



## Andy DUNCAN

Chief Executive Officer, Camelot UK Lotteries

Member of the Executive Boards of the European Lottery Association (EL) and the World Lottery Association (WLA)

**PGRI Introduction:** After starting his career by spending nearly two decades at global consumer goods company Unilever—including running one of its major European food businesses—Andy Duncan joined the BBC Board in 2001 as director of marketing, communications and audiences. He supervised the expansion of the corporation's digital output—including the launches of BBC 3 and 4—and became chairman of Freeview, the BBC's digital television service. Freeview became a fast-growing brand, and in 20 months, reached four million homes. It is now the UK's biggest digital TV platform and is in over 20 million homes.

Mr Duncan was appointed chief executive of Channel 4 in 2004 to manage the company's development of a genuine multi-platform media business. Channel 4 was first broadcaster in the world to put its entire schedule online in 2006. In Duncan's time there, the channel's share of Total UK TV viewing grew from 10% to 12%, and its share of the TV advertising market increased every year—from 20% in 2004 to a record 25% in 2009.

In October 2011, Duncan was appointed UK managing director of Camelot (Camelot Group), the operator of the UK National Lottery. In this newly-created role, Duncan was responsible for UK National Lottery's operations in more than 46,000 outlets across the country as well as for the National Lottery website—which is the largest online lottery in Europe in terms of sales. This was in addition to being responsible for over 700 employees across key areas, including Marketing, Sales, IT and Customer Operations.

Mr Duncan took over as CEO of Camelot UK Lotteries in October 2014. In this role, he has overall responsibility for driving Camelot's strategy for growth through ongoing innovation. This includes re-invigorating growth in Camelot's draw games, continuing to drive sales of instant play games, and the ongoing development of a major new online and mobile platform. This has resulted in another record year for Camelot UK, with overall sales exceeding £7.2 billion for the first time—an impressive 8% increase over the previous year—and the company on track for further growth in 2015/16. The new platform, in particular, has pushed digital sales to over 20% of the overall total, with more than 10% of that now on mobile.

In addition to serving on the Executive Committees of both the World Lottery Association (WLA) and European Lotteries (EL), Mr Duncan chairs the WLA's Corporate Social Responsibility Committee and chairs the EL Innovation Group.

**Paul Jason, PGRI:** *You have been CEO of Camelot UK for just over a year now, succeeding Dianne Thompson. How have you found your first year in the post?*

**Andy Duncan:** Well, I had been UK

Managing Director at Camelot for three years previously—working very closely with Dianne before her retirement in 2014. Prior to that, I was CEO at both Channel 4—one of the UK's main

broadcasters—and H.R. Owen, which is the UK's leading luxury car business. Although I knew the Camelot business very well already and felt well-equipped given my previous positions, there is always a

certain amount of adjustment when settling into a new role—particularly when you're talking about a £7 billion-plus business! The fact that we are stewards of a national asset that generates over £34 million each and every week for Good Cause projects is a huge responsibility.

So, I am very pleased to be able say that my first year in post has been another successful one for us at Camelot UK. We announced record annual lottery sales of £7.2 billion back in April and, more recently, published our highest-ever half-year sales. A lot of this success is down to the work we've been doing to transform our digital services. This includes the

launch of a major new online and mobile platform in autumn 2014, which has revolutionised the way players interact with National Lottery games across all devices.

Another big part of our recent achievements has been down to us growing sales of our GameStore range of online and in-store instant play games. This has been driven by the launch of over 70 innovative new instant play games every year, higher prize payouts as well as the completion of our rollout of around 10,000 standalone terminals to satisfy untapped demand for National Lottery Scratchcards. The record results were also driven by strong sales of our flagship Lotto game, which, following

its successful re-launch in October 2013 after a decade of decline, has now enjoyed two years of consecutive growth.

*The decline or flat sales of draw games is somewhat of a global trend. What have you done, and what are your strategies going forward, to invigorate draw games in the UK.*

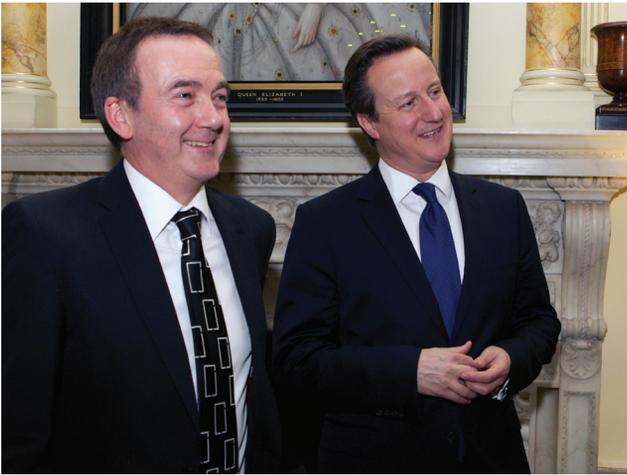
**A. Duncan:** Draw-based games are hugely important to our business because they return more in percentage terms to Good Causes than our GameStore instant play range of games. Over the past few years, we have seen sales of instant play games growing at a much faster rate than draw-based games, so we've had to up the ante, so to speak, in terms of keeping them fresh and appealing.

As I mentioned, we first re-launched Lotto in 2013. This consisted of a prize rise—we went from £1 to £2 per play—and a refresh of the prize structure. The 2013 re-launch got the game back in growth after a period of steady decline, and late last year, we introduced some additional changes to help further secure the long-term health of the game. These changes, which are performing really well, included an increase in the Lotto matrix from 49 to 59, which is resulting in bigger jackpots and is obviously great for driving player excitement. We are also creating a millionaire in every draw through a raffle element, and for the first time, players who match two numbers get a free ticket for a future draw, which further keeps them invested in the game. Some of these free tickets have already gone on to win substantial prizes, so it really is a win-win.

In terms of EuroMillions, we and the other eight countries where the game operates have been hit by a poor run of rollover luck. So, here in the UK, we have come up with other initiatives to keep it exciting. For example, since late 2014, we



(L to R) Andy Duncan, Olympian Sir Chris Hoy MBE, and Secretary of State for Culture, Media and Sport John Whittingdale MP at the House of Commons in December 2015. The trio hosted a 200-strong event to celebrate the 21st birthday of The National Lottery—which has raised over £34 billion for Good Cause projects since its inception in 1994. Sir Chris commented: “At the beginning of my career, I received a National Lottery grant of £10,000—which gave me the chance to pursue my dream of becoming Olympic champion. 21 years on, National Lottery funding allows athletes to train at the highest level—and has undoubtedly changed the face of British cycling and British sport.” Secretary of State for Culture, Media and Sport John Whittingdale MP commented: “21 years on, The National Lottery has exceeded all expectations. It was originally forecast to raise £1 billion a year if we were really lucky—and here we are, £34 billion later.”



Andy Duncan and the Prime Minister, The Rt Hon David Cameron MP, at the reception at 10 Downing Street to celebrate 20 years of The National Lottery.

have been making the last Friday of every month a EuroMillions Mega Friday. These hugely successful monthly events have seen multiple UK players each winning an amazing prize of £1 million PLUS the chance to live the millionaire lifestyle with a truly amazing non-cash prize. Non-cash prizes so far have included round-the-world trips, private island getaways and luxury supercars.

Overall, I'd say that, instead of major game changes on an infrequent basis, it's becoming much more a case of constant innovation—regularly enhancing our games to fit in with players' lifestyles and preferences.

*The new website has achieved great success. What were some of the priorities that drove the whole process, and what's next for you in terms of digital enhancements?*

**A. Duncan:** The new website—national-lottery.co.uk—was a huge project for us. One of our key drivers for change was that we want people to be able to play anytime, anywhere—and our old website just wasn't delivering that. It was a clunky,

old-fashioned proprietary system—and just wasn't fit for today's on-the-go, mobile lifestyle. So, we decided to rebuild the entire technology platform, including the front-end and the gaming system underneath it. The site you see today is managed entirely in-house and mobile technology sits at the heart of it.

As a result, the new site delivers a much better tablet experience, which we didn't really have before, as well as a better general mobile web experience. It is easy for any company to say that mobile is key to its future, but when you think about the nature of what people do with us it is actually very transactional. People want to get in, buy a ticket and get out fairly quickly. Mobile works very well for this, while the other side of our business, the instant play games, also work nicely on a mobile device.

Also, last summer, we partnered with the British bank Barclays to offer The National Lottery on their mobile payment service—Barclays Pingit. This provides smartphone users with a great 'quick pay and play' experience, offering players even greater access and convenience, and enhancing our existing online payment options. It's a much quicker registration experience because all Barclays Pingit customers are pre-vetted—so we know they're over 16, we know they're a resident of the UK—and they don't then have to go through the full registration process. We also offer free National Lottery Official Apps for both iPhone and Android, which are very popular.

The great news is that all this hard work and investment has paid off. Our most re-

cent half-year sales results saw interactive sales up 18.5%. Crucially, sales through mobile surged by 72% on 2014/15—with sales through smartphones and tablets now accounting for over 35% of all sales across our direct channels.

*Camelot has succeeded at growing your land-based retail sales right alongside your online sales. How did you, and do you continue to, engender support and commitment from your land-based retail channel for the "omni-channel" distribution model?*

**A. Duncan:** With all this talk about the success of our website, it's easy to forget that retail sales still make up around 80% of all National Lottery sales. Our retailers do a great job for us because we offer a competitive commission structure and because having The National Lottery in their store adds even further value to their business—as someone may come in to buy a ticket or Scratchcard, and then go on to buy something else. To put it into context, established independent retailers—I'm talking about small, family-run stores here—earned an average of over £6,500 from The National Lottery alone in 2014/15.

So, while interactive growth is accelerating, our retail channel is still growing alongside our digital offering—albeit at a slower rate. For us, it's all about improving access. For example, we recently rolled out 10,000 standalone terminals to satisfy untapped demand for National Lottery Scratchcards. Catering to people's changing lifestyles and shopping habits is where the new mobile-friendly website comes into play.

We are also looking at ways we can bring mobile and retail closer together. For example, last year, we launched our first second-chance Scratchcard where players with non-winning tickets can go to a microsite to register for a second

chance to win. This has proved a hugely successful mechanic, with over 2.3 million entries into the second-chance draw so far. And, later this year, we're going to be experimenting with QR codes on the physical retail tickets. Players will be able to check their results if they scan the code through our apps. It's all about looking at ways of enhancing our player experience in the round—and not to the detriment of any one channel.

*Camelot has struggled with the actions of the Health Lottery and People's Postcode Lottery, which exploit a loophole in the regulatory laws (allowing the operation of small local charitable organizations to operate lotteries) to create competition to The National Lottery. Tipp24 sells lottery products into Germany and other jurisdictions in violation of the laws of those countries. Now Lottoland and others are taking that business model to a new level. Where will it all end? What is the future of the single-operator Government-Lottery model?*

**A. Duncan:** We have long been concerned about larger, umbrella-style lotteries—which have positioned themselves as direct competitors of The National Lottery. We see them as a real threat to our ongoing success. To be clear, and as you mention, I am not talking about small, local lotteries—like those for hospices or air ambulances. We have co-existed with those for many years and think they do fantastic work in their local communities. I am talking about businesses like the People's Postcode Lottery and the Health Lottery—which return significantly less to society while seemingly retaining a disproportionate percentage of revenue in operating costs. These are real and present threats to The National Lottery.

We also believe that bets on lotteries—like those offered by Tipp24 and Lottoland—do not meet basic levels of transparency because they do not clearly make

the distinction between lotteries and betting. As a result, they mislead consumers and trade on the good name of lotteries and—in the main—commercial gain.

Thankfully, here in the UK, we have been very pleased with the initial response from Government officials who recognise the effectiveness of the single-operator model on which The National Lottery is based. As other lottery operators around the world will know, as a monopoly business, your competition is limited but so are your profits. In Camelot's case, we take less than 1% in profit. This ensures that the lottery fulfils its intended purpose—to raise as much money as possible for its beneficiaries, not the people running it. So, off the back of this initial response, we look forward to further engaging with the Government and our regulator, the Gambling Commission, in their ongoing investigations in this area.

*Off the back of that, it seems Camelot has done a lot of work recently trying to make UK players more aware of the organizations that benefit from National Lottery funding. Is this a direct reaction to the infringement of these "competitors?" Can you tell me more about this strategy and why you consider it to be important?*

**A. Duncan:** Although it's not a direct reaction to the increased competition, I think it's fair to say that the heightened environment has made us increasingly keen to make people aware of the life-changing difference they make by buying a National Lottery product. We launched our 'Play Makes It Possible' marketing campaign some time ago and then followed this up last year with our new National Lottery brand identity. The new branding puts the iconic National Lottery 'crossed fingers'—which is recognised by 95% of the UK adult population—at the heart of every game logo. This is designed

to help raise consumer awareness of the full range of games offered by The National Lottery, as well as reinforce the life-changing role each of them plays in creating millionaires and delivering over £34 million every single week to Good Causes. It's the dual winning—through prizes paid to winners and grants paid to beneficiaries—that we really want to communicate.

Our winners' calls—that moment when someone rings the National Lottery Line and has it confirmed that they are now a millionaire—have been fantastically successful. They uniquely capture the exhilaration of a transformational win. These pieces of audio brilliantly reflect our brand purpose in a way scripted advertising can't. And for Mother's Day last year, we worked with the charity Home-Start, which helps support families, to surprise one of their volunteers of 15 years—a wonderful 80-year-old called Edna. We created an emotive two-minute video a few days before Mother's Day and then ensured that it played in cinemas over the weekend, as well as on our owned and earned media platforms. It also got incredible traction across social media, with more than 2.2 million views over three days.

As lottery operators, we are in a unique position in the respect that we truly make a huge difference through National Lottery funding for beneficiaries. In our case, that's over 450,000 projects that have benefited—it would be folly not to use that to our full advantage. ■