

Rebuilding Value in Online Games

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THE PROBLEM

In 1995, online lotto games generated \$10.2 billion in sales in the US. During the next 11 years the Consumer Price Index grew 32% and population grew 14%. Sales for those same states in 2006 should have reached \$14.9 billion just to keep pace. Instead, sales only amounted to \$9.5 billion resulting in a current annual shortfall of \$5.4 billion (57% deterioration) and growing.

Every year online game playership and interest continues to decline as more and more players are sitting on the sidelines waiting for higher and higher jackpots. To offset this, several lotteries are now trying to regenerate interest in the games through discounts and giveaway promotions. Additionally, the marketing focus has shifted towards instant tickets, which unfortunately have significantly lower profit margins – as much as 30% to 40% lower. We are approaching a tipping point where what was once the flagship lottery product is on the verge of sinking.

The trend can be reversed, but not with discounts or giveaways, as these marketing tactics only devalue the product even more. Players aren't looking to save a buck. If they were, they wouldn't be playing at all. Players play because they are interested in winning; so let them win. Give them a greater winning experience. Current players will play more, those sitting on the sidelines will get back into the game, and once again we will see double digit sales growth.

THE ANALYSIS

Everyone believes players are dropping out or waiting to play because of Jackpot Fatigue. But, the problem has nothing to do with the size of the prizes. Jackpot Fatigue is not the problem. It is the result. The problem is *Losing Fatigue*.

Players don't need \$200 million or even \$100 million to justify playing. They would be ecstatic at winning \$50 million, \$5 million or even \$1 million. The hottest games in town are the Raffles with only a \$1 million prize and the players are paying up to \$20 a ticket! Why, because the odds of LOSING have been significantly reduced and raffles produce more winners.

Millions of players have been losing for so long they have literally given up on winning. For example, in Powerball, if a player spent \$5 a week, it would take 25 years before they see a prize over \$7. That's way too long to expect a player to remain loyal. After years and now decades of playing and not winning anything significant, even the most avid dreamers are losing the hope and excitement they once associated with these great games, and thus to these disenchanted players the games have lost almost all of their perceived value. So, they limit their playing until the jackpot is high enough to justify losing. *It's the lack of winning experiences and loss of faith that they can win that has caused the players to lose interest in what used to be our greatest income producers.*

THE SOLUTION

So what will rebuild value and bring players back to online games? The same three things that attracted them in the first place – knowing that there's at least 'a chance' that they might win something significant, more personal winning experiences and awareness of others winning more frequently, and a package of entertaining experiences that keeps them motivated to play

all the time.

Without changing the odds of the games in favor of the players, there is only one way for players to be convinced they have that ‘chance’ of winning, and that is for them to have significantly more chances to win, in short – a lot more tickets.

Before you stop reading because you know players won’t or can’t spend a lot more money to get those additional chances, consider this option – POOLING.

Pooling empowers players with an affordable way to get 10, 20 or even a hundred more chances to win a piece of the jackpot. More chances to win REVERSES the perception that the odds against winning are just too darn high. Most players don’t have to ‘win it all’ to see the value in playing, because they know even a ‘paltry’ million dollars could completely change their life. Even a share of the 2nd and 3rd place prizes would be a significant win.

Pooling also adds entertainment value because now players have a lot more numbers in the game, so drawings will become ‘events’ again in their lives. Imagine a family sitting around the TV set after a drawing and sorting through 10, 20 or even a hundred number sets to see if they have won. That’s power that online games have not wielded in over a decade.

And poolers want their extra chances working for them all the time, so they play all the time – not just when jackpots are high. They know that even a \$50 million jackpot split 10 ways is more money than they could ever dream of making from their job. And when a pool of players does win a prize, there will be ten times as many winners for the lottery to brag about, reversing the perception that ‘nobody ever wins.’

But everyone knows pooling is a hassle - recruiting all the people, collecting the money, buying the tickets, etc. That’s where pooling technology comes in. RMS has a solution that eliminates all the hassles of pooling, gives players a combination of both 100% owned and shared pooling tickets, and wraps it all up neatly in a new combination ticket called PoolingPLUS™. All that is necessary is a small software change in the online software. This new pooling technology makes pooling easy and available at all times to all players and is as simple and anonymous as just buying a ticket. And PoolingPLUS™ won’t cannibalize the online games like other products have done. In addition to helping keep players in the game and attracting players back to the game, PoolingPLUS™ uses pooling as an incentive to sell more tickets by requiring players to first purchase a certain quantity of 100% owned tickets. For example, buy 5 tickets and for \$2 more get into two pools of ten tickets each providing the player with 25 chances to win for \$7.

The logic is simple to understand. Ask yourself this – if the average player currently spends three dollars to get three chances to win, would they spend \$5 to get 23 chances to win? And, if a player now spends five dollars to get five chances win, would they spend \$7 dollars to get 25 chances to win? I think you will agree the logical answer is ‘yes’ in both cases, and that’s why pooling will be such a huge winner for both the lottery and the players.

It gives the players exactly what they want – more chances of winning, a greater winning experience and more entertainment value. And, with the PoolingPLUS’ combination ticket, players get the best of both worlds - the opportunity to ‘win it all’ through their 100% owned tickets and now for only an extra \$1 per pool, 10 more chances to win multiplied by however many pools the lottery chooses to allow in the promotion.

For instance, if the promotion allows players to get in up to ten pools for a required purchase of ten 100%-owned tickets, that would amount to 110 chances to win for only 20 bucks!

The Lottery also gets what they want - a new marketing platform with dozens of possible promotions that don't require any game changes and to sell ALL the tickets at full price. For the first time, Lotteries will be able to incentivize players to get off the sidelines and back into the game and for current players to purchase more tickets without resorting to discounts. And why? Because once again there will be true value and real excitement in playing online games.

If you want to dramatically increase the number of winners and completely transform the player experience, effectively re-inventing the online product and reinvigorating your player base, call us to schedule a 15 minute presentation of PoolingPLUS from our pc to your pc. Call 888-777-5131 (602-249-0677) and see how easy it is to breathe new life into any online game by incorporating pooling into your offerings.

U.S. Patent No. 7,527,556 and Patent Pending, Pub. Nos. WO 2007/044440.
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