



E-INSTANTS: The Killer App' for Online & Mobile Lottery

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For the past 7 years, NeoGames has been pioneering the field of e-instants. Working with lotteries and leading i-gaming operators, we have created the widest and most success-proven portfolio of web and mobile e-instants, to cater to all the various market segment needs.

Mobile has been a “high potential” channel for some years now. Then, about eighteen months ago, it started to bloom in a “hockey stick” growth curve and continues to present an exponential growth rate. Looking back into the reasons for the change in the growth pattern, we can now identify telling consumer trends that enable us to create the right products for the right consumer groups.

Technology: Mobile applications and mobile data services have been around for more than a decade. Some four years ago, NeoGames was one of the first to adapt it to lottery by developing and launching with its customers downloadable app's for the former generation of high-end 3G phones (Blackberry, Nokia and such) with a package of 15 top performing e-instants. However, the actual

usage level of the service was modest, at best, with mobile sales not passing the mid-single digit percentage of total turnover. The iPhone phenomena led to a very fast adaptation of true smart-phone devices in the past 3 years. That is what forced a fast decision to basically neglect the investment in former technology and move to a totally new consumer environment. The introduction of our HTML-5 mobile solution 18 months ago included a pack of 12 games that is constantly increasing in number. That has resulted in phenomenal growth, exceeding 15% of sales done through mobile.

Demographics: The most interesting change we are witnessing is in the different usage levels of the different demographic profiles. As long as eInstants were available only through their web version, the active player demographic groups indeed showed a significant portion (26%) of active players in the age group of 18-29. However, the average player spend in this group was lower than the player spend in the higher age groups. Then, the introduction of the service for Smart-phones changed everything dramatically, with the group of 18-29 taking leadership not only in active players but also in player spend.

Cross channel value: Pure mobile players still generate a lower player spend than web players. Currently, about 35% lower, but the comparison is problematic since it's a product in the early stage of its life cycle. The interesting point, though, is the cross channel player spend - the web players that started to play on mobile began to migrate to the web and vice versa. We can see that average spend on the web is about 10%, while mobile contributes an additional 27%. So the overall spend grows for more than 15% of the players. It's also worth noticing that web-originated players adopt mobile much more readily than mobile-originated players adopt the web.

Play behavior: In the pre-smart-phone era, the mobile usage of our players was in “kill time” hours, i.e. during lunch breaks and at the end of work day. With the advent of smart-phones, we see an immediate shift to prime-time TV usage where players basically use mobile as a second screen.

Marketing: Introducing the smart-phone-focused service allowed our customers to open up their marketing channels in a search for new players in the mobile sphere. Mobile marketing is changing rapidly because the way people search for content in the mobile sphere is different than in the web-sphere, mainly due to the large adoption of app' stores. But since the app' stores have not yet fully allowed pay-to-play services, even if they are from lotteries, creative solutions are required.

Conclusion: The Smart-phone has transformed the mobile gaming landscape. Many of the younger consumers rely totally on their Smartphone for all their web-based communications. The improving capabilities of the Smartphone to deliver a rich gaming experience will attract more and more gaming options, which will in turn generate more and more consumer adoption of the Smart-phone for gaming. Bill Gates calls this the ‘positive feedback cycle’ in which success begets scale, increased product attracts more customers, and more customers drive even more innovation and introduction of more quality products. It will be a competitive landscape. The exciting news is that the tools and content are now available for government lotteries to jump out in front and convert their massive consumer base into a Smart-phone connected and engaged customer base.

NeoGames is excited to be a partner to lotteries in this new era of i-lottery. Our mission is to keep lotteries riding the wave of success with each evolution of consumer behavior. Lottery players are the most loyal customers in the world of gaming. They are eagerly anticipating the introduction of creative new game concepts from their trusted lottery operators. NeoGames appreciates the opportunity to be of service and help lotteries connect with this emerging generation of Smart-phone gamers. ♦