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FUTURECAST

We need to live the story, not just tell the story

PGRI Introduction:

Jeff Fromm's keynote speech at the World Lottery Summit (Buenos Aires, November 19) captured the attention of everyone who is trying to anticipate consumer trends, and trying to evolve the brand and message to connect with the next generation of players.

The young adult demographic has never been the sweet-spot for lottery games. But these Millennials will be growing into that proverbial sweet-spot with quite different expectations and priorities than previous generations. For one thing, their instinct for seeing through advertising-speak necessitates a whole different approach towards brand-messaging. FutureCast's mission is to help its clients apply these insights in the real-world of winning new customers and building a foundational brand platform that connects with the hearts and minds of the modern consumer.

As president of FutureCast, Jeff Fromm specializes in marketing and innovation, especially as it relates to millennial consume trends. He is a contributing writer for Forbes and co-author of three books: Marketing to Millennials, Millennials with Kids as well as Marketing to Gen Z. A partial list of FutureCast clients include: Amazon, Dairy Queen, Hershey, Marriot and the Missouri Lottery.

Paul Jason: How relevant is the role of service to society and good causes to the brand-message?

Jeff Fromm: Lottery is blessed with a fundamentally powerful story. Like everyone, you are accountable to stakeholders, but unlike commercial companies, you are not beholden to shareholders whose primary focus is on maximizing bottom-line profits for the benefit of the few. Your mission is to serve society and good causes. When you stand for something more than your bottom line, people will stand with you. That is the impulse you want to tap into. And that should occupy a big place in your brand messaging.

Consumers always say they like the idea of supporting good causes. But research shows that the real reason consumers play is to win the jackpot.

J. Fromm: Our behavior is based on multiple motivational drivers. Even when it seems like one of those drivers, like winning the jackpot, is more dominant, that does not make the others less mission-critical. The motivational drivers all interact and co-mingle with each other to produce the outcome of buy or not, play or not. For instance, think about the dynamic of emotional pull versus logical justification. We know our emotions are the more powerful behavioral driver, but we also

want to justify our decisions rationally. A typical behavioral pattern is to reverse engineer motivations in order to justify the actions that we want to do. Let's say we want to buy the more expensive and high-status car. We don't say "I am a shallow person whose decisions are ruled by emotions and concern about status and what others think about me." Instead, we justify the purchase of the luxury car on the basis that it is safer, more reliable, or that it has better resale value or will last a longer time or that it includes features we never



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needed before but are now somehow vital to have. It may well have those features but the real reason we buy the car is because we just want it, and the reasons we want it are not based on a wholly objective appraisal of the features.

Notice how advertising weirdly stretches to create an association between the product (whether it is clothes or luxury watches or cars) and desirable lifestyles. Our desire to own it is not based on the quality of the product or the intrinsic value as measured

by objective features and attributes. Underlying themes like freedom to be whoever you want to be, achievement, mystery, adventure, attractiveness – these lifestyle aspirations are tied to the product as if the car or luxury watch reflect who you want to be, or maybe will even help you be who you want to be. But even though it is that emotional response that drives the decision to want the product, we like to think of ourselves as rational beings. So the advertiser needs to pay attention to all the different motivational drivers.

the idea that we have a better tomorrow ... With every Toms purchase, you stand with us on issues that matter ...”

Toms value-promise is to donate a pair of shoes to a needy child for every pair purchased. They started in 2006. Since then, over 60 million shoes have been sold, and over 60 million shoes have been donated. In 2011, they applied the same model to eyeglasses and have since donated over 500,000 eyeglasses. I don't know that we can say precisely why people buy Toms

to help the needy. If a shoe company can engage the audience to think of it as a movement to change the world for the better, why couldn't Lottery do the same only even better?

Is the next generation of consumers placing even more importance on buying from merchants whose values are aligned with their own?

J. Fromm: I think the evidence that consumers prefer brands that align to their values is quite clear. The reason I think we can expect this trend to continue is that it is based on a simple interpretation of Maslow's Hierarchy of Needs. As our needs for basic necessities are satisfied, we can afford to focus on other things like helping others. Past generations were afraid that if they did not work hard and conserve their money they may not have adequate food and shelter. Future generations may take these basic concerns more for granted, and replace those concerns with helping others and saving the planet for their children. That is why I think the marketer should find the most effective pathways for integrating their "WHY", their underlying reason for being, into the brand message. It will definitely connect with the modern consumer, augment the brand value and the bond you establish with your customer, and position you well for the next generation of lottery players.



Likewise, even though the real reason we play the lottery may be to create the chance to win a life-changing jackpot, who among us would not like to think of herself as being a good person who cares about others and wants to be a part of something bigger than ourselves and a part of a community of like-minded people who are doing our part to make the world a better place? That's why it is still useful for the marketer to appeal to the desire to think that our actions are doing good and helping others. That is why service to society and helping others is a very important part of the brand. We should appeal to the entire emotional palette, including, or even especially, the desire to align our self-image with philanthropy and helping others.

In your keynote, you talked about companies that integrate their role as philanthropic good corporate citizens into the brand.

J. Fromm: Google "Toms Shoes". The messaging has very little to do with shoes. "Join the movement ... Every Toms purchase helps drive change ... TOMS is a derivative of the word 'tomorrow' and

Shoes. But I do think the Toms Shoes example illustrates that motivations are many and varied and often have more to do with other factors, like the desire to be a part of something bigger than we are, than the physical attributes of the product we buy. And we're talking about shoes here. The connection between shoes and helping others is not a straight line. The connection between Lottery and the good causes that Lottery exists to support is a total direct-connect.

Simon Sinek built his riff all around the notion of "People don't buy what you do, they buy why you do it." This is a great example of what is meant by that. Of course, people do buy shoes because they want a pair of shoes, they buy a smart-phone because they want a smart-phone, and they buy a lottery ticket with the hope to win a jackpot. But there are other underlying motivational drivers that can make the difference in the decision of whether to or not to buy, and we need to tap into those motivations as well. And that is especially true when the intrinsic value and explicit mission of Lottery is in fact to serve society,

Won't the consumers' willingness to adopt new technology shorten product life cycles and create even more of a challenge to retain player loyalty?

J. Fromm: Our research has indicated that younger consumers are two and a half to three times more likely to be early adopters of new digital social mobile tools. We partnered with Forester and found nearly identical data in their research that younger people were more likely to be early adopters of new digital social mobile tools. Now why is that?

One, younger people are less invested in old behavioral patterns tied to traditional distribution models. They're more willing to try a new mode of shopping and payments and such. Two, less legacy with established brands may cause younger people to be more willing to experiment and try a new product or service. It's important to also recognize that older consumers have demonstrated a resilience, a willingness to be fast followers. For instance, I was not an early-adopter of Venmo, but once I saw how

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easy it is to use Venmo, and how useful it can be to bypass writing a check and using the banking system, I now use Venmo. Middle-agers were not the first demographic to embrace Facebook, but now 72% of people between 55 and 64 years old are on Facebook. The status of the traditional or mature consumer as fast-follower has important implications. In fact, I would submit that the notion that there is a “core” lottery player who does not want the product to change is over-simplified. They might not be the early adopters, but their willingness, I would propose their desire, to migrate to new and improved product and service should be factored into the ROI assessment of innovation and modern-



ization. They may let others test the new ideas before they jump in. But once the innovation has proven its efficacy, you can count on older demographic groups to want to start enjoying the benefits.

All consumers desire ease, convenience, and a frictionless experience. Younger consumers have a higher tolerance for the learning curve to be the cost of achieving that. Their willingness to absorb that ‘cost’ has resulted in their increased ability to learn, thus reducing that cost, or the time it takes to learn. It takes little time for the younger person to download the mobile app and start enjoying the benefits. More mature consumer sectors are less willing to absorb the ‘cost’ of the learning curve, and so may be a little less adept at learning new digital tools. But once they see the benefits of something like Uber and Google Maps and digital airline tickets, older demographic groups are very quick to adopt them.

What is the next stage of digital evolution?

J. Fromm: The digital experience takes many forms depending on the channel of distribution. And content has always been created to optimize the digital experience within the medium that most people are using. Desktop and notebook computers preceded the smart-phone and so the digital experience has been largely shaped by the larger screen and keyboard as the user-interface. Now the predominant medium is the smart-phone and so content creators are now building to optimize the Mobile experience. The consumer will migrate from one medium to another, from the interaction with clerks at a store or help-desk on the phone and back to the Mobile and it’s all about delivering a seamless, friction-free user experience.

The hub around which the entire universe of interaction with merchants, with friends, with purveyors of information and digital content - is the Mobile. So everything is being geared towards optimizing the Mobile user experience. The user-interface is being designed from scratch for Mobile, and then adapted to other media, instead of the other way around.

Mobile is redefining not just media and distribution, but product development. The implementation of 5G and new tools that enable 3-dimensional imaging will, for instance, reshape not just the way clothes are purchased and distributed, but the way they are manufactured. Mobile is becoming the singularly vital digital medium that connects the consumer to providers of products, services, information, and to each other. We should be thinking about how the enhanced Mobile experience and epi-center role it occupies in the consume lifestyle will impact not just the distribution of games, but the games themselves.

Storytelling versus story living: What does it mean “you’ve got to live the story, not just tell the story.”

J. Fromm: It means a couple things. First, there is the simple idea with rather dramatic import that the Millennial, having spent her life being immersed in digital media, has developed a laser keen instinctual sense for seeing and feeling what lies beneath the surface message. If your message isn’t aligned with who you really are, the Millennial will know you for who you really are and penalize you for pretending to be someone you’re

not. Their sixth sense for seeing through artifice and getting right at the reality means we need to walk the talk. We need to live the story, not just tell the story.

And “living the story” ties in with the desire for more direct involvement in the creation of the product?

J. Fromm: Just as consumers want to be involved in creating their own story, there is a trend towards wanting to co-create the product. Wikipedia defines a “prosumer” as a person who both consumes and produces a product. Wikipedia itself is an example of a product that is produced by and consumed by consumers. The whole YouTube video influencer and hashtag/Twitter/microblogger phenomenon is another. Games can involve a form of “prosumption”. It is the active engagement of large numbers of players that make community-based games work. This trend is being driven mostly by young people at this time, perhaps because video-games represent a platform that is particularly aligned with the prosumer trend. But as with so many cultural and pop phenomena, older generations are quick to pick up on it once they observe its utility and benefits.

And co-ownership of the brand?

J. Fromm: Top-performing brands make it easy for their customer to become an owner. They nurture a feeling of ownership shared by all stakeholders including employees and customers as well as shareholders.

Consumers use brands to express their affiliations and their own personal ideals and values. As such, brands become the agent that unlocks our ability to establish and express our identity. So, think about that. On the one hand, brand value may appear to be in decline with the increased willingness to experiment with the new and different. But that decline is being replaced with something far more powerful. People are using brands not so much to identify and assess the attributes of the product, but to identify and assess the attributes of themselves. They don’t care about the brand as intellectual property owned by you for you to use to express the value of your product. But they do care about the brand as the agent that unlocks their ability to express themselves, as property that is owned by them. Let’s embrace that trend, nurture this impulse towards affiliation, and invite the player to collaborate with us as co-owners and co-creators of Brand Lottery. ■