



CREATING WINNERS ALL ROUND

How an innovative, consumer-focused and bold approach to enriching EuroMillions in the UK has been rewarding for its players, driven sales even higher, and benefited UK Good Causes

by Dianne Thompson
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In the lottery business, innovation is everything. All national lotteries generate huge excitement when they first launch – but, understandably, tend to go into decline as the novelty and initial excitement begins to wear off.

What we've tried to do at Camelot is to turn that 'norm' on its head by continually finding ways to keep the excitement going – new games, new ways to play, new marketing approaches. Continuous innovation has underpinned our long-term growth and that's the road we will continue to travel – not just here in the UK but also overseas, as we look to export the skills, resources and experience that we have developed over the last 16 years in operating one of the world's most successful lotteries.

The addition of EuroMillions to the UK National Lottery portfolio in 2004 – and its subsequent enrichment by the addition of the UK-only Millionaire Raffle – is a perfect example of such innovation in practice. Innovation implies risk – you can't have one without the other.

Someone once said that the real problem isn't aiming high and falling short – it's actually aiming low and getting there. In our bid for the second licence to operate the UK National Lottery, we proposed setting up a game that would be run in partnership with other lotteries in Europe. The powers that be at the time put a red line through it – and didn't even consider it as part of our application because they felt it would be impossible to achieve.

Well, we proved them wrong – and launched EuroMillions in February 2004 with France and Spain. Here was a game that allowed players to enter into a draw with other players from lotteries across Europe for the chance to win bigger jackpots than ever before. Today, EuroMillions involves nine countries, three currencies and two time zones. It's raised billions for good causes across Europe, with more than £1.1 billion being raised in the UK alone.

In keeping with this inventive approach, we review our range of products on an ongoing basis to ensure that we continue to offer players an enhanced and regularly-refreshed range of games, and focus on innovation to give them what they want, when they want it. As part of this strategy for long-term growth, we carried out extensive research with our players with a view to enriching EuroMillions in the UK. This clearly demonstrated what they enjoy about the game and what they want from it – namely, the excitement of playing for huge jackpots and lots of UK winners.

Following extensive product and marketing development, in November 2009 we launched the UK Millionaire Raffle game – an exciting UK-only addition to EuroMillions which creates a guaranteed UK millionaire each and every week. This add-on to the game required a 33.3% price rise, taking the price of a EuroMillions ticket in the UK to £2.00.

We know from experience that many UK National Lottery players follow consistent routines in terms of where and when they buy their tickets, the number of lines they play and the amount of money they spend. With this in mind, we were very conscious that any game development that included a price increase would represent a significant change – and could lead to our EuroMillions players feeling unsettled and even discouraged from continuing to play the game.

Clearly, logic dictates that consumers aren't going to ask for a popular product to be made more expensive. We therefore knew that a ticket priced at £2.00 had to represent good value for money in order to excite and retain the average spend – and frequency of play – of our EuroMillions players.

This focused approach to gaining a thorough understanding of the wants and desires of our players has been wholeheartedly vindicated – in meeting player demand to create even more UK millionaires, on top of the chance to win multimillion-pound mega-jackpots and other prizes in the main EuroMillions draw, the introduction of the UK Millionaire Raffle game has gone on to really capture the UK public's imagination.

But this resounding success can't be solely attributed to coming up with a great game. Given that this was the first price rise for any draw-based game since the launch of the UK National Lottery in 1994, it was absolutely essential that all of our players – both regular and occasional – needed to be aware of the new £2.00 cost and the inclusion of UK Millionaire Raffle before they reached the point of purchase.

Our communications to players across all media therefore had to

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be clear, compelling and effective so as to sufficiently inform, excite and retain the average spend – and frequency of play – of our EuroMillions players. The same clear and comprehensive communications process also needed to be followed with our 28,800 National Lottery retail partners. As well as communicating the game mechanics and rules, we needed to help them understand how the game worked and how to make the most of the fantastic sales opportunities it presented. On top of this, we had to build interest, anticipation and excitement in the game prior to launch – and then maintain it post-launch.

The introduction of UK Millionaire Raffle has had a hugely beneficial impact on EuroMillions sales in the UK, with average underlying sales (i.e. excluding Rollover uplifts) in the first six weeks after launch 51.2% higher than the original game. For the full 2009/10 fiscal period, the new-look game helped to drive a 42% year-on-year increase for EuroMillions. The sales uplifts have also allowed us to hold periodical UK Millionaire Super Raffle events.

The first of these took place in November 2010 and created 10 guaranteed UK millionaires in one night, while the second, which took place a month later on Christmas Eve, created 25 guaranteed millionaires throughout the UK – breaking the previous world record for the largest number of lottery millionaires created in a single evening. Since launch, UK Millionaire Raffle alone has created over 110 new UK lottery millionaires. Now that EuroMillions featuring UK Millionaire Raffle has been in market for 18 months, average underlying sales have established themselves at 35.4% above the original game – making it one of the UK National Lottery's most successful innovations.

International experience shows that the only way to maintain and

grow long-term lottery sales growth is by diversifying the portfolio of games – with different games offering different winning experiences. Our strategy for long-term, responsible growth is no different – we aim to strengthen the UK National Lottery brand by offering players a constantly-refreshed range of games to better satisfy their needs, and by coming up with innovative and convenient new ways to play to best suit their lifestyles. Our introduction, and subsequent enrichment, of EuroMillions has played a significant role in the success of this strategy and has further strengthened the already-wide range of games that we offer our players. We now offer a portfolio of differently-themed games from 25p to £5 to suit all tastes, pockets and prize preferences. With the addition of EuroMillions with UK Millionaire Raffle to our portfolio, we are, in effect, offering something that no other UK lottery game does – the chance to win huge prizes in the main draw while guaranteeing lots of UK winners, something our EuroMillions players told us they wanted.

With around 70% of UK adults playing National Lottery games nowadays, the success of new game launches, such as EuroMillions with UK Millionaire Raffle, proves that diversification and product differentiation works. This is borne out by the figures – Camelot has grown sales by 17.9% since the start of the second UK National Lottery licence in 2002 and seen the number of players rise by over 5% in the last five years alone.

All of this means that we have been able to raise even more money for the Good Causes, which is what the UK National Lottery is all about. To date, our players have raised over £25 billion for the Good Causes, with more than 350,000 individual awards made across the UK, making a difference to millions of lives. ♦

Three, the change actually resulted in lessening the burden for IT because they discovered things that had always been done but don't need to be done so they discontinued those legacy reports and procedures. And four, sales is now in the loop, getting educated on how to translate their needs to software engineering. Win-win and it speaks to the need to engender a more collaborative relationship between the different functional areas of the business. When the team learns to trust one another's skill-sets and understand why they do what they do, everyone becomes even more of an advocate for each other and better engaged in the mission of our business. If you interview any of the 12 people in the program, they'll tell you it's one of the best experiences of their lives.

You refer to a market-driven business working within a rather unique set of government structures. How do you teach that?

R. Hargrove: I think one of the most eye-opening days this class had was sitting in on a legislative committee hearing. I wonder how many finance, sales, product development people are informed about that side of this busi-

ness? And when you think about it, how much more effective they are for appreciating that this business includes that level of accountability. Sales people and product development staff appreciate better why they need to comply with rules and closely adhere to procedures, Finance people communicate better with legal, etc. They came back from the Capitol literally saying "Oh, now I get it!"

The world is changing so rapidly. To what extent does that obsolete the knowledge gained in any kind of educational forum?

R. Hargrove: It's true that the pace of change has accelerated. But change has always been the one constant in our business. I ran the Illinois Lottery back in the 80's when we sold four instant games a year and we sold them one at a time and they weren't bar coded. The change that has happened over the past 25 years has been enormous. Anyone who was in the business then and is still in the business now has had to re-educate themselves constantly along the way.

And there remain many skills that do not become obsolete even in the rush of internet

time. The art of managing and adapting to change being one of them. Developing teamwork and a spirit of collaboration among employees being another. Fundamental principles that guide the process of analyzing problems, framing the issues, asking questions, these are skills that won't be obsolete in this or any other successful business.

In fact, the solution to many of the challenges we face, challenges that often seem to be without precedent, can be found in developing the skill sets that are foundational to all our tasks. Forging collaborative relationships with our colleagues in other lotteries is not so very different than building trust relationships within your own organization. The ability to adapt to change, to contribute to progress in uncharted waters, really just goes back to having the interdisciplinary skills to effectively analyze the options, communicate with your colleagues, and stay on a path of open-mindedness and continual learning. In that fashion the industry will do more than just survive, it will prosper and thrive, all to the benefit of those we serve. ♦