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PGRI Introduction: The NLCB operates in a market that has a long tradition of popular gaming and a consumer base with a strong cultural heritage that influences the ways in which the gaming market is evolving. The NLCB needs to stay consistent with that heritage that loves games but is also conservative. Combining a progressive approach to innovation and expansion with a respect for local traditions and attitudes is key to the success of NLCB.

Paul Jason, Public Gaming: *What do you see as the most important goals for the NLCB over the next two years?*

Mitra Mahabir: The revenues generated by NLCB go mostly to the government's consolidated fund. Additionally, the NLCB sponsors a lot of Good Causes, mostly for special programs in education, but also cultural activities and projects to help the needy. There are a lot of social needs in Trinidad and Tobago and our mission is to increase funding to support these needs.

We are focusing on three action areas to improve the business and increase revenues. One, we will improve the distribution system and make the product more accessible to the consumer. Two, we will establish and re-establish in the minds of the general public that the funds generated by NLCB all go to support Good Causes and public services that make us a better society. The public service mission is a vital part of our brand and so we integrate that into all of our marketing communications. And three, we want to focus on developing our portfolio of games. At the moment, we are targeting Instant tickets. Lastly, to reinforce the positive impression that these changes will have, we are rebranding the NLCB to modernize the look and image of our agents and of everything we do.

These are important changes for the NLCB. Our government, the citizens of Trinidad and Tobago, and the recipients of NLCB funding all depend on us to accomplish these goals. We are setting the stage now to develop a model that strengthens the business, and positions the lottery for long-term success. There is an opportunity to develop this industry here, and we are working with our online service provider GTECH, and all of our commercial partners, and our retailers, to build more capability into the NLCB and deliver a brighter future for the people of Trinidad and Tobago.

How much flexibility or latitude does the NLCB have to decide which games are most relevant for your consumer – is there a lot of strict government oversight?

M. Mahabir: We have quite a lot of autonomy in terms of selecting the games and making alterations as we see fit. Our

method is to study and understand the Best Practices used by lotteries from all around the world and apply them to our business here in Trinidad and Tobago. So, that means updating the games to keep them appealing to the consumer, and also the methods of distribution to make them as accessible as possible. Under the National Lotteries Act, we have that authority which is vested in us by the minister of finance. The Minister of Finance appoints a board which does exercise oversight but works hand-in-hand with the management of the lottery to make all those kinds of decisions.

To what extent does the Minister of Finance depend upon the NLCB to advise it on how to evolve the broader regulatory framework, whether the government should expand into new forms of gambling and how it should implement changes to the gaming environment of Trinidad and Tobago?

M. Mahabir: The NLCB is well positioned to understand these issues. As the government operator of lottery, we have a front row seat to see how the industry is evolving and how changes impact the consumer. The minister of finance recognizes that and calls upon the NLCB to assist the government in strengthening our regulatory framework for the gaming industry. For instance, Trinidad has casinos, off-track betting, and horse racing. But there is a pressing need for revamping and strengthening regulatory methods and control. So, the NLCB has been called upon by the government to work with the minister of finance to establish effective regulatory standards and means of enforcement.

Positioning the NLCB as a respected organization that works hard to improve the lives of the people of Trinidad and Tobago is a cornerstone of our mission. As a business, we sell corporate social responsibility and commitment to the support of good causes for society just as much as we sell lottery products. To that end, we work hard to apply the Best Practices that have worked for lotteries from all around the world.

What are some examples of Best Practices that you have applied to the NLCB?

M. Mahabir: We observed that Instants have seen tremendous growth in other mar-

kets, like the USA. As a result of that observation, we have focused on growing that category. Instants comprised 7% of our total sales just three months ago. And now it has grown to 10%. We expect excellent growth to continue and for Instants to have a long and robust life cycle just as it has had in other markets. I don't know if we'll enjoy the twenty year life cycle that others have had because everything changes so much more quickly now. But growing the Instants category is key to our long-term growth strategy.

In addition to the scratch instant games, we have also introduced the pull-tab low price-point games, which has picked up and is doing quite well in this market.

I notice that you have a black ticket.

M. Mahabir: Exactly. That is a specific example of Best Practices methodology. Black was not considered by most people to be an appealing color for instant tickets. Our own experience and analyses would not have prompted us to even try a black instant ticket. But black instant tickets have had huge success in New York, Texas, and other states. So we tried it and now that game is doing exceptionally well here. We're offering prizes of a C class Mercedes Benz and the entire campaign has been very well received in the market.

You have two national lotto-style games. How are they differentiated?

M. Mahabir: We offer a lotto game in Trinidad called Lotto Plus. It works very much like lotto games all over the world. The televised draws are very popular and an important part of this game. Lotto Plus contributes about 7% of our revenue. The most popular game in Trinidad is our other numbers game and is called Play Whe. This game derived from an unregulated and untaxed called Whe Whe, which was, and actually still is, a very popular game. The government implemented Play Whe to channel that underground activity into a regulated and taxed activity. Of course, the goal of turning these illegal gaming markets into a properly regulated and taxed market for the protection of the player and the benefit of funding Good Causes is the start of many government lotteries. Play Whe has now become an integral part of the gaming culture in Trinidad. 65% of NLCB revenues come from Play Whe.

Why is Play Whe performing so much better than Lotto Plus?

M. Mahabir: First, because Play Whe is based on a game that was made popular for many decades in the underground economy, so there was a built-in customer base. It is a game that is very special and in some ways unique. Each number is represented by a symbol. There are animals, people, cultural symbols and icons that we associate with a number. So the game has more meaning for the consumer. The choices they make are based on something that interests them, something more than just a number. We try to appeal to the actual experiences and thought-lives of the consumer. That is the power of symbols and that is what captures the imagination of the consumer and makes the game more interesting and fun. For example, In this game, the number 10 represents a monkey, and 12 a king, and 13 a frog, with the full 36 numbers representing some symbol. You wake up in the morning and go outside and see a frog, you might be inclined to play 13 frog that morning. The consumers feel like their decisions are being guided by their own dreams and life experiences. Those feelings have no bearing on the outcome of course, but it creates the feeling that your decisions are being guided by your own dreams and aspirations. We work hard to keep that model alive. For instance, we have actually produced a book that we distribute throughout Trinidad and Tobago to keep that association resonant in the consumers' minds. It has been a part of our culture for so long and we want Play Whe to continue to appeal to that heritage.

As you go forward, do you think that Play Whe will grow at a faster rate than Lotto Plus? And in that case, won't Lotto Plus eventually become irrelevant?

M. Mahabir: Play Whe is the major part of our revenues and in that sense our most important game by far. And that won't change for a long time. But we are positioning Lotto Plus for a new and different focus and we actually expect it to grow faster than Play Whe. Of course, Lotto Plus is just 7% of revenues so even though the percentage increases will be bigger, the increases in actual revenues will still be less than Play Whe. But to answer your question, Lotto Plus will be a very important part of the portfolio. The strong cultural heritage of Play Whe appeals to the largest portion of the active players right now, which means that we do not want to change it too much. We want Play Whe to remain appealing to

the core players. But all lottery operators need to create new games and try new approaches to appeal to the next generation of consumers, right? That is the role of Lotto Plus. We can innovate with Lotto Plus to appeal to the younger adult without jeopardizing the appeal of our main game for the core player. Too, we want to develop an international association with other lotteries, possibly join a multi-jurisdictional game like Super Lotto. That is a multi-national game that includes many Caribbean lotteries. Of course, the Instants also provide lots of room for innovation to appeal to all different player profiles, young and older alike. We are confident that the Instants category will grow significantly over the next three years and beyond.

Do the police attempt to prevent the distribution of the illegal game of Whe Whe?

M. Mahabir: The best way for us to combat the illegal games is to encourage a greater sense of responsibility on the part of the consumer to play the legal games. We do that by emphasizing the Good Causes that NLCB supports. Additionally, we emphasize that the NLCB is the trusted operator. You know the games are honest and that the winners get paid quickly.

Your strategy is to maintain steady growth in Play Whe, and to take bolder steps to innovate in the Lotto Plus and Instants games to try to bring in new player groups?

M. Mahabir: That's exactly right. We can only expect small incremental growth in Play Whe. The way to increase growth in this established game is to improve distribution, make it more accessible to the consumer. We are presently increasing the number of terminals by 25% and expect this to result in increased sales. Six months ago, we also introduced a third draw. Previously, we had only two draws, one in the morning and one in the afternoon. And we are refreshing the variety of Play Whe games, even while preserving the essential character of the games.

Will you be installing any self-service machines?

M. Mahabir: We don't have any self-service machines in Trinidad at the moment. But there is an opportunity to introduce some of those, perhaps in gas stations and other outlets, but not at our traditional agents that prefer to interact with the consumer directly.

Frankly, we are most focused on supporting our traditional agents and helping them to increase sales and produce the sales increases we need. Self service machines will be part of our offering within the next 2 years.

Is it hard to recruit additional retailers?

M. Mahabir: No. The consumer demand for lottery is strong, so there are always more retailers who would like to distribute lottery products. We are focusing on developing key accounts, operations with more than one outlet, and businesses that really want to build the lottery business. Those are the kinds of partnerships that work best for us, but also for the consumer and the retailer. The retailer commission is 8%, for on line games and 10% on instants tickets and so this is a good business for them.

One other thing is that our agents also offer the facility to pay bills, like utility bills and so on. Helping our agents to ex-

pand their services like this is good for everyone. That has a ripple effect because as more people visit their agents and buy more products and services from our agents, they will be inclined to participate in our games as well.

Do you happen to know what the ratio of retailers to consumer population is?

M. Mahabir: We have about one retailer to 400 consumers.

That's quite high. Are there plans to implement internet and mobile distribution of lottery products?

M. Mahabir: Possibly. But Trinidad is a traditional and very religious culture, so we need to be very sensitive to our own cultural mores. We do want to grow the business and make the products accessible to the consumers. And we do realize that the internet gives us far better exposure to younger adult segments. So I am sure we will do

what is best for the consumer, but we will move cautiously and make sure that we stay consistent with our social responsibilities.

How does being a member of The World Lottery Association (WLA) benefit the NLCB?

M. Mahabir: The NLCB has benefited from the WLA. For instance we embarked on a pre RFP exercise and received valuable assistance from the WLA in terms of the kind of consultant that we should retain to assist us. And we have certainly benefited from the conferences. We receive lots of very useful information from the WLA, and will continue to rely on them for guidance and assistance as we explore ways to evolve our business. And just being a part of the international community of lottery operators, having easy access to the lines of communication and support from colleagues around the world is very helpful. ♦