection given that problem gamblers tend to engage in multiple gambling activities » (House of Lords, 2020).

Thus, the consolidation of this industry can be viewed as a commercial determinant of health as it may contribute to heightened gambling harm.





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