

## EUROPEAN CASINO INDUSTRY IN SEARCH OF NEW MARKETS



According to current experts in economics, globalisation has been a characteristic feature of the world economy since the final decade of the 20<sup>th</sup> century.

This new tendency has meant that more and more businesses export a large part of their production, something that only a few short years ago was only possible for the big multinationals.

The gaming industry is no exception. We could make special mention of European manufacturers of slots and equipment who, finding the European market too small for them now, look to other markets to sell their products.

The number of Casinos in Europe seems close to the limit the market can tolerate. Apart from exceptional cases such as Russia, awaiting updated legislation to regulate gaming activities, or Italy, with a laughably small number of Casinos, in other countries the number of new Casinos has declined year by year. In view of this situation, sales forecasts are not very hopeful for Casino industry businesses, who accordingly have to seek other outlets for their products.

Many European companies have by now begun massive unloading of their products on other international markets, such as Asia, Latin America, Las Vegas and South Africa, among others. This is also due, undoubtedly, to the great quality of the products. Las Vegas and Macao are far and away the most important markets, and there are growing markets now in Australia, Malaysia, Indonesia, Argentina, the Andes and Central America. 2007-2008 will be Chile's year, with the granting of 16 new Casino licences.

There have been several significant developments with regard to European slot manufacturers.

For years now, Novomatic have been reinforcing their presence in Latin America through subsidiaries such as Admiral Perú.

Unidesa supply products to many Casinos and, more recently, are increasing their penetration in the South African market, where they already have a local partner.

IGT, the world leader, is very dependant on its Latin-American division.

The European office of WMS Gaming has its best representatives in Latin America and the Philippines, and Atronic is betting heavily on the Andes and the South American Cone.

Meanwhile, for a few years now, Eastern European slot manufacturers have been setting their eyes on the Latin-American market, where they are reaping excellent results and rapidly increasing their market share. This is the case, to give examples, of Alfastreet, one of the pioneers in this region; Smart Games, Belatra, Gold Club, EGT, Evona, Unicum... and a continuously increasing list of companies.

Not so long ago, nobody could have imagined finding a slot machine or multiplayer electronic roulette made by a European manufacturer in, say, a Central-American Casino. Nowadays, however, it is quite normal.

The case of gaming equipment is similar. We could simply glance at the destination of much of the products of the major companies.

Gaming Partners International (GPI) earns its main revenue from the sale of chips and jetons to Casinos in Macao and Las Vegas, with orders piling in. We are not talking about thousands of chips here: the numbers run to millions.

Much the same can be said about British firm TCSJohnHuxley which sells its products by the hundreds in the same regions: tables, layouts, displays and the famous Chipper Champ Plus.

Abbiati material can be found in Casinos worldwide. We were informed recently that they had installed tables in Casinos in New Zealand and in several African countries.

Hispania Casino Equipment has been successfully supplying tables, layouts and cylinders to the best Casinos in Venezuela, Peru, the Dominican Republic, Puerto Rico and Panama for many years now, while French company Caro Developpement is closing deals to open up its business horizons in South America.

Building on their success in Europe, Swiss companies CasLife and Gate + are now looking to install their management and software systems in Central America, as a stepping stone to the rest of Latin America. Contacts have already been made in Uruguay, Argentina and Panama.

The common denominator in all these cases, without which there would be no point to all this search for new markets, is that European material is very popular with players. This, logically, encourages operators to place new orders. The only disadvantage is the constant revaluation of the euro, which makes prices much more expensive.

The massive presence of European gaming material in Casinos on other continents is mirrored by the constantly increasing presence of the companies at international fairs.

A quick look at the list of exhibitors at G2E, Macao, SAGSE Buenos Aires and SAGSE-Centroamérica verifies the importance of these far away markets for European companies.

