



Sue van der Merwe

Managing Director – Lotteries & Keno (the Lott)
Tabcorp

The future of the Lott:

With the Lott becoming part of Tabcorp in December 2017, Australia's official lotteries are poised to take advantage of growth opportunities that come from being part of an Australian gambling-led entertainment company.

PGRI Introduction:

Sue van der Merwe is the Managing Director – Lotteries & Keno at Tabcorp, Australia's leading gambling-led entertainment company, listed on the Australian Securities Exchange (ASX).

Prior to this role, Sue was Chief Operating Officer – Lotteries at Tatts Group. Since Tabcorp merged with Tatts Group in December 2017, Sue has played a crucial role in integrating the two businesses and identifying future growth opportunities.

Sue has more than 27 years' experience in the lottery industry having first started her career marketing lottery games in 1990. During this time, she has held key management positions and played an integral role in the successful development of the lottery industry in Australia.

Today, she oversees the expansion of Tabcorp's Lotteries & Keno division, which now operates in seven of the eight Australian lottery jurisdictions, generating sales turnover of more than AUD\$5 billion. She leads a team of more than 200 people that operates and markets Australia's official lotteries through a range of traditional and online retail channels.

Paul Jason: What does the merger with Tabcorp mean for the Lott?

Sue van der Merwe: With more than a century of experience operating lotteries and having secured all available Australian lottery licences, the Lott has a proven track record and is in an enviable position for future growth. Operating a successful portfolio of lottery games across 7 out of the 8 Australian jurisdictions through a well-established and highly visible retail network together with a well-developed digital platform, we are focused on continuing to innovate and evolve to ensure we deliver long term sustainable and profitable revenue growth.

The merger of Tatts Group and Tabcorp, completed in December last year, presents an exciting opportunity for the Lott to be part of the creation of a world-class

Sue is committed to growing Tabcorp's portfolio of lottery games in order to drive profitable revenue growth and sustainable long-term success.

Sue holds a Bachelor of Social Science, Marketing and Economics, and is an Executive Committee Member of the Asia Pacific Lottery Association. She was inducted into the Public Gaming Research Institute's (PGRI) Lottery Industry Hall of Fame in 2016, recognising her contribution to world lottery excellence and integrity.

diversified gambling entertainment company positioned in the Top 100 ASX listed Australian companies. We see this combination as a great catalyst to transform and create a business that is more than the sum of its parts.

What opportunities do you see ahead and how will you embrace them?

Sue van der Merwe: A customer centric focus with technology and data as key enablers will be amongst our highest priorities over the next 12 months. We'll be working with our various stakeholders to develop initiatives which support our journey to deliver a true omni-channel model in our Lotteries and Keno business.

Rather than resting on our achievements to date, we must continue to challenge ourselves and embrace new ideas – and how we apply technology and data is at the heart of this.

Currently, we are focused on creating a one-on-one relationship with the Lott customers. We want to create a personal experience for each of our customers, fully understanding their needs and elevating the interaction they have with us. We will achieve this through technology, data and analytics. Leveraging insights to transform unknown audiences into identifiable current and potential customers.

The tide has well and truly turned and all businesses must now work with and be responsive to their customers. This means all interactions with our customers must be relevant, efficient, timely and personal.

About the Lott



Australia's Official Lotteries

The Lott is Australia's largest lottery operation with sales of more than AUD\$4.5 billion across seven jurisdictions, a retail network of approximately 4,000 outlets; a successful online channel and a suite of leading brands in the Australian market.

The sign of Australia's Official Lotteries, the Lott operates and markets Australia's leading lottery games customers know and love. These include Saturday Lotto, Monday and Wednesday Lotto, Powerball, Oz Lotto, Set for Life, Lucky Lotteries, Keno and Instant Scratch-Its.

Each year, the Lott creates more than 200 millionaires and delivers more than AUD\$2 billion in prizemoney to Australian players. It also pays more than AUD\$1.1 billion to its state government partners in lottery taxes. These taxes help support Australian communities, through hospitals, schools and sporting groups. When Australians dream, we all win.

The Lott is the unified channel master brand for Tabcorp's Lotteries & Keno division, which operates across every Australian state and territory, except Western Australia, under four separate government lottery licences.

In December last year, the Lott became part of Tabcorp, Australia's leading gambling-led entertainment company, listed on the Australian Securities Exchange (ASX).

The Lott is a member of the Australia Pacific Lottery Association and World Lottery Association. It has also received World Lottery Association Responsible Gaming Level 4 accreditation and World Lottery Association Security Control Standard certification.



How will you achieve this more personalised customer experience?

Sue van der Merwe: Our customer master brand, the Lott, is part of our omni-channel strategy, which aims to deliver a rewarding and seamless experience to our customers, regardless of whether they visit one of our retail outlets, or interact with us on our website www.theLott.com or via our App.

Omni-channel truly blends all sales channels to a point where a customer experiences a brand, rather than just a retail shop or a website.

Omni-channel is about making all of our channels work together so customers have a choice in how they interact with us. Omni-channel is not about making retail customers stay in retail shops, or moving customers from retail shops to online, it's about giving the customer control and allowing all channels to work together seamlessly to give the customer the information they want, when they want it.

We know this is important to our customers as our data shows our most valuable customers are those who are engaged with both retail and digital channels. This approach also recognises there is a growing shift in customers using multiple channels throughout the buying experience. It's the net sum of all channels that creates a total customer experience, and it's this seamless experience that will keep customers coming back.

How is the omni-channel strategy being implemented?

Sue van der Merwe: For our omni-channel approach to be successful, it is essential for

us to know our customers. The Lott already has two million-plus registered customers and we are also embracing analytics that give us insights into our unregistered customers.

Our goal is to provide the best experience possible for our customers by understanding and meeting their needs. A pivotal part of this is communicating with our customers in a relevant and timely way that demonstrates that we see them as unique individuals.

As well as providing us with valuable customer insights, knowing our customers has given us the ability to establish direct and meaningful relationships via multiple communication channels, including mobile, social media, online, physical stores, our contact centre and CRM.

Composing and orchestrating communications across these multiple channels has enabled us to deliver tailored offers to retain and engage the Lott's customers. Furthermore, using the data we have available has also allowed us to continually monitor and optimise communication response rates, with a highly efficient return on investment.

How will innovation help the Lott to drive growth?

Sue van der Merwe: We've already begun a transformational journey within the Lott, embracing new ways of working and fresh solutions. This is set to accelerate now that we're part of Tabcorp, as we share a culture of continual improvement.

From an operations perspective, we have integrated Agile methodology to deliver more considered and timely outcomes.

Originally used in the IT industry, we now use this project management approach across our business, including in the development of our marketing campaigns.

Whereas five years ago we followed a linear approach to create a marketing strategy, the Agile approach allows all stakeholders to co-write the brief, and embraces and tests early creative thinking so the final concept can be produced in weeks rather than months. Further and importantly, it involves the customer early on and uses an iterative and minimum viable product approach to development, facilitating constant refinement and responsive solutions.

A great example of this was a highly successful campaign we developed last year to remind Australians of the \$1.1 billion contribution the Lott makes to the community each year through state lottery taxes. The creation of this entire national campaign, from concept to delivery, was completed in three weeks and was extremely well received.

Do you see any changes to the games in the Lott's portfolio to meet changing consumer needs?

Sue van der Merwe: We continue to focus on developing the games in our lottery portfolio to maximise their appeal and so that they better cater to the needs of our customers.

During the past 12 months, we have focused on realigning the strategic position-

ing of one of our main lottery games – Powerball. This rebranding process allows us to add depth to our portfolio so we can better differentiate our games and better tailor them to different target audiences.

Today, our Powerball game is positioned as Australia's most powerful game that delivers bigger jackpots and more overall prizes.

A change to the game matrix means Powerball is now played by drawing seven balls from 35 in the first barrel – rather than the previous six balls from 40 - while still drawing one ball from 20 in the Powerball barrel. The number of prize divisions has also increased from eight to nine, improving the odds of players winning a prize. Most importantly, the jackpotting sequence has been accelerated so the game will deliver bigger jackpots more often.



To support the changes to the game, Powerball has also unveiled its biggest rebrand in the game's 20-year history with just one challenge to customers – Play by your own rules.

Globally, the retail sector continues to undergo enormous change.

What has been your focus in this area to ensure your retail channels are as effective as possible?

Sue van der Merwe: Another key initiative we've been focused on at the Lott includes the roll out of a new, centrally managed retail digital point-of-sale system. This system not only makes it easier for our network of 4,000 retailers to market our portfolio of games, but ensures we are communicating with our customers in a dynamic and consistent manner. Coupled with this, last year we launched our new concept store, designed to create an immersive, dream-like environment for our customers. This store comes complete with touch-screen click 'n' collect terminals that enable customers to learn more about our products, order personalised tickets, and receive red carpet-style service.

We're also hard at work bolstering our world-class digital channel performance. Our online transactions currently account for over 15% of all lotteries sales, while our app has been downloaded on more than 2 million devices. Creating a native mobile experience for our customers has enabled us to be in the palm of their hands 24 hours a day, seven days a week. Our ability to mobilise core lottery services has also enabled us to bridge the gap between our retail and digital experiences.

By integrating our retail and digital channels, not only can we deliver a better



way for our customers to engage with us, but we can also use digital to benefit retail. For us, our digital channels are about customer communication and engagement, further enhancing the interactions they have with us in our retail outlets.

A great example of this is our online syndicate planning tool, called SyndiMate, which we launched earlier this year. This tool is set to revolutionise how workmates, friends and families organise their private lottery syndicates. SyndiMate lets customers quickly and easily set up their syndicate, and allows for each member to receive their own ticket, removing any ambiguity around who is in – and out – of the syndicate. Importantly, while SyndiMate allows customers to create their syndicates on their ever-present digital devices, it also drives them into our retail

outlets to finalise the transaction and collect any prizes.

SyndiMate is just one example of the customer-centric initiatives we are undertaking, all driven by an innovative use of technology within our omni-channel strategy.



Drawing on Tabcorp's expertise, do you see the Lotteries & Keno division expanding internationally?

Sue van der Merwe: For the moment, our focus is on delivering a successful integration of the Lotteries & Keno division within Tabcorp, while continuing to drive growth in those Australian jurisdictions where we currently hold lottery licences. We're passionate and optimistic about our future.

At the same time, we are cognisant the Lott has developed a strong track record of developing, operating and marketing lotteries across multiple jurisdictions with innovation and integrity. With this in mind, we maintain a watchful eye for any international lottery licence tenders where we could apply our expertise and that would add value to our business. 🇳🇿

