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THEORIZING AND ANALYZING THE CONTINGENT CASINO

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Introduction

Gambling games are composed of risk and contingency - the gambler stakes their bet on the spin or a reel or a roulette wheel completely dependent on forces outside of their control, uncertain of the outcome. This potent combination is not only being used to fuel the nearly $500 billion USD global gambling industry, but also to organise the current app economy. Digital platforms, their complementors, and their users are brought together by risk and contingency into a dynamic political economy, with the platform accruing the most advantage (Poell et al., 2021). Unpacking these unequal and sometimes precarious relations requires studying a “representative commodity” (Kline et al., 2003). Social casino apps, a niche, but still significant digital game commodity, embody how risk and contingency manifests in the app economy (Nieborg & Poell, 2018; Zittrain, 2008). In particular, when other industries interface with digital platforms, they become subject to their institutional imperatives (Gorwa, 2019). Social casino apps are representative of how platforms have been able to influence and shape even niche genres of digital leisure, but also the constraints and resistance to these techniques. In this paper, as a political economist of communication, I conduct a structural and critical analysis of the social casino industry, using institutional analysis as my methodology.

Taking up an analysis of the social casino industry, an industry heavily *defined* by risk and contingency, offers a way of understanding how both forces are operationalized in the app economy. Social casino apps are gambling games that users can download and play for free, with optional microtransactions for digital play money that can be used in familiar casino games like slots and poker. By being free-to-play and offering only in-game digital prizes, social casino apps are not regulated and taxed like other gambling products (Albarrán-Torres, 2018; Paul, 2020). Digital platforms have enabled a mutually constitutive and precarious relationship between games and gambling industries that have made risk, contingency, and speculation a central part of digital leisure. I refer to this phenomenon as the *contingent casino*. The contingent casino is the hybridization of games and gambling monetization and play, mediated by digital platforms.

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My theorisation and analysis of the contingent casino is undertaken as a way of better understanding the institutional frameworks of the app economy. This framework, as articulated by Poell et al., 2021 is the relationship between *platforms*, *complementors*, and *users*. Complementors are those firms that provide applications and cultural content that attract users to a platform. While complementors can benefit significantly from these platform relationships, as Poell et al. (2021) it also contains great risk as "platforms selectively open their boundaries to complementors but do so under the economic and infrastructural conditions of their choosing" (p.36). As such, a complementor's position is always contingent on a platform's priorities.

Economic questions are not at the forefront in critical discussion of social casino apps. Social casino apps are often discussed solely based on their role in facilitating the "gambling turn" in revenue for digital games (Johnson & Brock, 2020). By taking advantage of legal ambiguities and blending features of games and gambling, social casino developers have been able to carve out an almost $7 billion industry (Clement, 2022). Critical debates on social casino apps have tended to focus on their legality (Rose, 2014), relationship to problem gambling (Wohl et al., 2017) or youth exposure to gambling scenarios (Delfabbro & King, 2023; Gainsbury et al., 2017). More attention is needed on how social casino apps are connected to and mediated by digital platforms, and the larger implications this has for risk and contingency in the app economy.

A tale of two firms

To understand the larger implications of the contingent casino, I discuss the results of two case studies analysing two firms that have been a major part of the trajectory of the development of the social casino industry: Israeli-based Playtika and US-based DoubleDown Interactive. A short historical narrative about both firms is necessary to establish the context of their growth. This belies the complexities of their relationships not just between Playtika and DoubleDown Interactive and their respective owners, but also their users and digital platform companies.

In 2010, both Playtika and DoubleDown Interactive tapped into the burgeoning popularity of social games on Facebook, and a mix of games industry and gambling industry expertise from their founders to begin selling free-to-play casino games on popular social networks (Takahashi, 2012; Tsipori, 2011). Both firms had similar trajectories in terms of how they built and defined the social casino industry. Playtika and DoubleDown Interactive were quickly acquired by two different gambling firms within a year of their founding. Playtika was acquired by Caesars Interactive Entertainment, an online branch of the Caesars casino chain and DoubleDown was acquired by International Game Technology (IGT) (Bishop, 2012; Schechter, 2014). Eventually both firms were sold to foreign publishers with investments in gaming - Playtika to a consortium of Chinese companies; DoubleDown to a Korean mobile firm called DoubleU Games (Batchelor, 2019; Takahashi, 2017). Playtika and DoubleDown Interactive eventually went public on the NASDAQ in 2021, this has furnished ample material for critical political economic analysis.

Institutional analysis: A method to unpack the contingent casino

To develop a critical, historical, and holistic analysis of the social casino industry, I use a methodology grounded in critical political economy: institutional analysis. This is a method that specifically studies the structural characteristics of a market. I applied this method to understand how risk and contingency manifest at the level of platform, complementor, and user, and this often manifests differently at each level. With both firms going public, they provided necessary documentary sources for understanding how complementors respond to critical issues like user control, monetization, acquisitions, content development, and positioning themselves in the larger app economy. These documentary sources included company prospectuses filed in 2020 and 2021 in their preparation to go public. My textual sources also included annual reports, quarterly reports, and investor calls made between 2020 and 2022. This was further contextualised by reading through interviews and articles in trade press publications that focus on the games and gambling industries that covered their founding, mergers and acquisitions, and public offerings between 2010 and 2021.

What my institutional analysis of Playtika and DoubleDown Interactive reveals is deeply salient for understanding risk and contingency throughout the app economy. Platforms operate like the "house" in the contingent casino, structuring the app stores and markets that enable and constrain social casino developers. When major firms in the gambling industries enter the app economy, they enter as just another "side" that favours platform holders in a "multi-sided market" (Rochet & Tirole, 2003; Takagi, 2020). Although Playtika and DoubleDown Interactive have specifically positioned themselves as revolutionary content companies, this position is constrained by their relationship to digital platforms. Playtika and DoubleDown Interactive pay hundreds of millions of dollars annually in platform fees for access to the distribution channels on Facebook, Google, and Apple that make up 80 per cent of their revenue. Despite the expense, losing these distribution channels would devastate their bottom line. Going public amid the global COVID-19 has also proved a significant challenge to both firms as they have had to report quarterly declines in their active user base compared to a significant bump in both users and revenue they received during the initial lockdowns. Even as Playtika and DoubleDown Interactive mine user data and feedback to update, modify, and reposition their gambling games, they still must contend with the legal and technical constraints that come with being third-party complementors.

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