

HOW TO THRIVE IN A RAPIDLY CHANGING MARKET

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Significant market changes can be seen as an ominous harbinger for lotteries who are facing heightened competition from new market entrants. However, Alistair Boston-Smith, Chief Strategy Officer, Bede Gaming, argues that these changes can bring many more opportunities than threats. The key to thriving in this new world is digital prowess.



champions, committed to funding and supporting local good causes, which really differentiates themselves from the overseas corporations.

However, in reality Lotteries aren't just competing with the new entrants, they're also competing with other participants in the entertainment sector. So whilst markets are and will continue to regulate, the key to thriving is continuously responding to customers changing needs, is by continuously responding with new, relevant and exciting experiences.

The Changing World of Lottery Markets

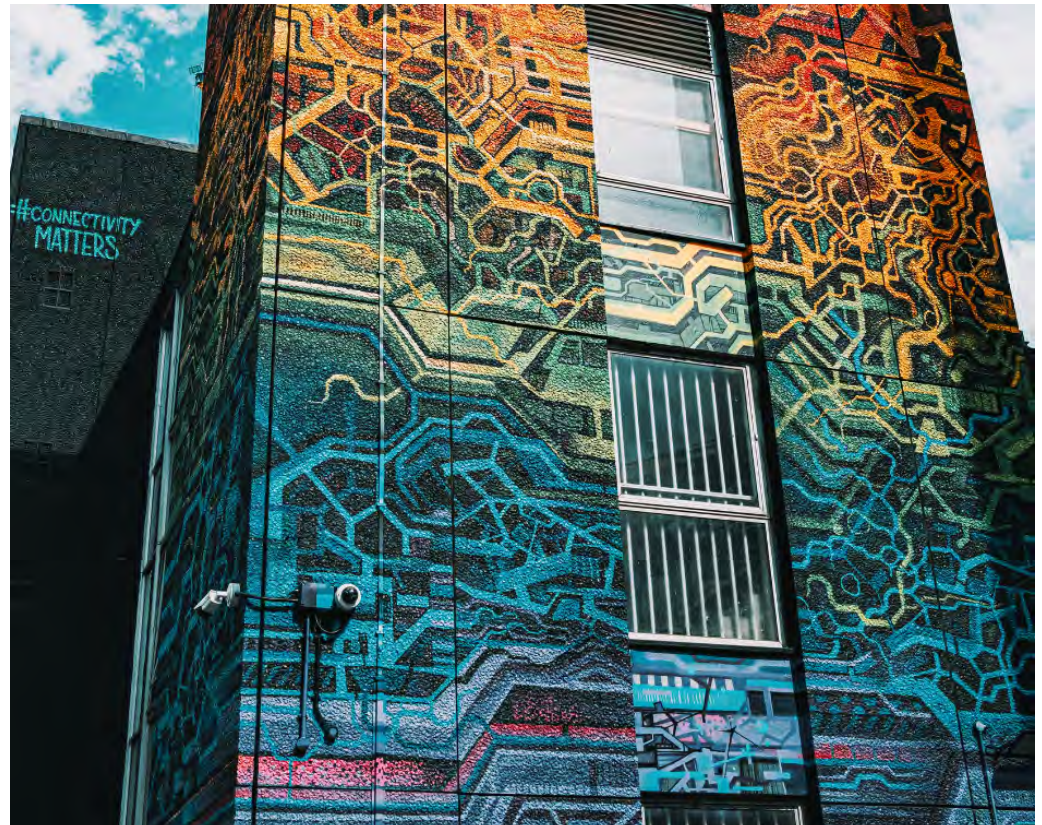
It is not just the opening of markets that brings about change to the lottery landscape but also the changing nature of customer behavior. And it is the latter which has the biggest influence on the way lotteries adapt to thrive.

Giving customers an entertaining but safe experience is the goal. People are at the heart of lotteries; customers, operators and good causes. But people's preferences, behaviors and critically, their expectations are constantly changing; and it is up to the Lotteries and their partners to respond.

The opening of a market brings with it an influx of new operators, but whilst the incumbent Lottery faces new competitors, it has many advantages it can and must leverage. Lotteries have typically been in place for many years; they are

well established and trusted, something new brands with fleeting brand recognition can only dream about. They are also local

Whilst the Covid-19 pandemic was undoubtedly a catalyst, customer behavior has already fundamentally changed. Accessibility, ease and convenience is the everyday



focus for customers in this new age and to thrive, Lotteries must become more agile to adapt to the changing preferences.

Leveraging the power of digital operations heightens Lotteries advantages over the competition, enhancing the connectivity between brand and customer. To evidence this in the real world, we can offer our own example of how Bede has and is supporting Ontario Lottery and Gaming Corporation (OLG) through the opening of its market and is empowering them to thrive.

to their player accounts eWallets. This not only speeds up the purchase process and prevents hidden 'cash advance' fees charged by banks but it also makes the digital lottery purchasing experience far more in line with how players buy lottery tickets in shops.

By capturing player data across retail and online, OLG and Bede are working together to continuously improve the products and experiences, and it is this total focus that will help it maintain their edge, regardless of the changes in the market.

wagering became legal in August 2021. For OLG, the opening of the market merely meant continuing their focus on providing the best experience for their customers.

Synergizing the retail and digital experiences in examples like the introduction of Direct Pay shows that OLG customers can have their cake and eat it. They are given a choice of preferences. If they prefer the retail option, OLG provides that but if they prefer online, this is available to them as well, and most importantly, it feels the same.

The pursuit of leveraging digital excellence with Bede has enabled OLG to adopt an agile approach, allowing them to react quickly to both changes in the market and changes in customer preferences, seamlessly shifting between retail and digital. OLG now benefits from the flexibility of being able to shift focus to competitive offers to acquire new customers whilst still retaining existing players.

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The Opening of the iGaming Market in Ontario

The opening of the Ontario iGaming market brought a flood of global powerhouse names eager to get in the door and establish a Canadian presence for their brand. Ontario is an exciting market for new entrants; with operators able to offer casino, sports and poker, under a relatively favorable tax regime (when compared to some of the US states). Whilst the market opening brings new challenges for OLG, it alone can offer Lottery products. So whilst operators try to win new players and secure market share, OLG's focus is on continuing to give all customers the best digital and retail experience for Lottery, Sports and Gaming.

Many of these initiatives are about making the online experience more engaging, but OLG also understands that for many customers they want the best of both the retail and digital worlds. An example of this is Direct Pay, whereby players can buy their online lottery tickets using their credit cards without the need to first add funds

Patterns and Observations of a New Market

Whilst every state in North America is different, when Ontario opened on April 4th 2022, there was the familiar race to win market share. However, like a few other markets, the regulations included a restriction on including bonuses in advertising, and tougher requirements for KYC and geolocation. This has meant that whilst Ontario remains an attractive market, and the regulation of the market creates an even playing field for OLG, in the short term many operators will run at significant losses.

Pushing to Synergize the Retail & Digital Experiences

OLG has been modernizing its digital offering since it migrated to the Bede platform in 2020. This digitalization of products led to OLG being the first to market on sports when single event

The Digital Advantage

In conclusion, putting digital at the heart of their strategy enables OLG to successfully navigate the changing waters of the entertainment landscape. They have not just provided a digital channel for customers, they have created a digital world for them. One where players can play safely in whichever channel they choose, and enjoy a personal and consistent experience.

The digital technology that is accessible to OLG through the Bede platform provides real-time data on customer behavior and preferences, allowing OLG to delight their players and provide a truly personalized experience for them to enjoy.

The power of digital is not to replace retail but to provide more opportunities for the two to work in harmony, providing the best experience for customers, which can only mean one thing, huge competitive advantage. Keeping the Lottery relevant, attractive and personal.

In short, for Lotteries to thrive in a changing market, focusing on the customer experience is the key and to do that, leveraging the power of digital is a must. ■