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The Exciting **FUTURE** of **EURO MILLIONS**



PGRI Introduction:

Draw-games have been the backbone of the government-lottery business since time immemorial. The revenues generated by draw-games still adds up to more than all the other traditional lottery games combined. EuroMillions sales were 5.63 billion euros in 2018. The fundamental value-proposition of the product is immune to life-cycle adjustments that afflict other games. The appeal of spending a small amount of money to create the possibility of a life-changing event will never wane.

The market-place is changing, though. New games come and go with much fanfare but none of the staying power of draw-games. And as the number of gaming options and POS's explodes, and digital makes gaming available

to everyone everywhere anytime, even draw-games are beginning to feel the pressure.

SLE (Services aux Loteries en Europe) administrates the operation of EuroMillions.

We met with Andrew Pilkington at PGRI SMART-Tech in Ft Lauderdale, Florida to ask him about the strategies for building a sustainable future for EuroMillions. Andrew had just shared the stage in a discussion with his counterpart Bret Toyne (Exec Director of MUSL which operates Powerball) and Rebecca Hargrove to discuss this topic. See bio' of Andrew Pilkington on bottom of page 26.

One thing that everyone agrees on: there are no easy answers.

Paul Jason: What is the future growth projection for big multi-jurisdictional jackpot games?

Andrew Pilkington: The modern market-place is dynamic and fluid and no longer abides anything but the very best. This applies to all products and industries, not just gaming. Innovative new products are happily received by a consumer who is no longer reluctant to try the unfamiliar, to learn a new protocol (or game!), or to switch brands to see if there might be something better. That's the world we live in, that is the competitive landscape that EuroMil-

lions is operating in, and that's what makes your question a hard one to answer.

The good news is that we are blessed with a value-proposition that is proprietary and differentiatable. The first proprietary feature is its scale and liquidity. No other game can offer the jackpot size of EuroMillions because no other game has as many people playing it. Spend a very small amount of money to create the possibility of a monumentally life-changing event. No other game can say that. The other proprietary feature is EuroMillions' longevity,

reputation for integrity, and established base of repeat customers. Actually, since I'm on a roll, another proprietary feature is our network of thousands of POS's all across Europe. Theoretically, someone could replicate that. But I don't see it happening anytime soon.

I would respectfully submit that the draw-game product enjoys an enduring and universal consumer appeal and that is based on product features and a value-proposition that is very hard for anyone to replicate. That puts us in an excellent position to forge a sustainable future. Player-ship and revenue growth will be slow but steady and that is the best one can hope for in the modern market-place. I realize that the introduction of many new games, increasing consumer options, the next generation's expectation of instant gratification, and other factors represent formidable challenges. But the fundamental building blocks are still very much in place for us to make it happen.

The draw-game has a limited number of immutable attributes. Aside from the proprietary attribute of shared liquidity that drives the size of the jackpot, what can be done to really differentiate the draw-games?

A. Pilkington: Well, now that is the keys-to-the-kingdom, \$64,000, Holy Grail question, isn't it? We do need to find ways to innovate the game. Otherwise, the appeal of other games that offer instant gratification will continue to erode our player-base. We have created an innovation group in Euro Millions to analyze

Continued on page 59

API initiative. It will allow for a virtually seamless integration with the retailers who have the TCx™ Elevate platform allowing them to sell lottery products through their registers/Epos like everything else that they sell today.

So to go back to school and our equation where

$$X = \text{change}$$

we see “X” as the Abacus Toshiba partnership driving forward sales into new areas and increasing that all important market presence. We can therefore say that “X” is:-

$$(\text{Abacus} + \text{Toshiba}) = \text{change}$$

So our final equation would look like this:

$$\text{lottery} + (\text{Abacus} + \text{Toshiba}) = \text{growth}$$

Thirty years ago, the restraint on growth was the bottleneck that sight verification created. This bottleneck was broken by the introduction of the lottery terminal into the marketplace. Retail has changed and continues to change rapidly. We are at a crossroads again, but the restraint on growth is now this very terminal. Moving our transactions into the Epos will literally put “Lottery Everywhere” and lead to the next burst of sustained growth in sales and profits for good causes.



So put the Abacus Fusion Platform at the heart of connecting lotteries, retailers and your consumers. ■

Subscription continued from page 10

It is important for marketers to understand that subscription services do not represent competition, but rather augmentation to existing channels of sales and distribution. Sephora (cosmetics) has mastered this dynamic with its PLAY! Program, which offers subscribers access to new products through home delivery while using this consumer touch-point to encourage them to shop at local stores to acquire points for redemption for prizes and experiences.

Implications for Lottery

State lotteries in New York, Maine, Maryland, and other states have adopted various approaches to subscription sales for such games as Mega Millions, Powerball, Cash4 Life, and Lucky for Life. A player can select favorite numbers and apply them to games 52 weeks in the year or buy packages of various periodicity. In some states, winning pay-outs can be automatically credited to a player’s on-line account, although the award dollar threshold varies by jurisdiction.

Subscription sales represent an excellent way for players to manage the amount of money they spend on lottery tickets. As such subscription sales provide a seamless method for lotteries to contribute to **Responsible Gaming**. Limits could be placed on an individual player’s purchases by dollar amount and/or by frequency. Age restrictions and secure payment methods are easier to administer in a subscription model than they are in a busy retail environment. RG resources could be made available through a subscription portal, with 24-7 live access to counselors and other “members only” benefits such as on-going coaching check-ins and account-ability updates.

For Lottery jurisdictions that permit subscriptions, here are some of the key ingredients to keep in mind when launching or enhancing such a service:

- Select the optimal web architecture – A subscription site or page should promote customer engagement, long-term utility, and seamless payment (and pay-out) functionality.
- It’s all about conversions – Develop a deep understanding of the shopper’s journey, from researching to exploring, to making the commitment to subscribing. Incentivize players with an introductory discount, free gift, or special service.
- Go mobile – Optimize digital content assets for all devices. Minimum requirements include “tap to call” customer service, real-time alerts, and game status monitoring.
- Build community – Engender a “members-only club” feeling through live chat, special events, product previews, and stories of Good Works.

The old subscription trade style is new again, and it promises benefits to consumers and incremental sales for providers.

Sign up now! ■

the threats and opportunities and chart a course to lead us forward.

All games, all products and business models are vulnerable to disruption and need to step on the gas to innovate and lead. And it’s true that draw-based games need to press even harder to stay relevant and grow our player-base. We do recognize the threats, we do understand the nature of the issues we face, we are tackling the challenge head-on and will power forward with a game-plan to keep EuroMillions on a pathway of growth and sustainability.

Does the product need to change, or just the messaging?

A. Pilkington: The positive thing is that we have three pathways to differentiation. One, innovate on the product side. That, as you pointed out, poses some challenges as there are only so many moving parts to a draw-game. But we’re working on that. Fortunately, in the mean-time, millions of players continue to love the game and we think will continue to play for a very long time to come. Two, get more creative on the messaging and promotion side. EuroMillions is a fabulous product with a unique consumer appeal. Three, push further into new trade-styles and channels of distribution and continue to develop the digital/Mobile channels as well as expand the retail footprint.



SLE exists to serve its member lottery operators. And EuroMillions exists to augment the portfolio of products offered by our member lotteries. All of our member lotteries have their own national jurisdictional lotto game and we want to make sure the positioning of EuroMillions supports optimization of their entire portfolio of products. To that purpose as well, differentiation is key to our growth strategies. ■