

# On Building a Sustainable Future for Government-Lottery:

## A Focus on Technology-Driven Action-Plans

The theme of the EL/WLA Marketing Seminar in London in February was Digital Transformation in Marketing. The theme of the EL/WLA Industry Days Marrakech in June is Renaissance of Retail in Digital Times. And the theme of PGRI Lottery Expo Miami is Integration of New Media, Modern Lifestyles, and Lottery. The following discussion with four industry leaders focuses on these topics ... how digital technology is being used to improve lottery operations and deliver more value to the players.

Key to this discussion is a sense of urgency. Take a look at Jean-Luc Moner-Banet call-to-action on page 27. Government-Lottery's monopoly used to protect it from the impact of competition. Modern lifestyles, the easy availability of alternative gaming options, and other changes are reshaping traditional player segmentation models, leaving Lottery vulnerable to the impacts of a much more dynamic and fluid market-place. Jean-Luc's article is based on a presentation he made on this topic at PGRI Smart-Tech in New York. The main idea is to identify and leverage Government-Lottery's strengths and competitive advantages to carve out the successful future that our stakeholders depend upon. Our esteemed panel of experts in this article speak to some of the many concrete action-plans that Lottery can implement to ensure the sustainable growth model that serves our players, society, and the worthy causes which are supported by Lottery funding.

*What technological innovation/initiatives have done the most to enhance the consumer/player experience?*

- **Anita Bánki**

Director of Marketing and Business Development, Szerencsejáték Zrt., Hungary

- **Lene Finstad**

Executive Vice President, Product and Brands, Norsk Tipping, Norway

- **Vincent Pauly**

Marketing, Web Product Manager, Loterie Nationale Luxembourg

- **Jari Vähänen**

Senior Vice President of Business Development, Veikkaus Oy, Finland

**Anita Bánki:** The omni-channel approach is an integral part of our development philosophy. Szerencsejáték Zrt. is using sports betting as the pilot for such developments, since this type of gambling is the most dynamic, information-demanding of all. Our goal is to divert users to digital screens, and preferably to their own personal devices, instead of the traditional printed betting offer and bet-slips. The introduction of live and outright betting, thousands of events and new markets into the retail environment forces us to go web-based with as many services as possible. Dedicated and dynamic digital screens present the actual betting offer for players in many different ways: last minute, top recommendations, live events, and more.

**Lene Finstad:** I Think the revolution of the Mobile is the single technology that has been the most important in enhancing the customer experience. We are now able to communicate directly and in real-time with each and every one of our customers, offering them a tailor-made experience wherever they might be. Think of the future implications for us in mastering this!

**Vincent Pauly:** The most important thing is how the market is shared be-

tween smartphones/tablets and desktops. Since the end of 2015, In Luxembourg we have more (55%) smartphones/tablets than desktop users. This is a very important fact to consider, and the trend will be key to our strategies. Here is the key for us. We are exploring ways to bring our mobile customers in our POS. Technology provides many new ways to engage and interact with the consumer: geolocation, SMS, Push notifications, ... Loterie Nationale is currently in the process of defining a strategy that applies these tools to best effect.

**Jari Vähänen:** The most important thing is how we can continuously develop UE (User Experience) code. Current development is based on analytics and agile methods. The "package" includes a combination of data, data source, and analytics to enhance direct marketing and make it a personalized service. Instead of banner advertisements, for instance, we send out personalized game offers.

*What do you see as the most pressing need for Lottery to address over the next three years—especially as it relates to the "Digital Transformation in Marketing?"*

**Anita Bánki:** Szerencsejáték Ltd. ob-

tained great results on different social platforms. Our Facebook group reached a follower base of 120k where people not only can gain information about our services, but can interact with us on a range of different topics. As mentioned, sports betting is used as a pilot for new developments. For example, that is why we launched our Tippmixpro Twitter channel where we can take advantage of the potential of live sport events. It is clear that the future is to acquire a better understanding of our customers.

**Lene Finstad:** The most pressing matter for the lotteries is to turn the business from being product-oriented to being customer-oriented focus as quickly as possible. This means to focus on fully registered play for all customers. We need to re-think and re-define the role of traditional retail, and build up modern marketing operations that enable us to communicate with our customers directly. We have no time to lose in accomplishing this.

**Vincent Pauly:** At the Loterie Nationale, our goal is to have an effective promotional system, with cash/coupon offers for our customers. It will be a significant improvement to our current strategy as this will help also build synergy with the social networks in which promotions work so well and are such a key part to engaging the audience.

**Jari Vähänen:** The products should be as good/excellent as possible! Services must support the products and the gaming and player experience and offer customer benefits. The combination of the gaming products and overall player experience that should be delivered in a customer-centric way. When the focus is on the customer, the marketing will be of genuine service to the customer. Lottery should understand that marketing is totally different than it was in the past, and the rate of change is accelerating. Customer data is giving us new insight and understanding about the customers – what they want to do, what they are willing to do.

We can now provide products, services, and marketing communications based on that information. Marketing is no longer just about advertising and promotion. Modern marketing should be of real value and service to the consumer, and that is made possible by technology and effective application of data analytics.

*How will data-analytics impact Lottery's ability to identify the player behavioral trends, personalize communications, and focus product and business development in a more customer-centric way?*

**Anita Bánki:** As our online player base gets bigger every year, the information we obtain gets more valuable. It has become crucial for us to differentiate the signal from the noise. Evolving playing patterns, customer behaviour creates opportunities for us to evolve our communications to be more and more precise, personalized, and effective. We are moving from a traditional marketing mix to both more composite, and more direct, solutions.

**Lene Finstad:** Data is the foundation for this revolution, but it is not just a question of collecting data. It's not even about the intelligent organization and analysis of the data. It is more than that. We must also transform the sales and marketing processes to turn all of this new customer knowledge and information into real value for the players.

**Vincent Pauly:** Especially since the launch of the new website version of Loterie Nationale, we are applying significant data analysis to improve our advertising, our actions, and even our games. It's now a "vital need" to analyze data. As Luxembourg is a multicultural country, which makes it very difficult to clarify and classify customers profiles. So we are testing and building and revising and relaunching our offers for our players everyday.

**Jari Vähänen:** Veikkaus was already a very product orientated lottery even 10 years ago. In 2004 we launched the

first Customer Strategy. Since then, we have evolved our approaches, processed through many changes, and continue to work hard to derive a real understanding about our customers, how the insights and information we gain can be used to develop the best products and serve the players in the best ways possible.

*Game Development: How can Lottery develop games that appeal to the powerful consumer trends of social networking and long-playing games of entertainment on Mobile?*

**Anita Bánki:** Mobile applications, such as Tippmix Radar scan the bet-slip and keep track of the results real-time, notifying the player about winning. Self-service functionality allows players to make their selections on their own mobile devices, or touchscreens that are now available in retail, providing an identification field that enables the player ID to be entered into the terminal. No coupons are required. And there are now apps and webpages that direct players to the nearest open shop based on their GPS coordinates.

**Lene Finstad:** As we turn to the customers to ask what they want, we must be prepared to streamline the offering to different sub-segments much more quickly than is being done today. We need to radically decrease time to market for each offering and we need to dramatically increase the number of games and content on offer. To be able to do this we need to re-think how we do development and the models for co-operation with content providers.

**Vincent Pauly:** Social gaming appeals mainly young people. The Loterie Nationale has a strict Responsible Gaming policy and so we are not building games and apps for free gaming. We have even removed the demo version of our games from our new website.

**Jari Vähänen:** The psychology in casual games and money games is very different, and they don't mix at all. Maybe we

should concentrate on some other challenges instead of that? Maybe it is possible to enhance skill games with sports betting?

*What technological innovation/initiative has enhanced internal operations and efficiencies?*

**Anita Bánki:** Project AEGIS (Advanced Entertainment Gaming and Information System) incorporates a big jump for the coming years in terms of user management and terminal-usage. The project (consisting of two pillars, the first concluding in August 2015) aims to integrate and widen different kinds of gaming and entertaining informations, from potential customer-card service to gaining takeover-reminders. The new system made possible the renewal of our most popular betting game (Tippmix), allowing us to provide more game events, reach more markets, process data more quickly, and deliver the possibility to play live betting. We hope to further integrate more internal services that can influence indirectly the gaming experience of the players and the effectiveness of the communication with our retailers (faster service, more effectively using advertising material, etc.).

**Lene Finstad:** The technological development has major implications on the lottery operations. We already see a big shift towards the need for more, a lot more, human recourses on the customer front. This is important, especially as we move more and more of the traffic from our retail networks over to our direct channels. The need for operational resources increase dramatically. To manage this it is necessary to have even more automation and efficiency in technical and back office operations. The technology is more and more commoditized in the back office and central systems side and this means that we should be able to be more cost efficient on the technology side in the future.

**Vincent Pauly:** Recently, we have changed our mass e-mailing tool. The previous system was handled by our IT Department, in our own servers, and was not

able to provide e-mails in standards. The new tool is a complete SaaS solution, with good analytics systems and also a -99% success of e-mails received. It is also a tool that is constantly evolving. Now we are looking for other possibilities with SaaS solutions or web-based solutions for our other needs (system e-mails, etc.).

**Jari Vähänen:** In this area we are not even closed to be ready. System modularity with good internal APIs are the key to doing this. Lottery also needs to acquire the development knowledge for itself—this cannot be fully outsourced. Internal understanding of the process is crucial for effectively guiding development. You also have to have knowledge of customer behavior and that data needs to be provided to all designers and developers who need to have visibility of results and effects for them to be able make developmental changes, and to do it quickly. This requires modular systems that enable the ability to know the impact of all changes, provide the visibility to analytical behavioral data of customers, and the ability to create fresh hypothesis for how to make improvements based on the analytics.

*What role might the technology of standardized APIs (or Application Program Interfaces) play for lotteries? Is there a potential for an API solution to provide a central server shared by multiple lotteries and retailers to reduce the cost and increase the speed for deploying new games and technologies across multiple jurisdictions?*

**Lene Finstad:** The technology creates potential and acts as a driver for economies of scale. We see this in all other businesses and in my view it is highly necessary for us in the lotteries to actively seek co-operation to tap into this. For instance, in order to enable the lotteries to increase their game portfolios and decrease the time to market, we should encourage co-operation between lotteries on co-development and even co-operation on game portfolios.

**Vincent Pauly:** Of course, standardized API between Lotteries would be a very good point for us. Many lotteries are selling similar games (like Euro Millions in Luxembourg) and all the lotteries use a lot of resources to produce in-house API's. For Luxembourg, as we are a small country, collaboration with other lotteries would help us a lot in terms of costs.

**Jari Vähänen:** It is possible but not very likely. There are no standards in the gaming business, since many providers keep the other businesses out with closed systems and closed APIs. And the development of technologies is more rapid than the possibility to create those standards. I don't see it happening. However openly published APIs may help to create a few de facto standards which may lead to easier integrations. There are also other issues, specific to each jurisdiction, that are even more difficult to standardize, at least for lotteries—like requirements of local authorities, regulations, or local payment and identification systems.

*Are there any success stories or examples that illustrate or relate to the theme of "Digital Transformation in Marketing" that you could share?*

**Anita Bánki:** Project AEGIS was a huge step forward in the company's life.

**Vincent Pauly:** Our new website (launched in November 2015, [www.loterie.lu](http://www.loterie.lu)) is an example of the Digital Transformation in Marketing. It's a responsive website, so all our customers now have the same experience, no matter what device they use. They can also use an iOS based phone or a Windows Mobile phone, and they will get the same information in the same format and, of course, the same gaming experience. We have driven a strategy on this website since the beginning of 2015 that reduces the path of customer to the game. In terms of revenue and in terms of new customers, this website is a success. We are always working on our website to improve conversions and new registrations. ■