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Responsible Gaming

**It's not about the things we do.
It's about the outcomes we produce.**

PGRI Introduction:

This is the second in a 2-part article. Put "Anne Pattberg" into "Search" in PublicGaming.com to view the first article titled "Doing Well by Doing Good: Connecting with the Modern Consumer". Or just go to the "Library" section of PublicGaming.com, click on "Interviews" and scroll down to "Anne Pattberg". The PGRI website has been organized to enable quick, easy access to thousands of past articles and interviews as well as all the current news and information.

The cultural foundation that best serves the 21st century business is one that genuinely cares about its customers. 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 way progressive operators are connecting with the next gen consumer. The actions we take to promote responsible gaming and CSR are really no different than those we need to take to drive profit for good causes and a sustainable model for long-term growth. We just need to make the investment to make sure that the CSR/RG agenda becomes the heart of the business culture, the life-blood that courses through all our actions, all the thinking that goes into product development, brand-building, and promotional messaging.

How is Responsible Gaming evolving to produce more concrete results?

Anne Pattberg: There is a lot of opportunity to elicit more buy-in from the retail sector. Presently, a system of carrot and stick, incentives to improve performance and penalties for non-compliance, is applied with mixed results. The pathway to enhancing retailer effectiveness at RG is to build a collaborative approach to the mission of promoting

responsible play. The industry is developing much better ways to effect better RG performance from our retailers. Effective approaches are using retailers as a sounding board, involving them in commercial planning at an early stage. Many lotteries are still using more stick than carrot in that they focus more on requiring compliance than on the retailers' motivations and considering the "what's in it for me" rationale that the

retailer is thinking about. Effective responsible play in retail should be a win-win situation for both sides, as it puts consumer trust at its heart. Information material, test purchases etc. can be designed and communicated in a way that reflects a sincere appreciation for the retailer's challenges and point-of-view. Without forging collaboration and consensus, efforts to engage retailer support are not likely to succeed.

The land-based retail player remains anonymous to the retailer and the lottery operator. Is the online gaming world better from an RG perspective?

A. Pattberg: It definitely can be when the online platform has the right measures and controls in place. The registered player relationship should be interactive, with dynamic interaction and 2-way communication unlocking a whole new world of possibilities to engage with and understand the behavior of the players. Further to that, you need to have the data that informs the whole process. You need to know which games are fast-moving and more likely to pose RG issues and so you know to give more attention to communicating with the players of those games. You need to know playing patterns so aberrations are flagged and elicit communiques to redirect player attention away from harmful behaviour and towards the positive and healthful. The copious data are transformed into all varieties of KPI's

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(key performance indicators) that help guide game development, promotional messaging, and player behaviour with the aim of a fun, healthy, and sustainable approach to recreational gaming.

I would add, though, that it is even more vital to apply the entire portfolio of RG tools

the time of play and the reveal of the winning numbers. Most draw-based games have a relatively long period between the gaming events, hence their relative low risk. However, if you have a rapid draw-based game, also this can become addictive. It really depends on the so called “event frequency”.

Assigning addictive values to particular game dynamics is becoming a very interest-

measure effectiveness and ROI. The data-capture tools are in place and working well. The challenge is to convert the data into forms and structures that can be analyzed. This gap between data-collection and turning the data into actionable business intelligence has been the mountain to climb for experts in data-analytics, and it applies to RG as well as all other areas of the business.

KPI's are well-known and the tools are being developed for applying those to the data. What are the opt-in rates for the online tools being offered? How about the actual utility or engagement of the players who do opt-in? What are the trend-lines for opting in and for the level of engagement? How might we test modifications for improvement? What is the player feedback? How can we entice more feedback, more interaction and communication with the players? How can the data that informs the RG mission be applied to inform other departments like game development to create healthier, more sustainable portfolio of game-styles? And vice-versa. Integration of RG with game development, customer acquisition and retention strategies, sales, marketing, and all other aspects of the business is the key to sustainability and growth.

Of course, there is no end to the level of drill-down one can pursue. Once you determine play patterns and basic data about player activity, the next step will be to reach for deeper insights into player behaviour, and determine in more granular detail the behavioural response to specific attributes of the game. That will involve deconstructing elements of the player experience and the game components to isolate and identify the behavioural underlying drivers. The fun never ends!

The exciting thing is that all the things we need to do to drive responsible gaming are really the same things we need to do to drive performance in all other areas of the business. Building a sustainable growth plan is all about knowing our customers and delivering a player experience that they value in the short- medium and which can evolve over the long-term. That is our mission, and that should be our industry focus.

Players say that they want the prize money to be spread out to create more winners, but their play reflects a motivation that is driven by high jackpots more than better odds to win. Consumers might say they care about the values and CSR agendas of the companies they work for or buy from, but are they willing to pay a little extra to buy from the company with values they support, or take a lower

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in the online gaming environment. RG tools are even more effective in the online environment but only if they are applied. The digital platform enables the operator to help the player manage her/his activity, leverage data to positively influence player behaviour, and protect the players from harmful behaviour.

But lacking a deliberate and thoughtful strategy to protect the online player by executing a well-conceived RG strategy, the online player is more vulnerable than the retail customer. The easy access and potentially fast-pace of online play represents a threat to the players unless effective RG tools are deployed. Thankfully, the data-rich environment combines with the interactive communication platform to form a highly effective Responsible Gaming foundation. And in rapid digital development as we speak, are new tools that gamify the whole process, making it fun and exciting for the player to play responsibly. That is why I think it is the land-based retailer sector that is in most pressing need for better application of RG tools. We need to work closely with retailers and trade organizations to build an RG platform that gets full commitment and genuine buy-in from the retailers. And it should ideally be linked with any kind of online offer.

Do draw-games represent a lesser threat to problem gamers than other games, like Instant scratch-offs?

A. Pattberg: Yes. Games that are faster-play and instant gratification are more addictive than draw-games that have a delay between

ing object of study. There's no longer a bright line that separates gaming from gambling. For instance, we have all been reading about Loot Boxes. They do not even involve a wager in the traditional sense, and yet they clearly represent a problem to vulnerable players, especially young people that are not allowed to gamble, but are heavy gamers. These game mechanics are highly addictive, and they do extract lots of money from the player, especially as these are first and foremost minors.

I think It is likely that gaming features such as Loot Boxes represent a bigger threat to the young consumer and are more likely to cause problem gambling than many of the traditional lottery games. Regardless of what regulators end up deciding on this matter, the industry should take it upon themselves to act responsibly and take measures to apply the forms of consumer protection appropriate for the addictive properties of the game. They should also be aware that while this is not necessarily a problem for the lottery world, it can become one when these gamers start to gamble. Therefore, early awareness building and education are important features of an effective RG program.

How do you measure the effectiveness and ROI of RG Initiatives, and is that an area where you're developing new and better methods?

A. Pattberg: The digital space is seeing lots of progress in the area of predictive and big data analyses which loop into the tools that

salary to work for companies with shared values?

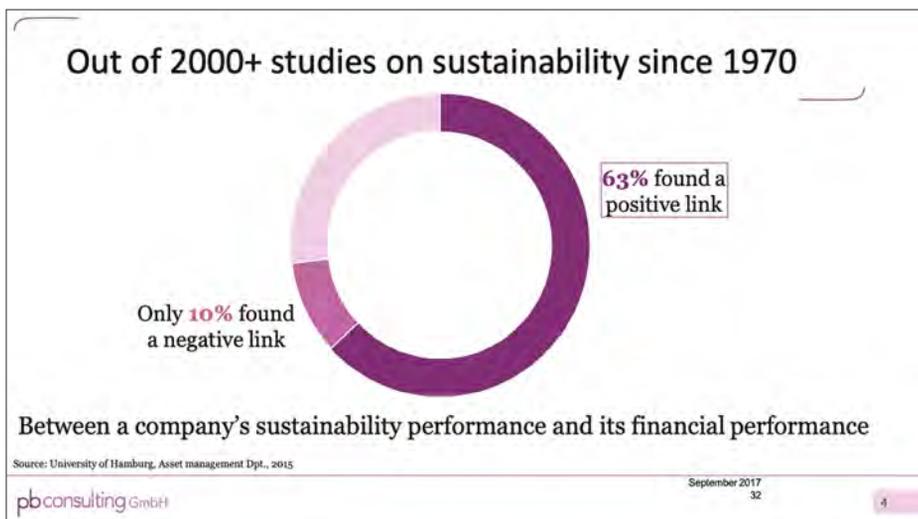
A. Pattberg: Well first, I would respectfully submit that your assumptions are misguided and there is not a trade-off. Companies' social-responsibility efforts are hindered by the business maxim that "you can only manage what you can measure." Quantitative tools to measure performance have been developed in most areas of business performance, but less so when it comes to social impact. Research methodologies are being developed to capture hard data, and measure and analyze the empirical evidence that supports the proposition that investing in CSR has a positive ROI.

But insofar as your concern is shared by others, it is certainly a legitimate point to raise! There is abundant evidence to support the claim that CSR delivers material value. How much "more" a consumer is willing to pay for CSR is not the relevant question. I will just go out on a limb here and submit that the consumer-facing company which mirrors the values of its customer will fare better than the consumer-facing company harboring values that conflict with, or fail to connect with the values held by its customers. Those who hold fast to a "show me the data" posture and think it's a good idea to wait for the proof will be playing catch-up at some point. And lose the long-game.

You moderated the RG/CSR panel discussion at the World Lottery Summit Buenos Aires. A key point is that all the consumer trends and the increasing importance of CSR apply even more so the next generation of players.

A. Pattberg: There is a generational shift happening. As the basic needs of the consumer are met, aspirational ambitions become more relevant and actionable. And just as the next generation of consumers value 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 one of the most competitive arenas of modern business. You and I attended the presentation by Jeff Fromm at the World Lottery Summit, and then you featured an article by Jeff in the last issue of your magazine that addressed this topic. Jeff and others like him are addressing this issue and putting some empirical data to the anecdotal observations and common-sense assessments.

Knowing and respecting the customer and leveraging that knowledge to serve the customer has become the key competitive differentiator. That is a cornerstone for every aspect of the business as it is for Responsible Gaming and Corporate Social Responsibility. 



• 88% state that companies with robust sustainability practices show better operational performance, which ultimately translates into better cash flows

Source 1: University of Oxford and Arabesque (2015). From the stockholder to the stakeholder. How sustainability can drive financial outperformance

There is a robust ROI accrued by setting a higher standard of values and social responsibility. Some of the ROI value may not fit perfectly into the data-matrices and models applied by the CFO. But that does not mean it doesn't exist. For now, we need to rely on observation, common-sense, and examples that do not include a direct cause-and-effect connection between CSR and ROI. But I would submit that there is a causal relationship between the success (and rising stock price) of companies like Nike, Starbucks, Tom's Shoes, Patagonia who focus on CSR. Microsoft, Johnson & Johnson, Berkshire Hathaway are among the largest and most valuable enterprises in the world and are taking a leadership role in CSR. I am not proposing that there is a direct and measurable causal relationship between financial success and CSR, only that one is more likely to exist than not, and that it would simply not be prudent or logical to ignore that reality.

It should also be acknowledged that there is no small amount of window-dressing in the CSR department. Volkswagen, BP Oil, and others were outspoken leaders in CSR. Their corporate culture, though, did not align with their public relations face to the outside world. Not surprisingly, that was revealed in stock-decimating failures to act with integrity. Corporate Social Responsibility is not an initiative or project, it is a deeply-held conviction that the enterprise serves the interests of all humanity as well as shareholders and the larger circle of stakeholders. The "costs" of aligning with the interests of society, not just in message but in underlying corporate culture and enterprise-wide values and beliefs, and are far outweighed by the benefits to all, including the shareholders who measure success in stock price and concrete financial metrics.

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, reporting direct to then-CEO Dianne Thompson. During that time, she was also Chair of the European Lotteries Working Group on Responsible Gaming and was instrumental 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 advised companies and German Lotteries on sustainability issues and conducted a variety of assurance projects. Since 2015, Anne operates her own independent service, 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 RG Independent Assessment Panel.