



Player's Clubs: The Next Stage is with Player Communities!

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PGRI Introduction: Most Lotteries now have Facebook and social media initiatives, Players Clubs, Loyalty Clubs, and the beginnings of an extended-play format with second-chance draws. Some sell subscriptions over the Internet, and some have non-money i-gaming. The DC Lottery will soon be implementing a full range of i-gaming options. Of course, lotteries all over the world, especially in Europe, have been implementing all manner of i-gaming products and initiatives for many years.

The next stage is to integrate all these so that they work together, creating a dynamic and interactive community that includes players, operator, retailers, and fans of the lottery. Traction and critical mass will not happen with isolated initiatives operating independently from one another. It's when all the moving parts start working together that the momentum gets reinforced and the result is magical. It happened to Facebook and it can happen to Lottery. Betware executives Árni Pétursson and Ingvar Hjalmarsson share their vision on how to make that a reality.

Paul Jason, Public Gaming: *We talked at the European Lottery Conference in Helsinki about how the Players Club is being used by some lotteries to reinvent the player experience and the entire relationship between lottery and the consumer. And that it is more about the traditional products and the off-line business than about i-gaming.*

Ingvar Hjalmarsson: Lotteries have made so much progress over the past couple of years with their Players Clubs, Loyalty Clubs, second-chance draws, and now some forward-looking Facebook and social media initiatives. The foundation has been built for lotteries to enjoy the kind of explosive impact that a genuinely engaged consumer delivers. Facebook built their business out of whole cloth, from nothing other than the overpowering need of people to connect with each other. Lotteries have something that Facebook did not have and is trying to get. Games are fun, they provide a vehicle to stimulate social interaction, and are proving to be the most effective marketing tool ever. Lotteries have most of the pieces in place already to achieve this goal of a socially-networked community of players that can drive the explosive impact that Facebook has had. The missing link for lotteries is integration of the different parts that will enable that to happen.

The relevant line of communication has shifted from operator-player to player-player. Building a consumer products business is no longer about marketing communications. It is now totally about creating a platform that attracts, nurtures, and supports a socially-networked

community of players. The Players Club that most lotteries already have is the ideal starting point to create that vibrant community of fully engaged consumers. The key is to integrate the games, the retailer, the operator, and the players together to provide the players with a rich canvas of recreational activities built on a platform of social interaction.

Facebook is the most astonishing phenomenon, but it is not the only example of a consumer products company that has nothing to do with games using games to engage the interest of the consumer. The business of lotteries is in fact games. Can we do a better job of using games as a marketing tool?

Árni Pétursson: I think you know what the answer to that is. Absolutely. Lottery needs to use all the tools at its disposal to drive the convergence of games, media, and players. That's what will unlock the ability of the games themselves to be the most powerful marketing tool that lotteries have. The Players Club is the platform that enables player-to-player interaction, but it is the games that will galvanize the players to action. The action we want is massive player-to-player communication. Second-chance drawings are a good example of using the games to foster this kind of consumer engagement. But it's just the start. There is so much more that can be done and needs to be done. The business objective is to sell more of the traditional products through all the channels, including or even especially the land-based retail channel. But the catalyst for that is the player-to-player community that is created on the Internet via the Players Club.

Explain what you mean. How exactly do lotteries do this?

Árni Pétursson: First, lotteries need to recognize that the key is to create that active and engaged community of players, and the Players Club is the key to doing that. Second, design the approach so that the Players Club pays for itself, so that it is not seen as a cost center that is expected to yield some undefined benefits in the future, but a revenue-generator that can deliver a positive ROI right away. Third, stop thinking about the “mobile” as if it is somehow different than the Internet. These are all just media that enable the consumer to communicate with each other. The consumer is “online”, i.e. on the Internet, via their home computer and via their smart-phone and it no longer matters what device they are using. It’s all the same in the sense that regardless of the medium, the Internet is the enabler of this incredible network of socially connected consumers.

How does the Players Club become a direct revenue-generator?

I. Hjalmarsson: One way that everyone already knows about but not everyone is doing, is selling subscriptions. This is an easy project that accomplishes the first step towards building a Players Club which is to simply get players to sign up; open a player account.

The more important mission for the Players Club is to become the target-marketing tool that enables you to market directly to the interests of even the most narrowly defined customer profiles. The key to understanding this is to recognize that people love to share. They love to interact and tell you about themselves, what they like, dislike, what they’re doing. Of course, everyone does want their financial information to be secure. But the Facebook phenomenon has revealed that the whole notion of “privacy” was completely overrated. People don’t want privacy nearly as much as they want social interaction. Realizing this is the key to turning the Players Club into a super-charged direct-marketing machine. With this data-base of player information, the lottery operator is able to custom-design promotional campaigns to appeal to the specific interests of each player. A fully engaged Players Club membership loves to tell each other all about their hobbies and activities and what sports teams and musical artists they are fans of, and almost everything a marketer needs to know to appeal to their specific interests. They want to share and communicate for example “I just won \$100 in the last week Lotto”, “Have you heard about the huge Jackpot this week”, “I entered my losing instant scratch ticket in the second chance game and won!”, “Hey...

who wants to play with me in the Checkers tournament”...This means that the community of players promotes the games for the lottery – registered players become more dedicated to the games and this means the lottery can spend less of their budget on traditional marketing.

That sounds good in theory. But is anyone actually doing that, and isn’t it costly?

I. Hjalmarsson: Some of our Scandinavian customers have been utilizing our classic play-money multiplayer games to their advantage. Those games suit very well as they take on the player community aspects which is so important for lotteries. Gaming is inherently a social activity. Our games offer the opportunity to play social games that everyone knows, such as checkers, backgammon and more. By offering players this interaction the operator has a unique opportunity to create a social platform. Operators can even monetize this social platform and get their investment back by offering players extra features through VIP subscriptions and even selling Play-Money to players. Of course, the Betware Players Club has also fine-tuned the integrated marketing tools to implement subscriptions, second-chance draws and other ways to engage player interest both on and off-line. And I think everyone would regard those initiatives as having a positive impact on sales. But we are focusing on delivering concrete, measurable results directly attributable to the Players Club itself. The Betware Players Club revolutionizes the concept of what can be accomplished online, with non-money games that generate very real money sales. Think Facebook combined with American Express’s direct marketing machine. It works, it’s powerful, and it is totally do-able within the limited budgets that many lotteries have to allocate to new initiatives. The financial breakeven point is reached quickly and the Players Club becomes its own profit center while also becoming the foundation for player engagement that is the cornerstone to all future integrated marketing initiatives. The Players Club isn’t just a tool or promotional campaign to drive sales. It is a business model that reinvents the entire relationship that the lottery has with the consumer.

It all depends on building a giant community of actively engaged players. How hard is that to accomplish?

Á. Pétursson: It is all about scaling up quickly, building that community of players talking to players. The good news is that there is a huge demand for truly fun social interaction. Combining that basic human impulse with the excitement of games and winning the lottery is the most natural

fit. Look at the phenomenal success of the Zynga games. The only explanation for the success of Zynga games is that people are craving more outlets to satisfy their desire for social interaction. And that is true for all age groups, not just the ‘millennial’ young adults. The business of lottery is in fact games, so that is what our customers use as the marketing tool to drive consumer engagement.

The first step is to offer a large suite of interactive non-money games where players can play with one another. Playing with other players is the key success driver. This might sound complicated or expensive. It’s not. The second step is to scale up quickly so that people are able to instantly step right into an active community of players. That too might sound problematic. Again, it’s not. Betware has solutions that enable both those component parts to come together quickly and get the Players Club to be a profitable revenue-driver. Once people start to bring even a few of their friends into the exciting new world of lottery online play, the growth is exponential. In the end, it isn’t about having a direct marketing tool. It’s about creating a community that takes on a life of its own and becomes its own viral marketing engine. The management of the community doesn’t even have to be controlled by the lottery. Our experience shows that it is best to have supervisors for the community within the player base. These supervisors are usually dedicated players those who want to be leading the community and managing. This normally does not require any costs to be incurred by the lottery. These supervisors like to be in control, just as someone likes to be the chairman of the PTA at their child’s school. They do it out of pure interest. We now know what works and how to implement it quickly so that Players Club profitability can be reached quickly.

The Players Club connects the lottery to its players such that game and product development is informed by a direct translation of player response into manageable data. The tools to capture, categorize, and assess player response are built right into the system. This direct link to the actual behavior of all the players virtually eliminates the costly and sketchy player profiles yielded by traditional market testing procedures. It is in this way that the Players Club with community features becomes the primary resource for driving new product and promotional concepts into the marketplace. That’s the short-term benefit that positions the Players Club as a profit center almost right away. The big dividend comes as your community of players evolves into an engaged network of Lottery Fans. That’s when the magic happens. And that is what the Betware Players Club is really all about. ♦

Betware has a portfolio of over 200 games divided into eight game zone categories. The games are developed by Betware and its subsidiary Certus. Betware also partners with other gaming providers such as Microgaming for casino and poker games and Ingenio for instant games. Offered to licensed gaming operators, these games can not only be integrated with Betware’s platform but also have the flexibility to be integrated to a large variety of 3rd party systems. Betware games are channel independent and can be provided via the Internet, mobile phones, IPTV and terminals. Visit www.Betware.com for more info.