

PARTNERS IN PROGRESS: WLA AND YOU



Rebecca Hargrove (Chief Executive Officer, Tennessee Education Lottery Corp. and Senior Vice President of the World Lottery Association) addresses the audience at PGRI Lottery Expo Miami on

Sept. 13 on the mission and value of the World Lottery Association to its members. Following is an edited version of Ms. Hargrove's address ...

It is an honor to be with you today and I bring you greetings from my friend and colleague Jean-Luc Moner-Banet, the CEO of Loterie Romande in Switzerland, and the President of the WLA. The Global Lottery Industry is now measured at \$276 billion in lottery ticket sales. That's a big number. That is over three times the global sales of one of the world's most well-known brands, Coca Cola. More impressive, though, is the \$90+ billion that government Lotteries generated for Good Causes. That \$90 billion in net funds to Good Causes actually exceeds the total gross sales revenues of Coca Cola. That is the amazing and special difference between the members of the World Lottery Association (WLA) and the rest of the gaming world: State-sponsored lotteries are dedicated to the welfare of society instead of private shareholders.

There are 144 members of the World Lottery Association. They're divided into five continental associations: the African Association has 14 members, the Asia-Pacific Lottery Association has 25 members, Latin-America has 13 members, North America has 26 members, and Europe has 66 members. So, it's truly a global organization, with every corner of the world represented by its members who are dedicated to serving the mission of generating funds for Good Causes all around the world. The World Lottery Association has a diverse set of objectives, all with the common theme of helping government-lotteries set the highest standards of performance

in the industry and optimize service to their stakeholders and Good Causes in particular. Developing global security standards to protect the integrity of our games is primary to our mission. Gathering the information and data based on the experience of our members also puts the WLA in the position of sharing best practices as they apply to all areas of the business -like marketing and communications, Procurement and RFP standards, publishing sales data from our global membership, and perhaps most importantly ... the WLA constantly works to raise the standards of Responsible Gaming all around the world. Years of work, and investment of time and resources, have gone into developing this framework that helps WLA members apply the best practices to protect the consumer and minimize problem gambling. The WLA Responsible Gaming certification process has now become the gold standard of the industry. Many WLA members from all areas of the world have completed the entire program, meeting and surpassing all standards and requirements to be certified level 4 which is the highest level.

It is only with the active participation of all lotteries all across the world that we can each and every one of us enjoy the benefits of our shared experience. We appreciate your support and involvement and encourage everyone to avail themselves of the resources and support that the WLA has to offer. We will all be better for it, better operators who meet higher standards of performance on every front, and better servants to the Good Causes and Society which Government-Lotteries exist to support.

We will all also be better served by standing together in the face of increasing competition from other sectors of the games-of-chance industry. Our challenge with them is being contested on two fronts. First, in the market-place where we compete for the attention and player-ship of the consumer. It will take all of our resolve and resourcefulness to win in the dynamic and fluid market-place of the future. It will be more important than ever that we work together, sharing the success strategies that will help us to be the best we can be in each of our own jurisdictions. The WLA is a community of business operators who are willing to share the lessons they have learned, and help others in the process of building the most effective strategies for sustainable growth. We can learn from the experience of our colleagues from around the globe who have already developed best practices. The WLA provides the plat-

Continued on page 30

As we move forward, we are looking at ways to target our design and innovation to engage specific markets of players and expand their play and our reach. Further we are looking at new tools to reach those markets that have the potential to be more active.

Lottery would seem to be the ideal 'product' to employ the promotional strategy of Event-marketing. How big a role does event-marketing play with the Arizona Lottery?

G. Edgar: Event marketing plays an important role in our current marketing efforts here at the Arizona Lottery. We leverage our presence at targeted events to bring the lottery experience to core players and connect with new audiences. Whether present at a major sporting event, conducting a media engagement, or holding a monthly promotion at one of our three

Arizona offices, we're always trying to find ways to get our players excited about lottery. By hosting "buy X, get Y" style promotions at our events, players get excited about the chance to get something extra along with the purchase of a game they already enjoy playing on a regular basis.

What is your after-action takeaway from the incredible \$1.58 billion Powerball jackpot of last year? What are some things that we as an industry could do going forward to extract even more value from the publicity and brand awareness of a big jackpot like that?

G. Edgar: Our focus today on the \$1.58 billion Powerball is managing the expectations of our constituency on what will happen this January. For Arizona that jackpot amounted to a \$20 million windfall for our beneficiary pool, which was

amazing. But as we work through FY17, we are working to make sure that people understand that this jackpot does not come every year.

In terms of how to utilize the extreme amount of publicity, I think we were all taken by surprise at how quickly the \$1 billion threshold was breached. Looking at the models I don't think we will see that precipitous rise again soon. I think there is opportunity for us all to be developing communications strategy that as we reach thresholds we can activate messaging that drives the sales, but also drives messaging on impact. If one out of every ten stories generated on the \$1.58 billion Powerball included messaging about Lottery impact, we would have furthered our mission in an unprecedented way. ■

How the World Lottery Association Serves its Members ... continued from page 16

form to bring these lessons directly to you. For example, many of you attended the iLottery seminar that was adjacent to the PGRI Conference in New York last spring. We heard from people from around the globe who have been offering iLottery for 10, 15, even 20 years. Their experience and insights were invaluable to directors in the U.S., most of whom have not been able to move into iLottery yet. We learned so much that will help us avoid costly and time-consuming mistakes. The WLA serves as the hub for enabling that kind of interaction and sharing that helps us to be equipped with the knowledge and tools to stay ahead of the competition and continue to be loved by the consumer.

The second front is the political and regulatory side of the business. We need to stand united, with a singular voice that broadcasts to the world the worthy mission of Government-Lotteries. We need to make sure that everyone, all consumers not just players, all media not just our local media, all political stakeholders at all levels of government not just our jurisdictional constituents, appreciates and respects and defends the role that Government-Lotteries perform for society. The WLA is the institution that brings us together to stand tall in defense of our industry against those that are working mightily to change regulations that protect the consumer and protect the Lottery model. Let's make no mistake—Government-Lotteries and the Good Causes they support are under attack and require government protection. The margins in commercial game categories that do not have this protection operate like all other businesses operate—that is on 3% to 5% net margins. Those margins enable them to deliver prize-payout percentages that exceed 90% and higher. That situation already exists in categories like sports-betting and much of casino-style

iGaming. Government lotteries simply can't do that and continue to deliver the kind of financial support that the Good Causes we support have come to depend on. I have to hope and believe that if our political stakeholders understood this picture that they would all stand up to defend the Lottery model.

Unfortunately, we know it is not that simple. Political agendas that determine regulatory and taxation policies are driven by a wide variety of factors, including well-funded lobbying and PR campaigns of those who would deregulate the industry. That is why we, the community of Government-Lotteries, must stand together and make our voices heard. Individually, our voices will not be valued at the levels required to influence the shaping of regulatory policy. Together, we are a \$260 billion industry that delivers \$90 billion in funding that helps society. That is an amazing thing!

The facts are on our side. But the facts won't matter if we do not succeed at convincing the shapers of public policy to recognize the tremendous value of Government-Lotteries to society. And we all know that won't happen if we function as a fractured industry of lone voices in the wilderness. We must stand together, and formulate a unified message and agenda to get that message heard by the political sectors that determine regulatory policy. And, with your active support, it is the WLA that can be the institution that brings us together and channels our message as one singular and powerful plea to preserve and protect the Public Trust that is Government-Lottery.

I encourage all of you to become even more engaged with the World Lottery Association. It is an organization dedicated to serving you and we welcome your involvement, your input and guidance, and your support. See you at the World Lottery Summit in Singapore in November! ■