

# LUCKY NUMBERS

The National Lottery has brought benefits to the promotional business, but there could be changes ahead given that the public is dissatisfied with the way it is being handled. **Olivene Murray** reports

If you believe the National Lottery has had no effect on your business, think again. Like you, thousands of middle-class punters who would never have had a flutter in the past cannot imagine life now without their weekly Lottery ticket. Because of the National Lottery you are probably more attracted now than ever before to other promotions that carry big prizes – and in that lies a clue as to how the National Lottery has benefited your business.

## EVERYBODY'S DOING IT

A telephone poll of major names in the promotions business reveals most are playing the National Lottery game on a regular basis. Sally Butcher, deputy managing director of KLP London, is not alone in expressing the view that the participation of the middle classes in the game has been its greatest success and will have positive spin-offs for the entire promotional business.

In her view: 'I think the National Lottery is a good thing for our business because it involves a lot of people who would never previously have participated in promotions. That is, the middle class, ABC1s – people like me. There is a feeling across the social divide that "If you're not in, you can't win".'

Ann Harris, head of business development at Howell Henry Chaldecott Lury, does not buy Butcher's argument that the National Lottery has suddenly created a new breed of middle-class gamblers. The American-sounding Harris, who spent five years in the USA, says: 'This country has always been a gambling country. If you had a cat race people would be into that as well.'



**THE NATIONAL LOTTERY™**

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She could be right. A Euromonitor report reveals that betting and gaming is a major area of leisure spending in the UK. In fact, according to government data from the Family Expenditure Survey, households spend more on betting and gaming than they do on spectator sports, or on cinema, theatre and concert-going.

## BACKLASH

But could any benefits to the industry be short-lived since, as Sally Butcher points out, there is evidence that the National Lottery is going sour in the public's mind. Butcher is not alone in predicting a 'backlash' among the public because of the way the huge prize fund is going to one or a few people. She would like to see a single prize capped at £1 million.

There is growing concern that Camelot has currently made £78m in profit in 20 weeks – a profit margin which has come four years earlier than the public were initially led to believe. Questions are also being asked about the National Lottery Charity Board, which costs around £5 million to run and which is not regulated by the Government.

The 'tax on the poor for the benefit of the rich' argument also seems to be gaining momentum, as seen from a number of phone-in talk shows about the lottery. The working classes seeing money being spent on the arts, which they rarely, if ever, participate in, are increasingly asking why money is not being directed towards things that mean more to them such as local play groups and even the National Health Service.



Changing peoples' attitudes... part of the National Lottery advertising

**NHS ALTERNATIVE**

This is why the relaunched NHS Loto could pick up business from dissatisfied National Lottery players. It gives the public the chance to play a loto that helps public hospitals and at the same time gives them the chance to win £1 million.

NHS Loto will benefit from having a televised weekly draw for the £1 million prize. Its fundraising vehicle, the National Hospital Trust, expects to raise up to £25 million for Britain's hospitals in the first year. Where the NHS Loto may score over the National Lottery is in giving consumers not just one chance, but two chances to win big cash prizes. This is because there are two prize draws, each with cash amounts to be won.

Although Sally Butcher believes that when the 'backlash' against the National Lottery does come, people will turn their attention to the revamped NHS Loto, she insists it will never attract the 'critical masses' of the major National Lottery game.

This view is backed by Camelot and, surprisingly, by NHS Loto. A spokesperson for Camelot says: 'I don't see the NHS Loto as a threat.' And Lynda Allen, head of publicity at FFC, which handles publicity for NHS Loto, says: 'We expect that people playing the National Lottery regularly will be attracted to the NHS Loto, but there is no way we could expect to compete with them because of the huge prize fund they have to offer.'

Still, Roger Cummins of Pascal and Company, which was sub-contracted to service the NHS Loto, believes it will give the loto-playing public a choice other than the National Lottery. Like all lotteries, NHS Loto is regulated by law. In keeping with these regulations, 25 per cent of revenue is allocated to the National Hospital Trust, 50 per cent towards prize money and the

remaining 25 per cent to the administrators for taxes, overheads and costs such as advertising. That means that 25p out of every £1 will go to the National Hospital Trust.

However, a big problem for the NHS Loto is that it has to win the hearts of retailers too and could find itself competing hard with the National Lottery for space in retail outlets to install its terminals. Camelot has expressed its desire to have a total of 35,000 terminals to service the National Lottery – 10,000 more than at present – by next year.

**DESIRABLE LINK-UPS**

As a promoter of big fmcg brands, Mark Butcher, managing director of Amadeus, is concerned that the National Lottery is making people cut back their spending on big brands in retail outlets. He also believes that bad publicity surrounding the National Lottery could benefit the NHS Loto, which he hopes will be more willing to entertain manufacturers' promotional ideas than the National Lottery has been. 'There are many manufacturers who would want to be linked to such a good cause as the NHS Loto,' he says.

Paul Brewer, managing director of Brewer Blackler, echoes many a promotional agency's dream, which is to team up with Camelot to have his client's name linked with the National Lottery. As he explains: 'The National Lottery's broad distribution is very attractive. Camelot has invested millions in infrastructure and if you can piggy-back on to it, for instance by advertising a confectionery brand on the back of the instant lottery card or offer free lottery cards with a top brand, then you are on to a winner.'

Brewer is right in saying that 'the world and his wife' want to link up with Camelot and he is not alone in having the old 'don't phone us we'll phone you' response from Camelot.



Pointer to the future?... could there be a backlash? Many in the industry think so

### LESS CYNICISM

Roger Hyslop, group managing director of Triangle believes the National Lottery has changed people's attitudes towards big prize game promotions for the better. He says: 'Before, people were rather cynical about big prize promotions, but the lottery has made people sit up and notice these promotions and realise the value of taking part because the odds stacked against them are less.'

Mark Butcher agrees – and believes the National Lottery has positive benefits for the promotional business. 'People will realise just how difficult it is to win any big prize and now, fortunately for us, they are developing more realistic expectations of promotions.' He adds: 'There is also the advantage of having the public participate more in competitions where the odds are smaller because they are now familiar with the odds being stacked against them in the National Lottery.'

Hyslop predicts that the National Lottery will eventually have to build in some reward for the millions of customers who lose out every week. He suggests a loyalty-building scheme where people can collect their used tickets and scratch cards to claim prizes.

Hyslop would also like access to the Lottery for his clients: 'We would like to put Cadbury on the back of every lottery ticket or scratch card.' In Hyslop's view, the industry should not expect the arrival of the National Lottery scratch card to lead to a resurgence in promotions using scratch cards. He argues: 'The National Lottery is unique. Anything that tries to emulate it will look like a pale reflection.'

It certainly is unique in the success it has generated. The majority of Britain's population – 65 per cent – play it regularly, with £62 million worth of National Lottery tickets sold weekly plus another £40 million worth of instants. Of money earned on the Lottery, 28 per cent is going to good causes and up to £500 million has been raised for these causes so far. There are now 20,000 terminals operating the Lottery, with plans to have 35,000 in the UK by next year. Despite Camelot having a licence to run the Lottery until 1996, a spokesperson for the company saw the Lottery continuing for a long time: 'It's now part of our culture and I think it's here to stay.'

### SCRATCH CARD MANIA

As for the future of the National Lottery scratch cards, Sally Butcher of KLP believes they don't have one: 'Unless they can be updated and continue to be creative, they

will just become a fad. I think the National Lottery is here to stay because there is the excitement of waiting to see if your number comes up, whereas with the instant-win scratch card you scratch it and throw it away and feel like a fool.'

But Bob Venters, UK sales manager for Opax International, disagrees. Opax, which owns a leading player in the promotional games market, Knightway Promotions, believes the National Lottery will generate

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more interest in scratch cards. But he warns the promotional business that there is an enormous amount of work involved: 'Companies think printing promotional games on scratch cards is simple, but it can be extremely costly. There is an enormous effort needed to make sure the prize fund is right and to make sure it's secure.'

Opax carries heavy insurance on every promotional game up to as much as £4 million against it making mistakes and printing errors on tickets. The security surrounding the tickets it can design, print and deliver is strict, with Venters describing it as something akin to producing bank notes. 'We have seen some very sophisticated attempts to break the system, which I

won't go into because I don't want to give people any ideas, but we aim to keep one step ahead.'

John Donovan, managing director of Don Marketing, which produces a range of scratch-card games for on-pack promotions, also believes that the National Lottery has helped increase the popularity of scratch cards. But printer's errors are a nightmare for scratch card producers, he admits. One of the horror stories he relates is when the *Daily Mirror* published an incorrect combination of 'called numbers' for its bingo-type game and left thousands of readers thinking they had won the game.

Donovan is more open than Venters about the tricks that the public get up to in order to cheat in the games. This even includes children tampering with cards which are then sometimes unwittingly sent in by parents. Don Marketing also now insists on videoing the opening of all prize claims so that players cannot dispute the validity of the games.

With Donovan quoting a cost of 4p per card to run a scratch card promotion, it is hardly surprising that everyone from oil companies to brewers is rushing to take part. And Donovan says his company can deliver scratch cards to any promotional agency with as little as two months' notice. He guarantees security, even to the extent of having cards printed in the United States by printers Dittler Brothers, who are specialists in printing scratch and lottery tickets and even have armed guards securing their plant. □



*Making people sit up and take notice... the National Lottery has made people aware of big prizes*