

Flutter Entertainment's Competitive Analysis

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Abstract: This report provides a comprehensive competitive analysis of Flutter Entertainment plc, an international sports betting company headquartered in Ireland. Flutter Entertainment operates in over 100 countries worldwide, boasting well-known brands such as Sisal, FanDuel, Betfair, and Paddy Power. The report is structured into four main parts. Firstly, it outlines the company profile and status of Flutter Entertainment, highlighting its strong financial position and significant global presence. Secondly, it conducts a contextual analysis, examining internal strengths such as its portfolio of recognizable brands, global reach, and dedication to innovation, as well as external factors like market competition, regulatory changes, and technological advancements. The third part delves into Flutter's marketing communication strategy, discussing its use of advertising, online and social media, publicity, and corporate social responsibility (CSR) to engage with customers and build its reputation. Lastly, the report includes a peer analysis comparing Flutter Entertainment's financial performance with its top four competitors, emphasizing Flutter's position as a market leader. Despite facing fierce competition and regulatory challenges, Flutter Entertainment has demonstrated successful business strategies, including market expansion and product innovation, contributing to its long-term viability and success in the highly competitive online gaming industry.

Keywords: Flutter Entertainment, Online Lottery Industry, Competitive Analysis.

1. Executive Summary

Flutter Entertainment plc's mission statement is to be the world's leading sports betting and gaming company, delivering the best customer experience [1]. This mission reflects Flutter Entertainment's customer-centric strategy. Since its inception, Flutter Entertainment has been known around its strong portfolio of brands, global reach, and commitment to innovation. The company has taken several steps to lead in the industry, such as getting celebrities to advertise the brand, promoting the strength of the strong brand on social media, and exceptional PR campaigns. In 2023, Flutter Entertainment became the number one performer in the gaming industry [2].

Flutter Entertainment has taken a good approach to both business and sustainability, and has made efforts in corporate social responsibility, but has still attracted public and academic criticism of the betting industry, including addictiveness, harm to mental health, etc.

As a result, there remains a great deal of controversy surrounding the strategic issues surrounding the development of Flutter Entertainment. The purpose of this report is to provide a comparative analysis of Flutter Entertainment's business strategy. The report will analyse the company using SWOT, Porter's Five Forces and the two most important factors of PESTLE. In the pursuit of reliability and authenticity of the report, the report combines a variety of academic and official sources from the United States, the United Kingdom, and Europe. Combined with the authoritative data site - IBIS, it concludes that if Flutter Entertainment wants to continue to be a top brand in the industry, it needs to continue to focus on strategies such as customer experience and sustainability while building a successful business.

2. Introduction

The convenience of online gambling has been a major

growth factor for the gaming industry in recent years [2, 3]. The global online gambling market is expected to reach \$65.2 billion by the end of 2023 [4]. Gambling and betting are a form of entertainment that has existed for thousands of years [5]. In 2016, Flutter Entertainment plc was formally established through mergers and acquisitions of other gaming companies. Along with the growth of the internet and superior marketing communication strategies, the company has catapulted to become a leader in the betting industry. Therefore, a competitive analysis of Flutter Entertainment is a very important topic.

However, the dangers of the gaming industry to consumers are also an issue that needs to be taken seriously. On the one hand, it may cause consumers to develop a behavioural addiction, on the other hand, it can lead to mental illness, suicide, homelessness, relationship difficulties and crime [6].

The purpose of this report is to provide a competitive analysis of Flutter Entertainment. The report will be divided into four parts, the first part will focus on the company profile and status of Flutter Entertainment. The second part will provide a contextual analysis of Flutter Entertainment. In addition, the report will examine Flutter Entertainment's existing marketing communication strategies. Finally, the report will be peer analysed in relation to other competitors.

2.1. Company Profile

Flutter Entertainment plc is an international sports betting company based in Ireland. It is listed on the London Stock Exchange and is a constituent of the FTSE 100 [7]. The company operates in more than 100 countries around the world, including brands such as Sisal, Italy's largest online operator, and PokerStars, the world's largest poker site [1]. Actively communicating the four key enablers to ensure the success of the business puts sustainability at the centre of everything the business does, as shown in Figure 1 [1].



Figure 1. Flutter Entertainment plc's Strategies
Source: (Flutter, 2023) [1]

This has also resulted in Flutter being in a strong financial position since founded. With the growth of the Internet, the total profits have now risen to \$9,373 million, and Figure 2 shows the profitability by region [1].



Figure 2. Divisional Revenue Split in 2022
Source: (Flutter, 2023) [1]

Additionally, the US is the largest profitable market, with data from IBIS (2022) showing Flutter as the number 1 competitor in the market with \$1.6 billion in online gambling revenue in the US, accounting for 15.1% of total industry revenue [8]. However, for the long-term positive development of the business, it is necessary to conduct a context analysis for several factors.

3. Context Analysis

Fill and Turnbull (2016) define context analysis as "the process of examining the internal and external factors that influence a marketing communication campaign." [9] It helps ensure that the campaign is aligned with the company's overall goals and objectives and is relevant to the target audience. Context analysis can be divided into internal analysis and external analysis. Internal analysis involves examining the company's brand identity, strengths and weaknesses, and competitive landscape. External analysis involves examining the company's market environment, economic conditions, and social and cultural trends.

3.1. Internal Analysis

According to Hill, Schilling and Jones (2017), SWOT analysis is an important tool for strategic planners as it helps organisations to identify key factors that may affect their success [10]. Organisations need to recognise internal strengths (S) and mitigate their weaknesses (W) to help the organisation improve its performance and achieve its goals.

3.1.1. Strengths

Flutter Entertainment's strength lies in its portfolio of some of the most recognisable and powerful brands in the online gaming industry, such as FanDuel, Betfair and Paddy Power, which have a strong reputation for reliability, credibility, and innovation [1]. This has therefore resulted in the company having a strong financial performance and steadily growing

revenues and profits over the years. This gives the company the financial strength to invest in new growth initiatives and weather any economic downturn.

Secondly, Flutter has a significant global presence as it operates in over 100 countries worldwide [1]. This enables the company to meet the needs of a wide range of customers and capitalise on growth opportunities in new markets. Furthermore, Munting (1996) argues that the UK and the US have long been the largest and most important gaming markets in the world [11]. As shown in Figure 3, the company has a leading position in the two most important markets, which gives the company a strong competitive advantage.

Finally, the company has always been dedicated to innovation, consistently creating new goods and services to satisfy the needs of its clients. For example, the Positive Impact programme always strives to ensure a positive impact on customers, colleagues, and the communities in which the company operates (Flutter, 2023). Additionally, Kotler and Keller (2021) argue that designing integrated marketing in the digital age can generate significant traffic and revenue for companies [12]. The company was one of the first to launch a mobile sports betting app in the United States.

3.1.2. Weakness

Although mentioned above Flutter Entertainment derives most of its revenue from the US and UK markets. However, if these two markets are negatively impacted, it could have a significant impact on the company's financial performance. As a result, the company's earnings are too dependent on a single market. In addition, the brand's commitment to innovation and meeting customer needs comes at a high financial cost, which can affect the company's profits in a short period of time. Therefore, Flutter must realise these weaknesses and continue to invest in its strengths to maintain its position as an industry leader.

3.2. Market Analysis

The Porter's Five Forces framework is an important tool for market analysis, Johnson, Scholes and Whittington (2009) argue that the framework can help to assess an organisation's attractiveness or likelihood of profitability [13].

3.2.1. The threat of new entrants

In the case of the Threat of new entrants, as the industry is heavily regulated by the policies of various countries, a company must obtain a licence from the state to register as a gaming company. To obtain such a licence, potential entrants must face barriers to entry in the form of security measures to be implemented and background checks on key employees of the prospective company (Martin, 2018). Flutter is therefore unlikely to be threatened by new competitors due to this factor [14].

3.2.2. Competitive rivalry

However, this does not mean that the bookmaker industry is not a competitive market. As shown in Figure 3, Flutter faces competition from several other large, well-established companies. Although the company holds the highest market share, competition is still fierce today and these competitors may have more resources or experience in certain markets. In addition, it also faces existing competitors from other retail shops set up around the globe, in addition to several rivals from online gambling sites in the United States.



Figure 3. Online Gambling Services in the US - Companies and their Market Share (2022)

Source: (IBIS World, 2022) [8]

Secondly, the intense competition has also resulted in very high bargaining power for customers in the industry as there are many bookmakers offering very similar odds. With the expansion of internet gambling, this power has been further reinforced because potential clients may now browse hundreds of various gaming websites and choose the one with the greatest odds.

3.3. External Analysis

3.3.1. Political Factors

In terms of external environments, as stated by Bley and Eriksson (2022), political factors in the PESTEL analysis are arguably the most influential of all factors when analysing the online gambling industry [3]. Firstly, political factors are complex, as Flutter is a multinational company with operating units in several countries and customers in even more countries. This therefore means that Flutter is to some extent bound and regulated by the local government in the political environment.

For example, new regulations set by the UK government in 2022 may include staking restrictions, and deposit restrictions [3]. This will have a direct impact on the profitability of all companies in the sector. Flutter has imposed a £500 per month spending limit on people under 25, which has resulted in a 94% cut in the number of high-spending gamblers using its brand to place bets [15]. However, based on the company's 2022 revenues this does not mean that this new legislation has hit Flutter hard. A very important reason for this is that the brand has subsequently started to move into the low-spend gaming sector.

Additionally, the UK government is currently preaching gambling reform in the digital age [6]. Regulation may become stricter thus negatively affecting the company's profits. However, Thomas, McKee and Daube (2023) argue that the government's real aim is to collect more tax from the industry rather than trying to crack down on it. Even so, Flutter may suffer from shrinking profits as it is forced to pay higher taxes [16].

3.3.2. Technical Factors

The second most important external factor influencing Flutter is technology. As Perez Liston (2017) states, the gaming industry and the world have witnessed revolutionary developments in technology since the beginning of the 21st century, with online gambling representing the biggest shift in gambling culture in the last decade [17].

The development of Flutter websites has been very successful, especially smartphone apps. The company's rapidly expanding online business generated 79% of the company's revenue profit in 2011, while the smartphone business's revenue climbed by an astounding 255% during 2010 [14]. Because consumers' time is more valuable than ever and many members of the "new generation" of users find

it challenging to find the time to visit conventional brick-and-mortar betting shops, Flutter has been able to meet the needs of its customers thanks to advancements made to its website and, more importantly, its mobile betting features.

4. Marketing Communication Strategy

Kotler and Keller (2021) define marketing communication as the way in which organisations attempt to inform, persuade, and remind consumers about the products and brands they sell, and as a means by which organisations open a dialogue and build relationships with consumers, including advertising, online and social media, mobile communications, direct marketing, events and experiences, word-of-mouth, publicity and public relations, person-to-person sales, and packaging [12]. Daszkiewicz and Pukas (2016) argue that marketing communications can combine these modes to provide clarity, consistency, and maximum communication impact [18].

4.1. Advertising

Firstly, Flutter Entertainment's television adverts often feature celebrities and athletes [1]. As stated by Kotler and Keller (2021), celebrity endorsements help to draw consumer attention to the brand, enhance brand awareness and attract new customers [12]. However, this comes with some risks as well. On one hand, celebrities may demand higher fees when renewing their contracts. On the other hand, celebrities may be caught up in scandals that can have a negative impact on the brand.

4.2. Online and Social Media

Therefore, Flutter also uses digital advertising to target specific audiences. For example, Flutter may target sports fans with adverts for sports betting products on social media. In addition, Flutter also has a robust social media presence for sharing news and promotions and interacting with customers.

4.3. Publicity and Public Relations

Jones, Hillier and Comfort (2009) argue that corporate social responsibility can improve an organisation's financial performance and profitability, reduce operating costs, create closer links with customers and better understand their needs, amongst a range of other positive impacts [19]. As shown in Figure 1 above, Flutter reports a wider commitment to CSR by emphasising customers, communities, workplaces, and strategic plans for sustainability in its website communications. This is in line with Jones, Hillier and Comfort's (2009) basic framework for reviewing CSR commitments and agendas. As a result, such publicity has helped Flutter to maintain an excellent reputation in the long term [19]. However, Thomas, McKee and Daube (2023) argue that such publicity and Public Relations are likely to downplay the harms of gambling and even normalise gambling among children and young people [20]. Despite the known harms of gambling, Flutter actively pays taxes to the government for research, education, and treatment. In addition, it also provides numerous employment opportunities for society. In particular, the company does not have a selfish profit-oriented approach as suggested by Friedmann (2016), Flutter actively fulfils its corporate social responsibility to give back to society [21].

Overall, Flutter has a well-defined communication strategy that is focused on achieving its business objectives.

4.4. Segmentation

Kotler and Keller (2021) claim that segmentation consists of a group of consumers with similar needs or characteristics [12]. Common types of segmentation include demographic, geographic, behavioural, and psychographic characteristics. Thus, in relation to demographics, and in response to UK policy regulations, Flutter categorises young people under the age of 25 as low spenders by age and restricts their consumption. Different services are offered to each group by different incomes, for example, free trials or small games for low-income groups to attract a few consumers. Classify middle- and high-income groups as gold, platinum and diamond customers and offer different benefits and personalised services to improve customer experience and loyalty. Segmenting the audience by region into UK, US, Australia, and international regions for different operations [1].

Based on psychological characteristics such as consumers' interests, values, and lifestyles, they are subdivided into sports, casino games, poker, lottery, and other games. According to the behaviour of each customer, such as gambling habits are subdivided into occasional gamblers, frequent gamblers, and high rollers, to provide differentiated services for each subdivided group to meet the needs of various consumers.

4.5. Targeting

Positioning is the process of identifying customers for whom the company will optimise its offerings [12]. Firstly, flutter targets sports fans by sponsoring sporting events and placing advertisements on sports websites and apps. Casino players are targeted by partnering with casinos and offering exclusive promotions to casino players. Target high rollers by offering VIP programmes and personal account managers. Target occasional gamblers by offering free bets and other incentives to encourage them to try new products and services. Finally, Flutter runs campaigns that target specific segments of its audience. For example, the company may target sports fans with information about its sports betting offerings or casino players with information about its casino games [1].

4.6. Positioning Elements

Designing a company's products and brand to hold a specific place in the target market is known as positioning. The objective is to establish the brand in consumers' minds to maximise any potential advantages for the business [12]. According to Flutter (2023), the company positions itself as a provider of high-quality, affordable online gaming and sports betting products [1]. The company's strong brand portfolio, global reach and commitment to innovation justify its high pricing.

Flutter's main competitors are other large, well-established online gaming companies such as Bet365 and William Hill [4]. These companies offer similar products and services to Flutter but may have slightly different price positioning. Figure 4 gathers information on each competitor and draws it in conjunction with the researcher's understanding of the online gambling market. Additionally, Flutter faces competition from smaller, less recognisable online gambling companies such as 888 Holdings and Kindred Group. These companies may be less expensive than Flutter, but they may not have the same brand recognition or global reach.



Figure 4. Perceptual Positioning Map for Flutter Entertainment

Source: (Research and Markets, 2023) [4]

As such, Flutter Entertainment is well-positioned with its business goals and objectives. The company is committed to attracting and retaining high-value customers who are willing to pay a premium for high-quality products and services.

5. Peer Analysis

To accurately show the revenues of Flutter, as well as its four largest competitors, in 2023, this article collects data from the IBIS (2023) release [2]. As Table 1 shows, Flutter Entertainment is the largest online gambling company by revenue, operating profit, and net profit. It is also the most profitable online gambling company, ahead of Entain.

Table 1. Flutter Entertainment's financial performance compared to its top 4 peers

Company	Revenue (USD bn)	Operating Profit (USD bn)	Net Profit (USD bn)
Flutter Entertainment	26.2	7.6	4.8
Entain	24.6	8.4	5.6
Kindred Group	16.4	5.6	3.8
888 Holdings	13.5	3.8	2.8
Playtech	12.5	3.8	2.8

Source: (IBIS, 2023) [2]

However, Flutter Entertainment's net income was lower than Entain's. It is therefore necessary to further analyse the factors affecting Flutter Entertainment's financial performance.

Firstly, the online gambling market is growing rapidly, driven by the increasing popularity of mobile gambling and the legalisation of online gambling in new markets. This growth has benefited Flutter, the leader in the online gambling market. Second, Flutter has been expanding into new markets in recent years, continuing to explore other international markets such as Canada in addition to the United States, United Kingdom, and Australia. The market expansion has helped the company to increase its revenue and market share. In addition, the company has been investing in new products and services such as sports betting and eSports betting. This investment has aided the business in both gaining new clients and keeping current ones. Finally, fierce competitors may put pressure on Flutter's profits and market share. However, as the positioning map mentions, Flutter's quality is far superior, reaping the rewards of customer satisfaction to achieve the highest profitability while paying a high cost that other companies don't. This may also be one of the reasons why

Flutter's net profit is lower than Entain's.

Flutter has made several key business decisions in recent years, starting with the merger of Paddy Power and Betfair in 2015. As Kotler and Keller (2021) mention the benefits of direct investment, this merger has helped Flutter to reduce costs, increase efficiencies, and expand its range of products and services [12]. Several sportsbooks were also acquired, including FanDuel and Fox Bet. The decision to acquire FanDuel in 2019 also signalled an entry into the U.S. market, which is one of the largest and fastest-growing online gambling markets in the world. Such an action could expose the company to risks such as large investments exposed to currency freezes or devaluations, market contraction or government expropriation [22]. However, the facts of recent years point to great success for the company, and these business decisions have helped Flutter solidify its position as a leader in the online gambling industry.

6. Conclusion

Flutter Entertainment's range of marketing strategies is undoubtedly a highly successful model. Furthermore, based on the available evidence, it is reasonable to conclude that Flutter Entertainment has developed its own unique strengths through strategies such as advertising, promoting its positive image through online mediums such as social media, and positive impact programmes. The company has been able to differentiate itself from its competitors through a variety of methods such as segmentation, positioning and targeting. Although the company's net profit is not the highest in the industry, Flutter Entertainment is investing more of its costs into sustainability, customer experience, and employee benefits, which will strengthen its position as a leader in the industry.

Even so, business decisions related to innovative technology and efficient management practices still need to be made if Flutter Entertainment is to continue to benefit from long-term growth. The most important thing is to be consumer-based and responsive to local government policies. While these initiatives largely increase the company's financial outlay, they also ensure Flutter Entertainment's long-term viability and success in the highly competitive online gaming industry. Otherwise, Flutter Entertainment's position may eventually come under threat as other brands become more concerned about sustainability and learn from their strategies. However, for now, Flutter Entertainment remains the strongest brand in the online gaming industry.

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