



Anne Pattberg

Principal, PB Consulting
PBconsulting.com
Anne.Pattberg@pbconsulting.com

Doing Well by Doing Good

Connecting with the Modern Consumer

PGRI Introduction:

Anne Pattberg is a long-time sustainability professional with broad experience and a record of successful cooperation with the lottery industry. From 2006 to 2011 she headed the sustainability department at Camelot Group plc. During that time she was also Chair of the European Lotteries Working Group on Responsible Gaming and the WLA CSR Working Group. Anne had an instrumental role in the development of both the WLA Responsible Gaming Framework and the EL Responsible Gaming Standard.

After Camelot, Anne worked for a number of years in a senior position at PwC Germany where she has advised publicly listed companies as well as small and medium sized businesses on sustainability issues and also a variety of assurance projects, also for many German lotteries. Since 2015 she owns her own Business PB Consulting GmbH and is continuously working with some of Germany's largest companies on sustainability strategy, supply chain management topics, non-financial reporting etc. alongside her work as a chair for the WLA Responsible Gaming Independent Assessment Panel.



Paul Jason: How has the role of RG evolved over the past five years?

Anne Pattberg: In the past, RG was more about doing things to burnish the brand image and fulfill obligations. It was more about doing things than producing outcomes. Now, progressive enterprises see RG as an integral part of long-term sustainability, and are seriously tackling the challenge to minimize problem gambling and promote a healthy approach to recreational gaming. Instead of thinking of RG as a necessary cost-center that does not add value to the consumer experience, or to the financial bottom-line, enlightened business leaders are developing brand-building strategies that combine RG with Corporate Social Responsibility (CSR), thereby re-positioning the Lottery brand for a new generation of consumers which places a higher value on CSR.



Lottery's service to society may begin with its venerable role as generator of funds for Good Causes. But it continues with its role

as exemplar of enlightened capitalism that serves not just an inner circle of shareholders, but the broadest range of stakeholders that includes society writ large. Lottery is ideally positioned to be the leader in this next stage of macro-economic evolution of corporate capitalism; one in which the mission of corporate entities is not limited to maximizing shareholder value but maximizing stakeholder value, with the general public being its major stakeholder. CSR is no longer an ancillary initiative to pay lip-service to if you can afford it. It has become the mission-critical cornerstone to strategies for building brand equity for a modern consumer who cares about social responsibility.

Thank you for explaining the ROI of Responsible Gaming.

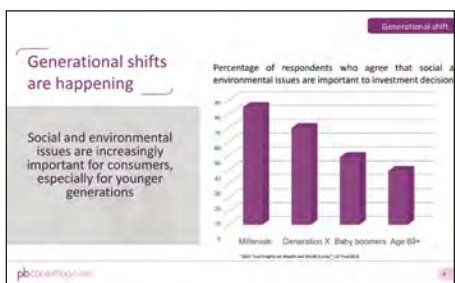
A. Pattberg: The entire games-of-chance industry is much more keenly aware of the negative impact that problem gambling and irresponsible behavior has on the value of the brand. Even so, it is more expedient to drive sales growth on the backs of the core players than it is to attract new players. And it typically produces a higher and more predictable short-term ROI. But everyone is realizing that not only is that irresponsible and is harmful to the players, it ultimately incurs higher social costs and does not produce the highest long-term ROI. Sustainable growth depends on attracting new customers and increasing the number of consumers who play responsibly rather than going back to the core players who may be more susceptible to enticing promotions. Building a network of stakeholders based on trust and mutual

respect is the most powerful platform for growth and long-term success. The cultural foundation that best serves the 21st century business is one that genuinely cares about its customers. This will be valued by our customers, our stakeholders, and our employees.

Lottery's most important stakeholder is the consumer who depends on us to operate in a responsible way and will reward the businesses that do. That is borne out in customer surveys. That is why an effective Responsible Gaming program is the best customer acquisition and retention strategy and that makes RG the pathway towards maximizing the life-time value of the customer. RG also forms the foundation for a business that our government stakeholders and beneficiaries can be proud of.

It wasn't too many years ago when us sales-guys thought of RG as the sales-prevention department.

A. Pattberg: Now we think of RG as the cutting-edge sales optimization program. Here's why. At its heart, RG is about genuinely embracing the best interests of the customer. As a consumer-facing business, the mind-set of bonding with the customer is key to maximizing the life-time value of the customer. Brand-building strategy is being reshaped by the insight that the next generation of consumers is much more tuned into the values of the merchants with whom they do business. They know the CSR quotient of companies. Consumers' willingness to pay more to do business with Socially Responsible enterprises is based not only on the consumers' desire to do good, but also because our corporate affiliations are becoming a part of our own personal brand image. Our brand relationships define us and how we want to be perceived. Look at how they are shared on social media and used to help others identify who we are and what we stand for. This is a very good thing for Lottery. Going forward, the asset value of our worthy mission to serve good causes and protect the consumer is increasing, and this will augment the singular buyer-motive



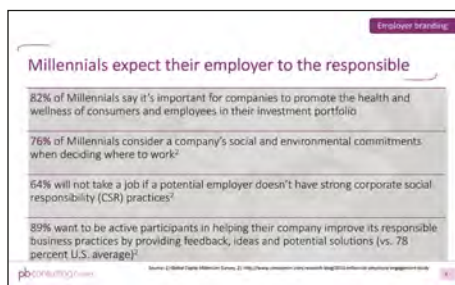
of winning a big jackpot. Recognizing this underlying consumer/societal trend should reshape our strategic planning to include a fuller commitment to RG and CSR.

How exactly does that commitment manifest in our day-to-day operations?

A. Pattberg: The first step is implicit in your question. It's got to be a part of our day-to-day operations. Think of RG and CSR as bonding with the customer. In order to bond with the customer, we really just need to do the things we already do to sell more product. In order to create the best game content and convey the most effective promotions and brand messaging, we need to know the customer. Knowing the customer is the key to an effective RG/CSR program, and it also happens to be the key to overall business success.

Knowing the customer and leveraging that knowledge to serve the customer has become the key competitive differentiator. Optimizing the CSR/RG program is one of those services that the modern consumer is keenly aware of and expects. We just need to make the investment of making sure that the CSR/RG agenda becomes the heart of the business, the life-blood that courses through all our actions, all the thinking that goes into product development, brand-building, and promotional messaging.

And just as the next generation of consumers values Social Responsibility, our employees' value it even more. It is important to the Millennial to be associated with a corporate mission that aligns with her values, especially those Millennials who have talent and passion. And attracting the best talent has become of the most competitive arenas of modern business.



How can we leverage our commitment to RG/CSR to greatest effect?

A. Pattberg: Just do it and own it. Authenticity is becoming the most valuable consumer-facing asset a business can have, and you can't fake that – not with the next generation consumer who instinctively sees through pretense. Thinking about the well-being of the players, the profit motive

for the business, and the application of RG more holistically is the only way to connect with the next gen consumer. There does not need to be an underlying tension or trade-off between these objectives. They can and should work together to deliver maximum value for both the customer and the business. Protecting players from irresponsible spending just makes good business sense. As we truly understand player behavior and motivations, we are able to really drive sales in a responsible way by enhancing the appeal of healthy recreational play.



How much more effective our business will be if we embrace RG more holistically. Bonding with the player, learning what their likes and dislikes are, learning what drives their behavior – these are all the things that we need to do anyway to promote a long-term sustainable business as well as RG.

A. Pattberg: Exactly. Thinking about it that way unlocks the creative inspiration that informs game development and promotional messaging right along with RG. Look at two of the winners of the Responsible Gaming awards at the World Lottery Summit in Buenos Aires. OLG Canada and Norsk Tipping won the RG awards with messaging strategies that attempt to connect with at-risk players at a much earlier stage, before they reach out for treatment, before they may even realize they are at risk. By understanding their players, they are able to identify at-risk behavior, take action to avert it, and help the player maintain a healthy approach towards recreational gaming.

RG can and should be our most effective customer retention tool. The revenue per player ends up being higher because more players are able to enjoy the thrill of Lottery gaming as a healthy form of recreation and diversion for many years to come. ■