SKOP

Report on Channelization Rates in the Swedish Gambling Market
March 2023

On behalf of the Swedish Trade Association for Online Gambling (BOS), SKOP has conducted a survey of individuals who participate in online gambling at least once per quarter.

The results are presented in this report, with reference number S1FEB23 in SKOP's archive.

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Summary

SKOP interviewed 9,850 individuals, out of which 3,000 (30 percent) participate in online gambling at least once per quarter.

The channelization rate, i.e., the proportion of all bets placed through gambling sites with a Swedish license, is 77 percent for all online gambling.

The channelization rate is highest for lotteries and numbers games (91 percent) and lowest for online casinos (excluding poker) at 72 percent and poker at 72 percent.

The channelization for other types of gambling is: 89 percent for online trotting and 84 percent for sports betting (excluding trotting).

Survey description

Population
Individuals aged 18 or older residing in Sweden who participate in online gambling at least once per quarter though a gambling site.

Questionnaire
A questionnaire was developed by SKOP and approved by BOS.

Data Collection Method
The survey was conducted digitally with individuals who were part of a randomly and actively recruited web panel.

Data Collection Phase
The data collection phase was completed between February 22 and March 21, 2023.

Participant Frequency and Nonresponses
A total of 9,850 individuals participated in the survey, of which 3,000 (30 percent) participate in online gambling at least once per quarter through a gambling site.

A total of 28,617 individuals were invited to participate in the survey, yiuelding a participation rate of 34 percent.

Weighting
The responses were weighted (post-stratified) with respect to gender, age, and place of residence, for a total of 288 groups (strata). This means that each stratum has an impact on the results equivalent to its share of the Swedish population aged 18 or older.

Choice of research design

Purpose
The purpose of the survey was to investigate the channelization rate in the Swedish gambling market, i.e., to estimate the proportion of online gambling turnover, players' bets, that take place on gambling sites with a Swedish license.

Methodology
Those who have previously studied channelization rates have used several different methods to estimate the proportion of online gambling that is done through gambling sites with a Swedish license. Several of these methods were used in a report that Copenhagen Economics submitted to BOS in April 2020.

Estimates of channelization rates can be made in the form of analyses that divide and derive based on known volumes.

However, studies of channelization rates can also be conducted by interviewing respondents about how much they have bet on different types of gambling sites and games. This is the method used in the survey presented in this report.

SKOP chose to conduct this survey as a web survey using a randomly and actively recruited web panel that matches the questions about online gambling. The panel used does not contain any self-recruited individuals, i.e., the participants themselves cannot register their interest, and the panel only contains individuals who have been invited.

It is customary in online gambling interview surveys to limit the target group to individuals who gamble online at least once a quarter. SKOP's analysis has also been designed to collect current information from respondents.

SKOP's design has been done in such a way as to minimize memory errors, only asking how much money the respondent bet duirng their most recent gambing session.

This question format also means that respondents do not have to tabulate the amount that they have bet during a certain period, e.g., on casino games during the last three months. In this way, we avoid tabulation errors and respondents incorrectly adding bets from multiple game types. Additionally, the latest game is closer in time than the first when tabulations are made cover a three-month period, thus reducing memory errors.

A problem with both web surveys and other surveys is data entry error, especially when someone accidentally typesan extra zero when entering an amount. There is also a bias with execively high amounts when someone misunderstands the question and, for example, reports a sum of items that are not requested. This

problem is not unique to channelization studies but is also present in other economic surveys, e.g., when individuals estimate future interest rates.

Somehow, one must try to eliminate such errors. In the current study, SKOP has chosen to remove the top one percent that reported the highest amounts for each question and reporting group for all questions about bets.

A sensitivity analysis shows how this has affected the result. In some cases, removing the highest amounts yields a lower channelization rate than if all amounts had been included. In other cases, elimination yields a higher channelization rate.

SKOP's assessment is that eliminating the top one percent of amounts provides a more reliable assessment of channelization rates than not limiting responses in this way. The estimate of the channelization rate is not affected by random errors that can have a significant effect if someone, for example, enters 1,000,000 instead of 1,000.

A sensitivity analysis is performed in the appendix, deonstrating the effect of excluding the highest percentage of amounts.

The questionaire used follos the following structure:

1. If you think of the last time you gambled online, how much did you bet?

The respondents were informed that "(s)ince January 1, 2019, a gambling license is required for a gambling company to operate in the Swedish market. However, it is not illegal to use gambling site that does not have a Swedish gambling license." The following question was then asked,

2. When you last gambled online, was it through a website that you knew had a Swedish gambling license?
    The response options were Yes, No, Did not know at the time if the gambling site had a Swedish gambling license.

Corresponding questions were asked for the follosing types of gambling
Online casino, e.g., slots (not poker)
Horse race betting online , e.g. trotting
Sports betting (not horse racing)
Lotteries and numbers games, e.g., Lotto
Online poker
Online bingo

All online gambling

Channelization

SKOP's method for measuring channelizaion is to aggregate all amounts excluding the top one percent. The channelizaion rate is then 77 percent. This refers to all types of online gambling.

Table: If you think of the last time you participated in online gambling, how much did you bet?

Follow-up question: When you participated in online gambling, was it through a website that you knew has a Swedish gambling license?

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
All online gambling			
Amount bet	467,287	64,223	73,611
Percentage	77	11	12
Respondents	2,439	163	302

Online casino (not poker)

Channelization
With SKOP's method of measuring channelization, excluding the top one percent of amounts, the channelization rate for online casinos (excluding poker) is 72 percent.

Table: If you think of the last time you participated in online casino, how much did you bet?

Follow-up question: When you last participated in online casino, was it through a website that you knew has a Swedish gambling license?

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
Online casino			
Amount bet	270,056	56,264	48,514
Percentage	72	15	13
Respondents	702	103	192

Online horse race betting

Channelization
With SKOP's method of measuring channelization, excluding the top one percent of amounts, the channelization rate for horse race betting online is 89 percent.

Table: When you last participated in horse race betting online , how much did you bet?

Follow-up question: When you last participated in horse race betting online , was it through a website that you knew has a Swedish gambling license?

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
Horse race betting online			
Amount bet	193,724	9.495	14,573
Percentage	89	4	7
Respondents	1,214	37	70

Online sports betting (not horse racing)

Channelization

With SKOP's method of measuring channelization, excluding the top one percent of amounts, the channelization rate for online sports betting is 84 percent (exclusing horse racing).

Table: When you last participated in online sports betting (not horse racing), how much did you bet?

Follow-up question: When you last participated in online sports betting (not horse racing), was it through a website that you knew has a Swedish gambling license?

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
Online sporsts betting (not horse racing)			
Amount bet	178,704	11,096	22,213
Percentage	84	5	10
Respondents	1,049	57	125

Online lotteries and numbers games

Channelization

With SKOP's method of measuring channelization, excluding the top one percent of amounts, the channelization rate for online lotteries and numbers games is 91 percent.

Table: When you last participated in online lotteries and numbers games, how much did you bet?

Follow-up question: When you last participated in online lotteries and numbers games, was it through a website that you knew has a Swedish gambling license?

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
Online lotteries and numbers games			
Amount bet	182,596	7,000	11,408
Percentage	91	3	6
Respondents	1,789	39	107

Online poker

Channelization

With SKOP's method of measuring channelization, excluding the top one percent of amounts, the channelization rate for online poker is 72 percent.

Table: When you last participated in online poker, how much did you bet?

Follow-up question: When you last participated in online poker, was it through a website that you knew has a Swedish gambling license?

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
Online poker			
Amount bet	116,373	17,012	29,212
Percentage	72	10	18
Respondents	327	44	98

Online bingo

Channelization

With SKOP's method of measuring channelization, excluding the top one percent of amounts, the channelization rate for online bingo is 88 percent.

Table: When you last participated in online binog, how much did you bet?

Follow-up question: When you last participated in online bingo, was it through a website that you knew has a Swedish gambling license?

	A website the player knew <u>has</u> a Swedish gambling license	A website the player knew <u>lacks</u> a Swedish gambling license	The player <u>didn't know</u> at the time if the website has a Swedish gambling license
Online bingo			
Amount bet	58,351	4,100	4,007
Percentage	88	6	6
Respondents	341	26	41

Appendix
Sensitivity analysis

This sensitivity analysis presnets the difference between the results of the method used, excluding the top 1% amounts, and the results of an alternative method including the top 1 percent amounts.

All online gambling
If the channelization rate had been calculated including the top 1 percent amounts, the channelization rate would have been the same as with the method used: 77 percent.

	A website the player knew <u>has</u> a Swedish gambling license	A website the player knew <u>lacks</u> a Swedish gambling license	The player <u>didn't know</u> at the time if the website has a Swedish gambling license
Percent **All online gambling**			
Excl. top 1% amount	77	11	12
Incl top 1% amount	77	12	11

Online casino (not poker)

If the channelization rate had been calculated including the top 1 percent amounts, the channelization rate for online casino would have been 7 percentage points higher than with the method used.

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
Percent **All online casino**			
Excl. top 1% amount	72	15	13
Incl top 1% amount	79	15	6

Horse race betting online

If the channelization rate had been calculated including the top 1 percent amounts, the channelization rate for horse race betting online would have been the same as with the method used: 89 percent.

	A website the player knew <u>has</u> a Swedish gambling license	A website the player knew <u>lacks</u> a Swedish gambling license	The player <u>didn't know</u> at the time if the website has a Swedish gambling license
Percent **Horse race betting online**			
Excl. top 1% amount	89	4	7
Incl top 1% amount	89	4	6

Online sports betting (not horse racing)

If the channelization rate had been calculated including the top 1 percent amounts, the channelization rate for online sports betting would have been 1 percentage point lower than with the method used.

	A website the player knew has a Swedish gambling license	A website the player knew lacks a Swedish gambling license	The player didn't know at the time if the website has a Swedish gambling license
Percent Online sports betting (not horse racing)			
Excl. top 1% amount	84	5	10
Incl top 1% amount	83	6	11

Online lotteries and numbers games och nummerspel, e.g. Lotto

If the channelization rate had been calculated including the top 1 percent amounts, the channelization rate for online lotteries and numbers games would have been 21 percentage points lower than with the method used.

	A website the player knew <u>has</u> a Swedish gambling license	A website the player knew <u>lacks</u> a Swedish gambling license	The player <u>didn't know</u> at the time if the website has a Swedish gambling license
Percent **Online lotteries and numbers games**			
Excl. top 1% amount	91	3	6
Incl top 1% amount	70	5	25

Online poker

If the channelization rate had been calculated including the top 1 percent amounts, the channelization rate for online poker would have been 29 percentage points lower than with the method used.

	A website the player knew <u>has</u> a Swedish gambling license	A website the player knew <u>lacks</u> a Swedish gambling license	The player <u>didn't know</u> at the time if the website has a Swedish gambling license
Percent Online poker			
Excl. top 1% amount	72	10	18
Incl top 1% amount	43	3	54

Online bingo

If the channelization rate had been calculated including the top 1 percent amounts, the channelization rate for online bingo would have been 3 percentage points higher than with the method used.

	A website the player knew <u>has</u> a Swedish gambling license	A website the player knew <u>lacks</u> a Swedish gambling license	The player <u>didn't know</u> at the time if the website has a Swedish gambling license
Percent Online bingo			
Excl. top 1% amount	88	6	6
Incl top 1% amount	91	4	5

Summary of sensitivity analysis

For all online gambling and for horse race betting online , the result is the same for the method used – excluding the top 1 percent of amounts – and an alternative method including the top 1 percent of amounts.

	Method excluding top 1% of amounts	Method including top 1% of amounts
All online gambling	77	77
Online casino (not poker)	72	79
Horse race betting online	89	89
Online sports betting (not horse racing)	84	83
Online lotteries and numbers games	91	70
Online poker	72	43
Online bingo	88	91

Compared to the used method, the channelization rate would have been lower for three types of gambling if the alternative method had been used: online sports betting (not horse racing), online lotteries and numbers games, and online poker.

For two types of gambling, the alternative method would have resulted in a higher channelization rate: online casino (not poker) and online bingo.