



THE iGamingFuture

MAGAZINE

SERIES

June 2024

THE FUTURE OF
TRADING
SUCCESS
IN LATAM



HIGH-PERFORMANCE SPORTSBOOK AND IGAMING PLATFORM



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MARKET OVERVIEW

Latin America is right on the cusp of formal regulatory regimes taking hold across the region's iGaming markets. While it is still a collection of relatively immature markets to date, the emergence of more evolved regulation in countries like Brazil and Columbia is a sure sign of what's to come.

The scale of the region, and the associated opportunity it presents, is huge. The region is comprised of 20 countries, with a total population of around 650 million. More than 60% of the population has access to the internet, with a similar proportion able to access mobile internet.

While recently regulated Brazil has been a hot topic of discussion for the past few years, Mexico, Colombia, Argentina, Peru and Chile

are also being eyed keenly by international brands.

Across all these jurisdictions, the level of regulation, familiarity with gambling products and cultural sensitivities differ considerably. There is certainly no one-size-fits-all approach, but the reoccurring theme is that understanding those differences and nuances is a considerable contributor to success.

Moreover, iGaming regulatory intelligence firm Vixio has predicted that the regulated online gambling market in Latin America will reach \$6.75bn in annual revenue by 2027. No surprise then that competition is fierce and, consequently, there is distinct pressure on operators' margins.

Offering punters the most appealing odds, creating the most user-friendly platforms and understanding the market you're operating in are all crucial to surviving the land grab in this dynamic and fast evolving region.



Close management of sportsbook margins, in line with local competition, is how our panel of experts believe entrants to these markets will have the best chance at succeeding, but it's not a job for the faint hearted and Europe may not be a workable blueprint.



Curtis Roach

HEAD OF CONTENT
iGF



HUGO BAUNGARTNER
CHIEF COMMERCIAL
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GERMAN BOISO
BUSINESS INTELLIGENCE
OFFICER

BetMotion



THOMAS CARVALHAES
SENIOR BUSINESS
DEVELOPMENT MANAGER

GR8 Tech

OUR EXPERT SPEAKERS

INDUSTRY INSIGHTS

As the market landscape evolves and adapts to new trends, our industry has now been compelled to react accordingly.

IN THIS EDITION iGamingFuture looks closely at operators' strategies around margin management when establishing their sportsbook brands in the region. There is no shortage of passion for sports in Latin America, but acquiring punters amid the noise is no mean feat.

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EDITOR'S CONCLUSION



What is the key to creating the most competitive quotas in Latin America and maximising acquisition?

Q+A

THOMAS

The **main criterion for success** in Latin America is a **competitive margin**, taking into account a **competitor analysis**. It should not exceed 6% or 7%.

It also **makes sense to reduce the spread and make the odds more favourable for the main markets**. For example, match wins, totals, handicaps, and individual player performance.

There's no magic answer, it is a matter of fact, of management, of being attentive to the numbers, and especially to margin.

I also pay attention to the **probability of abuse** on the part of the market, so **whether it is a market that has a high propensity for fraud** or not.

You need to know how far you can go to **manage your margins** and to **question your risk** and be able to **bring in new clients**.

HUGO

There are **also many markets where the competition is very tough**, so the **margins are greatly reduced**.

As Thomas rightly said, **it's a management issue**.



Sports betting has become the platform to bring in new players at a young age. How do you factor in their inexperience?

HUGO

People used to use bingo to attract people because it was **easy to understand**. It is **difficult nowadays for young people to start** making their first bets.

Their **first deposit is with their heart** and from there we try to provide a good service.

I always ask myself **what makes a client change platform or operator** from one day to the next. Is it for a specific bonus, for credit, or a specific game? I don't think so. **I think it's the service.**

If you offer good **customer service**, there is **no reason to switch**, even if there are more **attractive odds**. If they do, it'll be for a **specific event**.

GERMAN

Latin America is a very **competitive market**. There are **more and more bookmakers** in almost every country.

Although **each country has different legislation**, the **level of competition is very wide**. Obviously, **offering good odds** is one of the tools that



bookmakers have to get clients and keep them, so we always **have to be very careful with the margins**.

We know that the **European houses offer very good margins**, depending on the sport, it's around 5% or 6%. **The Latin American market**, which at one time dreamed of and even used margins of 12, 13 or 14%, **cannot offer that, except where there is very little competition**.

In countries where **competition is high**, which is the majority, one **must always try to offer very good margins**, and try to approach the **volumes that are handled in the European market**.



Margins of 5, 6, 7% are important and also **focusing those good margins on the most popular bets**. The **most popular sport in Latin America is soccer**. But also, in the more **popular markets** and perhaps in the **more exotic markets**, one can take a little less risk and put wider margins on the **outrides**.

The key is low, **competitive margins**, which **foster customer loyalty** because they feel that **what is being offered is fair**.

What are the real differences today between the European market and the Latin American market?

HUGO

As operators we see very little difference between the big leagues here or in Europe.

When we come specifically to the Brazilian market, for example, the odds become much more competitive, but in the major leagues they are quite similar.



We always try to be aware of the risks and not give too much thought to what our friends in Europe are doing.

But that's basically what we see in our day-to-day business.

THOMAS

It is difficult to compare Europe and Latin America because in Europe the percentage of players who bet for fun is significantly higher, which means that the number of bets which feature errors is higher in LatAm.

I was talking with GR8 Tech, who manage our sportsbook, and we agreed that people in Europe have a better idea of what it is to make a bet in a sportsbook than in Latin American markets.



Obviously, we have many differences.

Peru, for example, is a much more mature market. Mexico as well. But there are very few bettors who know what they are doing in Brazil. There are a lot of people selling courses on how to make money in sports betting.

For riskier markets you must be more restrained on the margins, in the value of the odds, in the limits on the winnings and in the number of lines available for medium and low-level events.

GERMAN

I don't really know how trading works from the European side. I have always experienced it from the Latin American side.

There are differences in the public, the Latin American public is more passionate.

The European public has much more experience in sports betting.



The Latin American public is not so familiar, but it is learning fast and improving.

How easy is it to differentiate yourself in these markets?



You are relying on traders in Europe, that maybe don't know the Latin markets very well.

With GR8 Tech, we improved. Literally by being attentive and managing our sportsbook.

There is a promise on their part that seems very bold to me, but it is true, they promise to increase the profitability of sports betting by 10 to 15%.



THOMAS

One thing we can be very clear about is that managing a sportsbook is a challenge. It requires a lot of attention and knowledge of the market.

You will be able to stand out only if the tax regulation does not close your chances and you can afford to put 2 or 3 or 0% on the top line for the purpose of marketing or differentiating yourself from your competition.



HUGO

I was a trader in Brazil and in South America for about 10 years and I saw the challenge of having a good month on the sports betting side, especially if you don't have your own traders.

And again, it is not magic, it is not doing what cannot be done.

It is literally being more attentive to the margins, quotas, risky markets, and syndicates – we know there are many in Peru – it is taking all that into account and managing the sportsbook according to that.

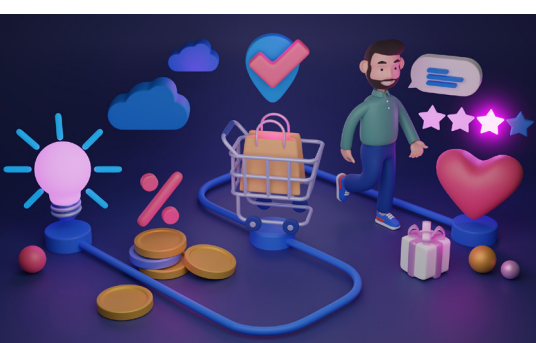
How can you offer a personalised player experience through the odds? For example, offering bonus prizes on bets on the captain scoring a goal in the thirtieth minute.

THOMAS

What you said, I think it's great. **It is a way to build player loyalty**, especially in Brazil and in Latin America. **You must have promotions like that.** It is **what motivates and excites** them.

For us **sports and soccer** are **much more than numbers**, than **bets**, there is a **sense of emotion** as well. The vast **majority of people who place bets** also **put their heart into it**, don't they? Especially if they are betting on the team of their heart.

But the **question is whether it is possible to do something on a personalised level**. Obviously, it **would be unfair to take a margin from one client and give it to another client**. Just to make it clear that **we do not do that**. We can't do that.



We can trade with **quantity, with volume**, and pick an event like you said, the World Cup qualifier. **That's a smart way to do customisation.**

HUGO

It is **fashionable to do** what we call **odds supreme**, where we try to **take the odds of a specific event** that we know our **customers love and improve them** a little bit.

So, if we are paying 3.5, we pay 4. If we are paying 1.5, we pay 2.5. **It's basically enhancing, or turbocharging**, that a **little bit to make it more attractive to customers**. But they are **specific events**, on **specific lines and quite controlled**.

Also, **with technology**, we can **know our client**.

We **know** what he likes, what he does not like, **what he likes to bet on**, which **events**, which **lines**, which **markets**, and **try to personalise all that**. In other words, when he enters the site, **we show him exactly what he is looking for**.

We see this if we enter an **e-commerce site or any**

streaming platform, people offer us what we like.

So, **we can offer specific events** that this client loves and **be able to make his experience more agile**.

GERMAN

We cannot differentiate ourselves with **odds alone** because the **competition is enormous**.

It requires a combination of **odds, advertising, marketing, bonuses, loyalty**, giving **loyalty prizes**, and having **loyalty plans** that use different prizes or progressive bonuses.



A **well-functioning site and fast payments** are also **important and increasingly necessary**.

The **odds are just one part of being competitive** as we attract a broader range of customers, **but it is also increasingly competitive in terms of supply**. Particularly **while not all countries** have yet become **regulated**.

Is it possible to give personalised player's experience through odds?

GERMAN

Yes, something that we, and **everyone**, is **moving forward on is personalisation**. We come from a place where all customers saw exactly the same thing.

Today we have to offer each client a **personalised betting product**.

When the client enters the site, he **goes directly to what he likes**, where he **feels comfortable**, feels that **the site is friendly**, that he



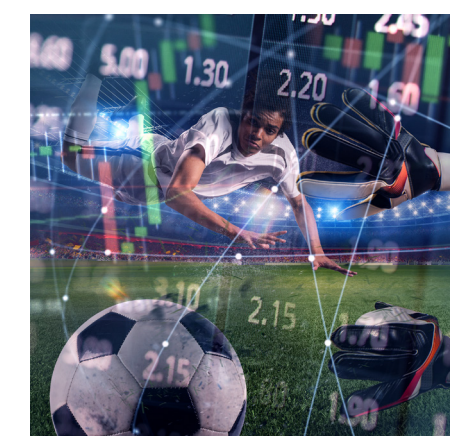
recognises it, understands it, that **everything is simple**, and he **does not have to waste time on things that do not interest him first**.

What is the key to successful margin management?

HUGO

The **big operators in Latin America** have their **agreements with serious suppliers**.

Maybe one, maybe four, maybe ten, **and they have some resource in-house** to be able to **adjust their offer specifically to their clients**.



As operators we have our own **player account management (PAM)** in our sportsbooks. **We have an agreement with a company for the odds** and we have a **bit of flexibility** in doing different things.

Having our own platform gives us a chance to **adjust things and offer more**



attractive odds for certain events and adjust them in **other events and in other lines**. As long as we **balance everything and have margin**, because at the end of the day we have to have margin.

How can we take advantage of the latest technology to maximise operators' margins and at the same time offer maximum value to the players?



Betting on games, for example pre-match, **has become a little obsolete because it cannot offer that speed**. That is why live, mobile, video, **everything that is fast, is growing**. It is where we **see the future going** and that is what we have to be clear about.

That is what we have to work on, to offer the client the best possible options **in terms of technology**, in terms of **interaction**, in terms of **video**.

The faster we go, the more options we will have for the customer to have a product he likes.



THOMAS

Well, yes, for me **it is important to use technology to create personalised offers**, like the ones we have been talking about. **To also use technology to have better latency and speed of bets**, because **that is very important** for the bettor.



The **most important things** for me are **localisation**, and **user-friendly interfaces with gamification elements**.



GERMAN

Everything is moving towards gamification in sports betting, and in the world in general.

Today there are a lot of games. We see it **in casino games**, that the **live games are the most popular**, that the **games that have fast resolutions are the most popular**. And there are many **customers migrating to this type of game**.

We have to look to offer something similar on the sports betting side, **with fast results, with many markets with fast resolutions**. It seems to me that **this is important for the current client**, who is hungry for a lot of action.



They want it to be very fast, to have everything on hand to play fast.

Obviously, **more markets, more live games**, not to mention what I was saying about live casinos.

Everything that is interactive for the customer **is very important** and it is **something that we have to work on**.

HUGO

Going back a little bit to the topic of technology that I was talking about in the other question, I believe that **today there are countless tools, gamification or user personalisation**. Many **big companies** already offer these types of tools.

In the near future it will be possible to **personalise odds for certain types of clients** and not for others.

Technology today allows us to **understand the market more completely**.

I mean, today **we can look at what our competition is doing in real time**. We don't need to go one-by-one to each page and check.

Technology today is **supporting us**, and I think that it is **going to lead to more personalisation** in the near future.

EDITOR'S CONCLUSION

It's clear from this month's discussion that close monitoring of overall margins and tailoring odds to specific markets, sports and events, is central to the Latin America strategy of our panel.

GR8 Tech senior business development manager Thomas Carvalhaes did not mince his words in describing the management of Latin American sportsbooks as a "challenge". Not only because of the region's rapidly changing regulatory status but because the level of competition forces operators to work on tiny margins.

Unlike in Europe, where margins of 5 or 6% are commonplace, Latin America can see margins fall as low as 2 or even 0%, as brands fight to establish themselves in what is forecast to become an extremely lucrative market.

IT'S NOT A NEW CONCEPT, AS GRUPO APOSTA GANHA CHIEF COMMERCIAL OFFICER HUGO BAUNGARTNER HIGHLIGHTS, THESE ARE METHODS USED BY ALL OUR FAVOURITE ONLINE RETAINERS AND STREAMING SERVICES, BUT IGAMING HAS STILL GOT WORK TO DO IN CREATING PRODUCTS THAT EMULATE THE SLICK OFFERINGS OF THE NETFLIXS AND AMAZONS OF THIS WORLD.



Beyond the numbers though are perhaps the softer considerations of creating a product that is simply better than that offered by the competition. Gone are the days of churning out a paint-by-numbers sportsbook to acquire users.

In competitive emerging markets operators are deeply concerned with differentiation, personalisation and gamification – building products that foster loyalty through meeting users' specific preferences.

Choosing the right technology is the key to achieving that. That includes having a level of in-house resource to aid with agility in fast-paced markets, but also selecting strong suppliers who are experts in their own part of the tech puzzle.

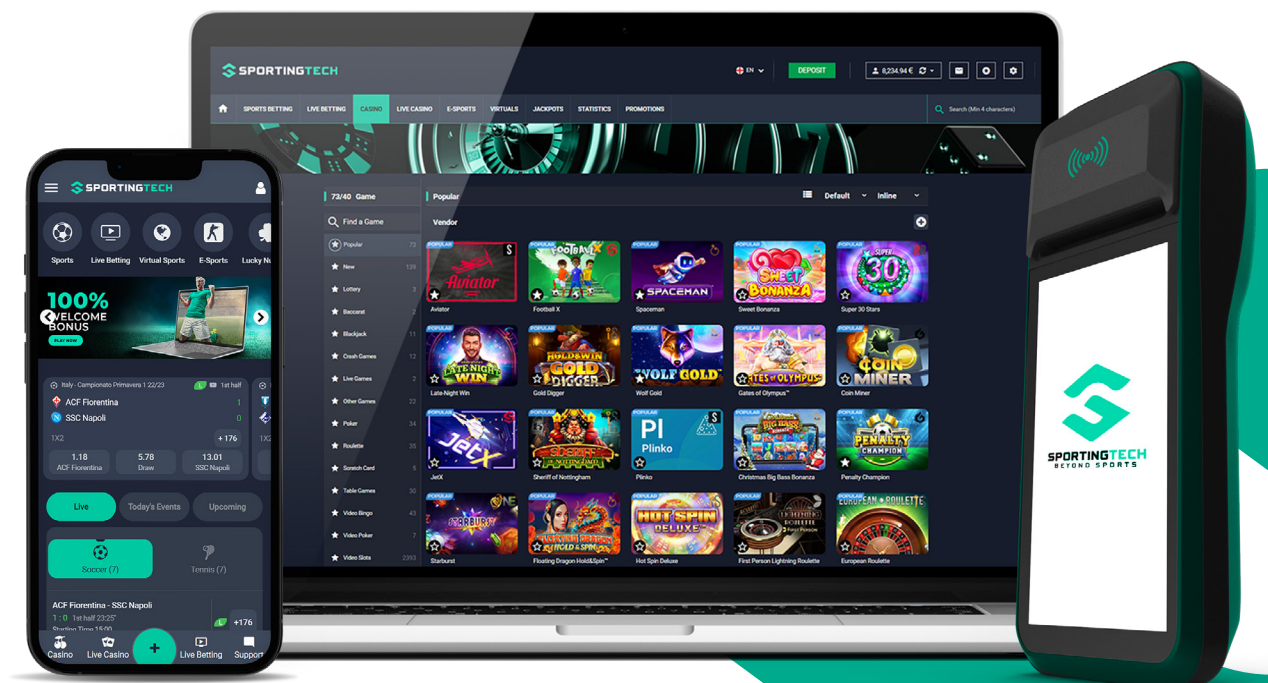
OUR PANELLISTS AGREED, THERE IS NO METHOD FOR GUARANTEED SUCCESS BUT IF YOU WANT TO GIVE YOURSELF THE GREATEST CHANCE, PAY CLOSER ATTENTION THAN YOUR COMPETITORS TO YOUR MARGINS, YOUR QUOTAS, WHICH MARKETS PRESENT THE MOST RISK AND WHY, AND WHERE SYNDICATES MAY POSE A PROBLEM.



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