

Responsible Gaming, a Key to Sustainable Growth



Barry Pack

Director, Oregon Lottery and
Chair of the Responsible Gaming Committee, NASPL

In Oregon, Responsible Gaming (RG) is no longer limited to an advertising and promotional program, or something we do as an obligation, or even something we do as a heart-felt conviction that vulnerable players need protection. It is much more than all that. RG is a foundational component of our brand promise that provides business benefit, a license to grow, succeed and prosper for the benefit of good causes, and the gateway towards playing a prominent role in a society that has a healthy attitude towards recreational gaming.

In 2014 we began thinking about this bigger vision for RG. To guide our work we developed, and my Lottery Commission adopted, a Responsible Gambling code of practice which the Oregon Legislature enacted into law in 2015.

RG has two goals. One, obviously, is to help the problem gambler resist the temptation to play, and to know that help is available, effective and free. But we want our campaigns to also help the average player, in fact all players, to think about recreational gaming in the most positive and responsible way. Our messaging includes representations of recreational gaming to normalize that positive and healthy approach for the average player.

Stronger connections with employees, players and retailers

Weaving RG principles into our agency culture led to more engaged employees, opened the door to reach players who are demanding more social responsibility from the companies they interact with,



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and increased cooperation among our retailer network.

Employee engagement: Three-quarters of our staff say they could integrate responsible gambling policies into their day-to-day work and that RG training was relevant to their specific job responsibilities. But here's where it gets even more interesting. A quarter of our employees felt better about their role in the Lottery just by taking a training about responsible gambling. To my mind, feeling better about your job translates directly into more commitment, better performance, and better results.

Appealing to Millennials: Integrating RG into a broader vision of Corporate Social Responsibility (CSR) is vital for myriad reasons, including that modern consumers want to affiliate with companies which serve a higher purpose -- not simply maximize profits for shareholders. This is especially true for Millennials.

We use Responsible Gambling as the foundational pillar of a Corporate Social Responsibility program that promotes diversity, equity, inclusion, and sustainability. It is key to our fundamental objective of growing the Lottery in a responsible

manner and in alignment with the values of the next generation of consumers. And I expect that it will also contribute to my goal of increasing that job satisfaction number.

Consumer favorability: The number one thing that increases favorable feelings toward the Lottery is knowledge that Lottery funds problem gambling treatment and actively promotes a responsible approach to recreational gaming.

When people know that the Lottery spends \$6.5 million a year to fund free confidential and effective treatment to anyone who needs it, their opinion of the lottery goes up. The Lottery now enjoys a 65% favorability rating among Oregonians.

Retailer Engagement: In 2016 we surveyed our retailers with this (among other) questions. *Do you agree with that Promoting Responsible Gambling is a responsibility that lottery and retailers share equally?* Thirty-nine percent of retailers said yes. Some of the comments included: *We're not counselors. It's not my job - it's the Lottery's job. It'll cost me money if I counsel people to spend less on lottery tickets.*

Some retailers were pretty opposed to the idea of taking on any kind of role related to the promotion of responsible gambling. So, we worked with them, and a consultant, to develop a training. This training was not about how to intervene or provide counseling. It was about how to have an initial conversation and simply provide information that a player could then use to make their own choices about their gambling.

A year after we implemented this retailer training program, we asked them the same question about shared responsibility. We went from 39% of retailers saying RG was a shared responsibility to 78% saying it was a shared responsibility. The key was helping retailers understand that if RG is good for the Lottery and good for the consumer, it is also good for the retailer.

Growth requires trust

It's all about building trust – trust between the Lottery and our players, our political constituents, our retailers, the media and the general public. That trust is the foundation upon which we grow our brand.

The RG tools integrated into our Mobile app are all voluntary. But insofar as players choose to use these tools, they will help them to better manage their play. Legislators recognize the public service that our proactive approach towards RG represents, and it gives them greater confidence that they can support the role of Lottery in society.

Our responsible gaming program is foundational to our ambitious growth plans. The biggest impact will come from our ability to convert data into useful and applied business intelligence. That will be key to helping us help our players. We will move from anonymous play to known play, from unregistered transactions at retail to a digital first/customer first experience.

Data-driven insights will give us an incredibly robust view of our players and enable us to help them manage and make informed choices about their play – allowing us to grow our revenues responsibly.

Third-party certification a must

I recommend getting certified both through NASPAL and the World Lottery Association. It is a lot of work, but the brain-trust that informs the whole WLA RG certification process is invaluable. Third-party auditors confirm that you are in fact doing all the things that you say you're doing in your program.

The certification demonstrates to your stakeholders that you really are walking the talk – and in turn builds trust. As I sit down with legislators and consumer advocates and other outside groups concerned about expanded gambling, I can show them that we're dedicated to implementing a sustainable growth plan that minimizes social costs. Since I last spoke at a PGRI conference in New York last year, I'm proud to share that the Oregon Lottery has received Level 4 Certification from the World Lottery Association.

So you see, RG is not simply a feel good activity. It's a lens we apply to all aspects of our business. It's a responsibility of all Lottery employees and retailers. It's about keeping entertainment entertaining and allows us to deliver funding for programs Oregonians care about, now and in the future. ■

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the acceptance by early-adopters and getting embraced by the mass-market. But that is to be expected. Let's stay focused on pressing forward with these initiatives that are so vital to the future of our industry.

One other initiative that should remain top-of-mind is the universal API for everyone. I believe that solving the API issue is key to modernizing our back-office operations to integrate effectively with the modern retailer.

T. Delacenserie: Thank you, Gary. We need to anticipate the way initiatives inevitably evolve and stay on course and committed to building the platforms that will form the basis for even more ambitious initiatives. And I second your call-out of appreciation to all our vendors who challenge us to think different, think bigger and outside the box to apply new solutions. Tom, what are your thoughts about closing that gap between what we offer and what consumers expect?

T. Stanek: One observation is that, unfortunately, the gap between consumer expectations and the reality of what we as an industry can deliver narrowing, it's getting wider. Gary, you referred to the time lapse between early-adopters and broad mass-market acceptance of a new product or solution. That time-lapse has been our friend, allowing us the wiggle room to catch up to the market before it was too late. Well, the next generation of players are being referred to as digital natives because they grew up with digital technology. Their willingness to incur the learning curve and leap right into the new-and-improved version or even the radical innovation will reduce that time-lapse between launch and mass-market acceptance. We can longer have a leisurely wait-and-see approach. More specifically, we better be on our toes, ready to jump in as soon as the early returns indicate that a new idea, like in-lane sales and cashless options, is trending up. If we don't move more quickly to meet the needs of the consumer, the gap that separates consumer expectations from the reality of what we are delivering will get wider and wider.

T. Delacenserie: Modernization and upgrading technology costs money. How do we work together to manage this risk reward equation and grow the business while ensuring that there's still a profitable bottom line for everybody? Drew?

D. Svitko: I think it comes down to smart innovation - understanding what our goals are, prioritizing the opportunities, applying

a realistic feasibility calculus as well as thorough risk assessment analysis. We start with the vision we have for our business, what our role in the retail world is right now and how we might evolve that into a more productive and impactful role going forward. As my colleagues on the panel point out, that means paying attention to best practices as applied outside of the lottery industry as well as consumer trends as they manifest across all commercial segments.

Each one of us – Lottery, Vendor, and Retailer – needs to have a clear roadmap for how to navigate these issues. We can't all be expert at everything. We need to stretch to understand the issues from the other points of view but we also need to appreciate that there is much we do not understand about others' POVs. But with a clear understanding of our own business, with a precise measure of the costs and benefits of different courses of action, with an abiding respect for the opinions of our vendor and retail partners, and with a firm conviction that we can work together to forge mutually agreeable pathways forward, we will get there. I don't think there is anything that surprising about that short list of principles to effective collaboration.

In the case of Pennsylvania, we established early on that all parties to collaboration must be willing to assume some measure of risk. For instance, we committed to buying a new machine before it was even out of development. Our vendor partner needed the commitment, we knew the consumer demand was there, and we were confident that the product would meet the needs of the market-place. Happily, I got a text just yesterday from our team at the Walmart supplier forum in Bentonville that this new machine was recognized by Walmart as its "Supplier Product of the Year." Of course we are pleased. But I would also point out that this recognition really speaks to how important the lottery industry is to Walmart. Further to that, the Pennsylvania Lottery was a runner-up for Walmart Partner of the Year, finishing behind FedEx.

T. Delacenserie: Congratulations for that amazing recognition from Wal-Mart. It's very exciting that we are on the radar and making deep inroads with Walmart. I'm on the retail committee of Walmart and can concur with Tom's point that we must be willing and able to comply with their accounting, reporting, inventory management, and other procedures. Tom, let's get the vendor side of that question.

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