

Responsible Affiliates in Gambling (RAiG) – Written evidence (GAM0113)

Introduction

1. Responsible Affiliates in Gambling (RAiG) is a membership association that was established in May 2019. It aims to foster wider initiatives in the UK affiliate market to promote social responsibility and help create a safer gambling environment for consumers.
2. It is widely accepted that affiliates deliver between 30%-50% of acquisition to operators in the UK and collectively, members of RAiG reach millions of unique customers each month via their websites and products.
3. As a condition of RAiG membership, all prospective and existing members must successfully pass an annual social responsibility audit to ensure they are compliant with all relevant regulation, such as the Codes overseen by the Advertising Standards Authority (ASA), as well as other relevant codes such as the Gambling Industry Code for Socially Responsible Advertising.
4. RAiG acknowledges the role that the affiliate sector plays in the wider gambling industry and in doing so recognises that the products which it markets can have negative effects for a number of consumers. It therefore has a responsibility to take measures to play its part in minimising that harm.
5. This submission will not seek to replicate the evidence submitted by many others which explores the scale of problem and underage gambling. Nor will it address the economic costs and benefits of gambling. Instead it will focus on the niche, but still important, issues associated with how gambling is marketed by third party suppliers.

Executive summary

6. Affiliate companies, such as RAiG members, who market gambling products and promote gambling brands, must accept the responsibilities they share as part of the gambling supply chain. It is therefore important that they identify and implement sector specific measures which, alongside the actions of regulators, licensed operators, and other stakeholders, will help to shape a safer gambling environment for all consumers, but especially the young and vulnerable.
7. Everyone in the affiliate sector needs to accept that improvements can be made in pursuit of this objective. Consequently, RAiG welcomes the Select Committee's interest in, and concerns about, affiliate marketing.
8. Having taken note of comments already made by the Committee's participants, this submission focuses on the key topics of what is an affiliate; are affiliates regulated; should affiliates be licensed; and, crucially, where improvements might be made.

What is an affiliate?

9. The ASA currently defines affiliate marketing as:

'Affiliate marketing is a type of performance-based marketing where an affiliate is rewarded by a business for each new customer attracted by their marketing efforts, usually with a pre-agreed percentage of each sale. Affiliates typically place ads and links online that direct consumers to the website of a company.'

10. In relation to this, we would make the following comments:

- We believe this definition is too narrow. In mature markets such as the UK, affiliates provide a much wider range of services than purely lead generation and helping to acquire 'new' customers. This could, for instance, involve efforts to help retain existing customers and generally promote brands more;
- It is worth stressing that this definition applies to all affiliates in all industries and not solely to gambling. Amongst RAiG's members are companies who market a range of different products in various jurisdictions, and gambling marketing may only constitute a small part of their business; and
- Affiliates are successful when they are able to create value for both users and operators. By way of example, the affiliate booking.com provides travellers with the insight to locate the perfect hotel, or comparethemarket.com who search and locate the best insurance provider based on the customers' requirements. Affiliates aim to help customers who proactively seek specific information online by providing pertinent data and guidance based on what the customer is searching for, thus providing insight and allowing a customer to make an informed decision (whilst ensuring only licensed operators are promoted). In this way, affiliates present a different value proposition channel, because websites and products are actively being sought by customers, i.e. pull marketing (for the majority).

11. However, even using the ASA's definition, we estimate that there will be tens of thousands of affiliates operating in the UK market. The vast majority of these will be very small indeed, often individuals who promote gambling on social media. At the other end of the spectrum are listed and multi-million pound companies such as those who established RAiG.

12. It would also appear that a large number of sports and individual teams/clubs are technically affiliates, as well as a range of newspapers and media outlets. This is mentioned to illustrate what a hugely diverse sector this is and the potential risks of focusing solely on one aspect of it.

Are affiliates regulated?

13. Although affiliates are not individually licensed, they are regulated, in the same way as the wider advertising industry, by the ASA and are required to comply with its CAP and BCAP Codes.

14. We have been advised by the ASA that compliance in the gambling affiliate sector is relatively high, but it is still right to strive for improvements.
15. Although affiliates are not directly regulated by the Gambling Commission, the requirements that they place on operators are then, in effect, passed on to affiliates through contractual arrangements which require comparable levels of compliance with Commission directives.
16. As in other areas of regulation, it would be wrong to judge a whole sector on the actions of some outliers who maliciously or inadvertently are in breach of the rules.

Should affiliates be licensed?

17. This is a legitimate question given some of the concerns that have been expressed and it deserves careful consideration. However, we note that the Gambling Commission is on record as saying that they have no plans to introduce a licensing regime for marketing affiliates and due weight should be attached to its views.
18. If the issue is to be revisited, then we would suggest that:
 - The benefits and costs are assessed fully before any decisions are taken (for example, extending the Commission's remit beyond the licensing of operators and product suppliers would mark a fundamental challenge and create a huge burden on the regulator);
 - That any existing regulatory gaps are identified clearly to determine if licensing would be a proportionate approach;
 - Additional consideration is given towards who is in scope for any potential licensing; and
 - A view is taken on whether improvements could be made by better enforcement of the current regulations and rules rather than introducing a licensing regime.
19. As representatives of leading gambling operators have already informed the Committee, the Commission's compliance policy has led to thousands of affiliate relationships being terminated because the operators could no longer be satisfied that some of the affiliates they were working with were sufficiently compliant. RAiG believes that these actions have already had a major impact and it again begs the question of how much additional impact licensing would have when taken together with the existing regulations.
20. It has also been suggested that the licensing of affiliates would somehow reduce the marketing in the UK of unlicensed/black market operators. This is something we would strongly disagree with. The marketing of such operations is already a criminal offence. Companies who undertake such promotions would no more apply for licences than the black-market operators themselves and if they are already willing to undertake criminal acts the threat of licensing would not deter them. The solution to that problem rests with improved monitoring of content by the likes of Google

and more prosecution of the current law by the Gambling Commission. RAiG and its members fully support the channelling of players into licensed operators in the UK market.

Areas for improvement

21. Notwithstanding the above, RAiG is fully committed to improving safeguards in the affiliate sector. Indeed, it is the very purpose for which it was established.
22. One of RAiG's first actions was to engage with the DDCMS, the Gambling Commission, the ASA, operators, and leading charities in the field of gambling-related harm, in order to better understand the challenges presented by affiliate marketing of gambling products.
23. Those were of enormous benefit in helping to shape RAiG's work programme and we share the Gambling Commission's view that it is incumbent on us all to work together to create the safer gambling environment that everyone is seeking to put in place.
24. Against that background we have set out below some of the actions we have already taken and those areas where further improvements would be desirable;

Ensuring compliance: greater efforts must be taken to ensure compliance with existing marketing rules and regulations. This is why passing an independent third-party audit of social responsibility compliance is a requirement of RAiG membership. Efforts must also be made to raise awareness of the rules associated with the marketing of gambling products. This is a particular problem for smaller affiliates such as so-called influencers. RAiG is looking at ways that it can help to improve understanding of the regulatory requirements and how best to comply with them. For example, we have arranged an event in June on this subject that will be open to non-members as well as members, and speakers will include the Gambling Commission and ASA.

Specialist training for affiliate staff: those working on gambling in affiliate businesses need to be aware that it is not the same as promoting other products. Awareness of social responsibility issues needs to be raised so that it becomes part of the sector's culture as it increasingly has become for licensed operators. In pursuit of that we are in the process of developing specialist training with the charities YGAM, BetKnowMore, and Gamcare. We are also exploring how we bring that to the attention of non-members as well.

Social responsibility content: affiliates with an online presence should offer on their sites information about social responsibility, problem gambling and sources of help in a similar way to operators. RAiG will be looking at options for minimum content, but as a first step have commissioned lived experience video interviews which members will be adding to their sites. Hearing somebody who has experienced direct and serious harm from gambling can be very impactful and this is an example of how affiliates might adopt a more innovative approach.

Marketing suppression: RAiG is exploring options to minimise the marketing material, in the first instance, received by self-excluded customers. Our first preference would be some form of limited access to GAMSTOP, the national self-exclusion scheme, to facilitate this. This was raised with them in 2019. We fully appreciate the complexities around this issue, but it must be the right objective.

Data sharing with operators: there are valid controls contained within GDPR and Data Protection laws to limit exchanges of personal data even if the aim is to improve protections for them. To date this has limited the ability of operators to share data between themselves and with the affiliate sector. With appropriate checks and balances approved and policed by the Information Commissioner's Office (ICO) a system could be introduced that would allow for specific exchanges of information in specific circumstances. Together these would serve, amongst other things, to reduce marketing being accessed by the young and vulnerable. Until then there are limits on how joined-up the approach can be.

Improved monitoring of social media: a common theme that RAiG has encountered is the way that non-traditional media is increasingly being used for marketing purposes, including the marketing of gambling products and operators. The efforts of the Gambling Commission and related regulators to improve compliance in this field are to be applauded but more needs to be done.

The grey area of social media influencers and tipsters needs to be investigated, but as a first step there must be greater transparency about their relationships with gambling operators. Anybody on social media is free to express their views about gambling, but if it is part of a commercial relationship then that is something that consumers should be made aware of.

Affiliate marketing being central to any future reviews of gambling advertising: it is probably fair to say that television advertising has been the headline issue with regard to the marketing of gambling, but affiliate marketing has always been of huge importance to the gambling industry in the UK and elsewhere. Affiliates are an integral part of the marketing mix of operators. It is a complex and diverse market, and if any new regulations are to be sensible and effective it is essential that the affiliate sector's experience and expertise is used to identify solutions. In addition, given that any changes applied to advertising in one channel are likely to impact another channel, regulation should take a holistic view.

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