



# Wendy MONTGOMERY

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## Focusing on the Whole Consumer Experience

### PGRI Introduction:

It may be called the “Store of the Future” strategy. But OLG’s massive undertaking to reshape the customer journey is about much more than modernizing the in-store shopping experience. It’s about reimagining our business and building a new and different kind of relationship with the modern consumer. Of course it involves the application of omni-channel modeling, digitization of the in-store shopping experience, integration of online and off-line, and all the initiatives that we should all be pursuing. But mostly it is about clarifying the focus to bring everything together to deliver genuine value to the customer.



### Paul Jason:

*Could you describe OLG’s “store of the future” strategy to modernize the overall player experience.*

### Wendy Montgomery:

Conceptually, we think of the “store” as being the face of OLG to the consumer. We want to reimagine how the face of lottery

can be most attractive and engaging for the modern consumer. We get there with technology and availability.

There is significant potential for OLG to apply technology to change the way the player experiences the games—not to mention how the entire interaction between us and the retailer can be revitalized. As an industry, we need to accelerate the rate at which we apply technology to modernize the whole lottery playing experience and make the customer journey more appealing and interesting. The fundamental purpose of enhanced technology is a more engaged customer. Simple things like downloading the OLG apps to check winning tickets, signing up for newsletters and joining a Players Club are all ways to help that engagement build. Adding digital menu boards and digital play-stations will also reshape the retail shopping and lottery playing experience. Focusing on the entire customer journey will enhance the overall value proposition. The ‘store of the future’ is really an omni-channel experience with digital connection between the consumer and OLG at every step along the journey.

I also think it’s about creating much more diversity in terms of how and where lottery products are made available. Now it’s multi-lane selling in grocery stores and large format stores, non-traditional venues and, of course, on mobile.

*We celebrate the acquisition of new consumer groups when high jackpots bring out the casual players and attract first-time players. But are we leveraging that event to convert that casual player into a frequent player, and the first-time player into a casual or more frequent player?*

### Wendy Montgomery:

There is the cost of acquiring the customer, i.e. what it costs to get a player to play one time. And then there is the lifetime value of the customer, i.e. how much does that customer play in the future. For example, we see increased player-ship of new and infrequent players when jackpots are high. (The value of high jackpots is partly measured by the huge bump in sales, improving our profit to Ontario.) An equally important goal, though, is to make sure we use that marketing event to increase the lifetime value of the customer. It is an opportunity to deliver a player experience that will cause the casual player to play more and the first-time player to want to play again.

When the jackpot rises it is especially evident how incredibly powerful the value proposition of the game itself really is. Winning a life-changing jackpot has cross-demographic appeal and that includes all varieties of the modern consumer. It is the large jackpots that create the buzz and the excitement and attract the first-time players to OLG. That’s as true for today as it has been throughout our history.

There are also countless small things that add up to a customer journey or a player experience. The world where buying decisions are based primarily on practical matters of functionality and material value is long gone. Today, the calculus applied to the purchase of things like clothes, or automobiles, or watches bears little resemblance to the practical value delivered by those products. Starbucks is the iconic example of how the overall consumer experience can transform the value of an otherwise simple commodity like coffee. Our task in the lottery business is to provide the modern consumer with a modern player experience—a customer journey that they want to repeat.

*The goal of the modern business success stories is not ever to “meet the needs of the consumer”. Starbucks and Apple and other successful marketers are changing consumer behavior, creating new demand for something that did not even exist. Should we be focused on “meeting the needs” and “creating options” for the consumer or something more ambitious?*

#### **Wendy Montgomery:**

It's not about exceeding expectations or delighting the customer or “meeting the needs” or “providing the consumer with options”. Mobile apps are a good example. We could do a mobile app because that's what some of our customers want. But that is missing the whole point. We want to have customers interact with us in new and different ways. That is not only a measure of engagement, it is a catalyst to further interaction and deeper engagement.

Delivering a modernized player experience is not about “meeting the needs of the modern consumer”. The goal is to deliver an experience that enhances the customers' overall lottery playing experience. That is what all successful companies are doing. Did Steve Jobs, Bill Gates, the founders of Google, Facebook, Uber, Starbucks or any other business leader in modern times have as their goal to “meet the needs” or “provide the consumer with options”. No – the goal is to enhance the customer journey such that the customer enjoys benefits that they didn't even know existed.

*So, the whole concept of “Player Journey” isn't just about optimizing the player experience from stem to stern. It's about changing*

*consumer behaviors as a way to further engagement.*

#### **Wendy Montgomery:**

It all matters, every detail about the consumer experience contributes to or detracts from the overall value received by the customer. Digitizing the in-store player experience causes the consumer to think differently about lottery, if for no other

**“Much more than other products, lottery engages the customer in a multi-step, multi-faceted relationship ... that represents a perfect foundation for building a dynamic and active CRM-based relationship with our customers.”**

reason than to learn a new way of looking at the inventory of product and playing the lottery. Change for changes' sake is in fact good because it causes one to think, to be aware. Now, having the change result in a better experience is also good. The OLG mobile app to check winning numbers is much more convenient and timely than the alternatives. The digital menu board profoundly enhances the whole process of playing the lottery and buying a ticket in a check-out lane. The games may not be changing at all, but the customer journey is changing in a big way, the overall player experience becomes digitized (and better) for the modern consumer.

*What specifically is the “store of the future” initiative leading you to do?*

#### **Wendy Montgomery:**

We are in the process of replacing our entire fleet of terminals at retail. We are analyzing the marketplace to see how we can reinvent the retail environment to create the POS and overall shopping experience of the future. Our whole focus is on creating that digital connection with the in-store shopper and applying technology to enable the omnichannel interaction with the consumer.

We have done extensive research with customers to understand their pain-points

at retail. We asked: what are the things that get in the way of them wanting to purchase? We heard about how waiting in lines is a disincentive. We heard about how consumers don't want to take the time of the retail clerk and the people behind them in line to talk about lottery. We heard that the POS might not be easily visible. As a result, we are looking at ways in which the terminals can be a part of a broader technological solu-

tion that reshapes the whole in-store lottery playing experience. Play stands, ticket checkers, new kinds of tickets, new screens, digital menu boards and play-stations all have a role to play. We hope to introduce a whole new playing experience to the store environment. Thinking about our product as being an entire player journey causes us to think about how to optimize the entire experience.

We can't depend on the prospect of winning the lottery or creating the possibility for a life-changing event to keep attracting the players every time. We need to look at the countless ways we can deliver more value to the player. We need to provide the opportunity to share a game-playing experience with others; to see the OLG app in action—ultimately, so customers can derive enjoyment and value from things other than the outcome of the game itself.

*The second-chance draw would seem to be a powerful tool for driving registrations and engagement. Are we tapping into its full potential?*

#### **Wendy Montgomery:**

I don't think so. In fact, we may be missing an opportunity. In Ontario, we have second-chance draws on many instant tickets. But we are not applying a consistent

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## Wendy Montgomery

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strategy over a broad cross-section of games and we are not coordinating the promotions to optimize synergy and overall impact. There is an opportunity to implement second-chance promotions across an entire portfolio of games. However, it's not easy to do well. Part of the answer is that the limited resources we all have tend to gravitate towards the new and different. It can be easier to launch a new product.

*Is CRM (Customer Relationship Management) going to be a decisive competitive differentiator in the future?*

### Wendy Montgomery:

Absolutely. The best marketers are developing personalized and interactive relationship with the customer. Amazon's recent acquisition of Whole Foods is a big neon sign for what the future will be like. Amazon is all about CRM. Now they will be applying those CRM assets to retailing. I think we can expect the impact to be transformational, and likely to happen sooner than we think.

Lottery's current player base is mostly anonymous. Thankfully, our product involves many stages of interaction—from awareness to desire to play and then to learning how to play, to thinking about the various gaming options and then buying a ticket, to checking the winning numbers and thinking about which game to try next. Much more than other products, lottery engages the customer in a multi-step, multi-faceted relationship that really does need to be managed. This represents a perfect foundation for building a dynamic and active CRM-based relationship with our customers.

*Isn't player registration a prerequisite for CRM? How can we entice more people to register?*

### Wendy Montgomery:

There are different levels of registration and the CRM that goes along with each level. The consumer can download the app to receive the winning ticket numbers or our newsletter or text notifications or announcements without actually registering to play. This is as it should be. We need to have a system that enables the consumer to decide

what level of engagement they want to allow. It is okay if they choose the lower level of engagement because that is the stepping stone to moving to the higher levels.

There must be a good reason for the customer to provide information about themselves. They won't register without receiving a benefit they care about. But this dial moves: the more tech-connected the customer, the more likely it is they want to engage that way.

Our business and products lend themselves perfectly to the world of marketing and promotion. We leverage its appeal in advertising and promotion to drive sales.

**“And our games have far more lifetime value than any other game in history. We just need to harvest it all to better effect.”**

We need to apply some of that creative thinking to drive registrations. The low-hanging-fruit is the players' desire to know the winning numbers. All players need to know the winning numbers and there is no easier, faster, more convenient way to get the winning numbers than online, via the OLG app.

OLG's base of online traffic is already huge. We just need to give players a reason to register. Making it faster and easier to access the winning numbers is one simple way. Second-chance promotions are another.

As we said, CRM is going to be a decisive competitive differentiator in the future. And getting our players to register is the first step towards building that interactive and engaged relationship that will separate the winners from the losers in the competitive gaming marketplace. OLG's is blessed with many natural advantages that other organizations would love to have. We can work harder to leverage those advantages to their full potential.

*“Gamification” is no longer the buzzword du jour. But isn't that what we need to apply to the customer journey?*

Everyone looks for ways to make their consumer product more interesting, more fun, to “gamify” the business of marketing and promotion. Think about how companies like McDonalds and Coca Cola create games to engage their customer base. It is ironic that our product is games and we need to focus more on gamifying the player journey. Coca Cola isn't selling sugar water, they're selling world peace and harmony. Likewise, we need to tap into a broader set of buyer motives that engage the players far beyond the moment when they scratch the ticket or check the winning numbers.

*OLG launched its ticket-checking app in early May. What are the results, are players using it?*

### Wendy Montgomery:

We had 300,000 downloads in the first 2 1/2 months. Our 12-month goal was 350,000 and we will have achieved that in three months. This was the number one trending downloaded app in the lifestyle section on the Apple Store within the first three days. So clearly, the demand for this simple form of content, the winning numbers, is huge.

The measurable results of many of our initiatives will be much more evident by the end of the year. For instance, we just installed 50 digital menu boards and will be installing another 150 before the end of the year. And we are proto-typing digital play-stations that deliver quite a new and different player experience.

*Corporate Social Responsibility has become an important theme for companies in the commercial sector. Why does Lottery have a hard time convincing consumers to care about the fact that all the profits support charitable causes?*

### Wendy Montgomery:

Corporate Social Responsibility has become an important focus for many companies in the private sector—it helps increase their appeal as employers and to customers. It's a part of profit making, but not the purpose of it.



At OLG, on the other hand, our primary purpose is to generate a profit for Ontario. Our shareholder is the Government of Ontario—and focus is more than profit. In fact, our mission is to generate revenue for the Province, stimulate and enhance economic development and promote high standards of responsible gambling—all in the best interests of the Province of Ontario.

We have in fact been working on enhancing public understanding of why we do what we do. OLG's "All for Here" corporate campaign where we talk about how 100 percent of our proceeds are invested in Ontario. The campaign focused on communities and causes that have been supported with OLG funds. The purpose was very much to draw that link between our business and the benefits it brings to Ontario.

*Somewhat peripheral to that idea ... What can we do to make playing the lottery the cool thing to do, an activity that everyone shares with their friends because they are proud to play the lottery and they want everyone to know how clever they are for finding this amazingly fun game to play.*

### **Wendy Montgomery:**

OLG lottery products are amazingly fun to play. We don't need to become something we are not but we do need to be the best we can be. We will never be the next Pokeman Go so we should not aspire to do that. Pop phenomenons typically fade quickly anyway. OLG has more assets in its core product, brand value, reputation, network of retailers than any other games-of-chance operators. And our games have far more lifetime value than any other game in history. We just need to harvest it all to better effect. ■

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## Dato Lawrence

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*in Chengdu, China. What do you see as the most likely disrupters of the Malaysian gaming market-place?*

### **Dato Lawrence Lim Swee Lin:**

This would be the illegals using social media technologies and new e-payment services to connect with the customers, engage them with new and different value propositions, and make it more convenient for the customers to play with them.

And thank you for the compliments and glad you managed to find time to attend an APLA event. Hope to see you in Auckland for our annual event end of October!

*How is Magnum Transforming over the next three years to protect itself from those disruptions (or maybe Magnum will itself be the disrupter)?*

### **Dato Lawrence Lim Swee Lin:**

Magnum will be 50 years old next year and is embarking onto a holistic Brand refresh to rejuvenate herself to be more appealing to the younger generation of players. This includes a refresh of the physical outlets, improved customer service handling, improved digital communication strategies, focus on the customer journey just to name a few.

*How would you describe some of the differences between markets within the Asia Pacific region? Differences in gaming cultures, the kinds of games the players like to play, promotional methods and media, business operations, regulatory frameworks and political attitudes, responsible gaming, etc.?*

### **Dato Lawrence Lim Swee Lin:**

The Asia Pacific region primarily covers countries like Australia, New Zealand, Japan, China/Hong Kong, Korea, India and the South East Asian countries like Singapore, Malaysia, Thailand, Philippines, Cambodia, etc. There are varying degrees of maturity across these regions with very different regulatory frameworks.

Thailand is still operating with the passive paper lotteries while Philippines have started to move to expand their portfolio of games and channels. Australia and New Zealand are the more advanced countries in the AP Region while Japan is very cautious with their legislation. China's market is huge but still have lots to work on in terms of the numerous provinces it has to deal with and the span of media and distribution to reach

the population. At this moment, the Chinese Government has not given any indication of a likelihood of allowing online betting in the Country.

India is another very populous nation that continues to face challenges with its laws and regulations across its various States. Until these are resolved at the Federal level, it will be very difficult for the Lotteries to progress in a larger scale there. APLA recognizes the importance of India as a country in Asia Pacific and as such, have selected the 2018 April Seminar to be held in India. More information will be disclosed soon.

*As you just explained, there are lots of differences within the huge region which constitutes Asia Pacific. Likewise, there are differences within the regions of Europe, North America, South America, and other regions in the world. That makes it hard to generalize a comparison of one region to another. Still, does anything strike you as an interesting difference between the gaming markets of Asia Pacific and, for instance, Europe or North America?*

### **Dato Lawrence Lim Swee Lin:**

A notable difference is the way the Lottery is being marketed. In the Asian countries, it is not common to allow above the line advertisements on Lotteries.

In Malaysia and Singapore, the fixed odds 4Digit game reigns supreme and is a favorite amongst the players there, whereas in the other Asia Pacific regions, it is the Lotto style game that dominates the landscape. As for the emerging Lotteries in other parts of Asia Pacific, pre-printed paper-based tickets are still being marketed there.

*How do you think the needs and expectations of APLA members will be changing over the next three years? And, how will APLA evolve to meet the needs of a changing market-place?*

### **Dato Lawrence Lim Swee Lin:**

The Lottery industry is facing challenges from new start-ups, new business models and new technologies that are being deployed; not to mention black lotteries. APLA will continue to stay relevant in meeting its objectives to advance the goals and collective interests of its Members and to enhance the capability, common knowledge and status of individual Members. ■