

## Comparisons of revenue per machine and per gambler: B2 gaming machines vs other types of gaming machine

The Gambling Commission recently published a document *Industry statistics machines digest: April 2014 to March 2017*<sup>1</sup> which presents the latest data on gaming machines. The analysis in this short paper uses the data in the Gambling Commission document to calculate the revenue raised per machine for different types of machine, and particularly for B2 gaming machines compared to B3 gaming machines<sup>2</sup>.

### Comparisons of revenue per machine

The Gambling Commission statistics include information on total revenue from different types of machine and the number of machines in circulation across all types of venue in the UK gambling industry<sup>3</sup>. Table 1 uses this information to calculate total revenue per gaming machine for different types of machine.

**Table 1. Average revenue per gaming machine by type of machine**

Machine type	B2	B3	All slots (B3, C and D)
Total revenue (£m)	1,815.34	390.43	723.46
Total number of machines	33,657	23,962	146,150
Revenue per machine (£)	53,937	16,294	4,950

Source: author's analysis of Gambling Commission *Industry statistics machines digest*

Notes: estimates based on data for the period April 2016-March 2017.

Table 1 shows that, with revenue per machine of almost £54,000, B2 gaming machines are more than 3 times more profitable than B3 machines and almost 11 times more profitable than all the other types of machine with lower maximum stakes (B3, C and D) put together.

---

<sup>1</sup> <http://www.gamblingcommission.gov.uk/news-action-and-statistics/Statistics-and-research/Statistics/Machine-statistics.aspx>

<sup>2</sup> B2 gaming machines, also known as Fixed Odds Betting Terminals (FOBTs), have a maximum stake of £100 per play, although the UK Government is currently consulting on reducing this maximum stake. B3 gaming machines have a maximum stake of £2 per play.

<sup>3</sup> B2 machines are only allowed in casinos and Licensed Betting Offices, with the majority being in LBOs. Other types of machine are mainly found in other types of venue such as bingo premises, adult gaming centres, family entertainment centres and pubs and clubs.

## Comparisons of revenue per gambler

The GC statistics also include information from the latest quarterly gambling survey (July-September 2017) on the proportion of the UK adult population who played B2 gaming machines in the 4 weeks prior to the survey (1.4 per cent) and the proportion playing slot machines of any type over the same period (4.7 per cent). Table 2 uses this information to calculate the average revenue per gambler for B2 machines compared with slot machines (unfortunately the GC does not provide separate data on the proportion of the UK population who play B3 gaming machines so this statistic cannot be included in the table).

**Table 1. Average revenue per gambler by type of machine**

Machine type	B2	All slots (B3, C and D)
<b>Total revenue – estimated over 4 week period (£m)</b>	139.64	55.65
<b>Total number of gamblers in 4-week period</b>	724,746	2,433,075
<b>Revenue per gambler (£)</b>	192.68	22.87

Source: author's analysis of Gambling Commission *Industry statistics machines digest*

Notes: estimates based on data for the period April 2016-March 2017.

Table 2 shows that in terms of revenue per gambler, B2 gaming machines are over 8 times more profitable than other types of machine with lower maximum stakes (revenue per gambler of around £193 in a 4 week period for B2 machines compared to around £23 per gambler for other machines).

## Conclusion

This analysis has shown that B2 gaming machines are considerably more profitable to the gambling industry than other types of gaming machine. This is the case whether Gross Gambling Yield is measured using revenue per gaming machine or per machine gambler. The results from this analysis support the Campaign for Fairer Gambling's call for the maximum stake on B2 gaming machines to be lowered to £2 per play.

Howard Reed, Landman Economics

22 January 2018