

PLAYING the LOTTERY

Retailers help their customers play with confidence

by Kym Wolfe

"PLAY WITH CONFIDENCE" is the buzzword, as lotteries across Canada work to rebuild public trust. After being rocked by scandal last year, lottery corporations across the country have introduced new policies and procedures. There are more stringent rules in place for lottery retailers and improved customer complaint processes. Many provinces are requiring retailers to undergo background checks, including a criminal check. There is an increased emphasis on training and education to ensure retailers are meeting the new requirements. And retailers who don't comply risk fines, suspension of lottery operations or, at the worst, cancellation of their lottery contract altogether.

THE CHANNEL OF CHOICE

It's easy to see that the c-channel is an important player in the lottery sector. Total Ontario Lottery and Gaming Corporation (OLG) sales are about \$2.2 billion annually, of which 7,850 convenience stores contribute some 66%. In BC there are more than 1,030 c-stores where most players buy their \$200 million in lottery tickets each year. In Atlantic Canada, 2,763 convenience stores sold approximately \$410 million in lottery sales last year.

It's a reciprocal relationship, as lottery sales are also important to the c-store industry, says Dave Myers, vice president of sales and service at OLG. "We are one of the top two to three categories in convenience stores, so a strong relationship is necessary if we are to work effectively over the long term to restore consumer confidence."

Dave Bryans, president of the Ontario Convenience Stores Association and the newly formed Canadian Convenience Store Association, agrees. "We have always had a good relationship with the lottery folks, and obviously it is in our best interest to build public confidence together."

Lottery is an important category, mainly because it brings traffic into c-stores, says Chris Wilcox, vice president and general manager of Quickie Convenience Stores, a chain of 47 c-stores in eastern Canada and western Quebec. "It's something customers expect to find. If you don't carry it, you are at a serious disadvantage."

CHANGES TO LOTTERY

Across the country, lottery players are being encouraged to sign their tickets before they are validated, and in Atlantic Canada that's not just a request, it's a requirement. In most convenience stores, players can now check their tickets themselves at a self-serve ticket checker. When they hand a winning ticket to the retailer to be validated loud music plays. A monitor facing the customer flashes a congratulatory message and it may display the amount of the winnings. In BC and Atlantic Canada, when retailers pay out a prize, they also return the winning ticket with a "Paid" stamp on it.

"These changes are positive and provide both retailers and players with the tools they need to

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Jim Lightbody, vice president of lottery gaming at BCLC, says new lottery regulations have tightened the system for retailers who want to purchase personal lottery tickets.



Winning the confidence of the lottery-playing public

- Lottery corporations are using a variety of methods, including mystery shoppers, to monitor whether retailers comply with new policies and procedures. They'll be checking certain items, for example whether the retailer asked the customer to sign the ticket before it's validated, whether the public display monitor is clearly visible to the customer and whether the retailer returned the ticket and validation receipt to the customer.

- In British Columbia and Atlantic Canada, a winning ticket is to be stamped as "Paid" and returned to the customer along with the prize winnings.

- In Ontario and British Columbia, when a winning ticket is worth \$10,000 or more, the terminal will freeze until both the retailer and winner have spoken to a rep from OLG or BCLC and given information that ties that ticket to an identified winner.

- If retailers win large prizes, there will be a detailed investigation before prize money is awarded.

- Ontario retailers must register with the Alcohol and Gaming Commission of Ontario (www.agco.on.ca) by January 2008. British Columbia retailers must register with the Gaming Policy Enforcement Branch (www.pssg.gov.bc.ca/gaming).

protect themselves when lottery transactions take place," says Joel Irvine, vice president of sales and customer service for Atlantic Lottery Corporation (ALC). "I appreciate the support, feedback and cooperation of retailers in helping ALC to implement the various changes to our system."

OLG provides a variety of validation slips marked as "Paid" for online tickets (such as LOTTO 6/49 and SUPER 7) but not for instant (scratch-and-win) tickets. Says Myers, "We will continue to work towards an improved solution for the marking of an instant ticket that has been paid by the retailer."

In OLG or British Columbia Lottery Corporation (BCLC) jurisdictions, validating any prize of \$10,000 or more will result in the terminal's freezing until OLG or BCLC representatives have spoken to both the winner and the retailer by telephone and gathered information that ties that specific ticket to the winner. If the winner is a retailer, there will be an investigation before the prize money is paid out.

In BC, retailers and their staff can no longer purchase or validate their personal lottery tickets in their own workplace. "This is intended to clearly define and separate their roles as a retailer and as a lottery player," says Jim Lightbody, vice president of lottery gaming at BCLC. "We have always had a policy prohibiting play while you're on shift, but this is cleaner."

STAFF TRAINING IS MORE RIGOROUS

Lottery corporations are monitoring store compliance in a number of ways, including the use of mystery shoppers. Does the retailer ask the customer to sign the back of the ticket? Is the screen that announces the value of winning tickets facing the customer? "Many retailers now have it down by rote. We are focusing on those who don't," says Dave Myers. Mystery shopper results will help identify the gaps in knowledge and practices that need to be addressed. "There is great opportunity for our internal sales force to train and educate retailers," says Myers.

BCLC is also focused on training and has launched a new training and certification program that all new retail employees must complete before they're allowed to sell or validate lottery products. Current staff will have a limited amount of time to obtain certification.

Educating the public is also important, and lottery corporations have rolled out awareness campaigns encouraging consumers to protect their potential winnings. For example, lottery players are directed to sign their tickets and use the self-scanner so they know how much money they've won before they hand their ticket to the retailer.

BCLC was ahead of the curve when it introduced self-serve ticket checkers in 1998, musical chimes to indicate a winning ticket in 2002, and,

in 2004, customer display monitors with winning ticket messages. "While BCLC had started to implement safeguards years ago, they recognize they can do more," says Lightbody. "Our business relies on consumer trust, and that trust has been damaged by incidents across the country."

From July 2007, Ontario and British Columbia governments assigned responsibility to regulate the lottery system to the bodies that oversee gaming in their provinces – the Alcohol and Gaming Commission of Ontario (AGCO) and BC's Gaming Policy Enforcement Branch (GPEB). There is now a requirement that lottery retailers register with the AGCO or the GPEB, undergo a background check, including criminal check, and follow specific terms and conditions to sell lottery products in their provinces. In Ontario, retailers must register before January 2008.

"Our contract with retailers has always required certain standards. The new contract is clearer about retailers' obligations," says Myers. "The vast majority of retailers have complied and will continue to do so. It is not a concern for the 99.9% who are honest and hard-working and do a dynamite job every day of the year in a very difficult work environment."

RETAILER REACTION

Retailer reaction to the new policies and procedures has been mixed. Some c-store operators have expressed concerns about the new processes, which can lengthen transaction times and result in slower customer throughput. Quickie's Wilcox feels the new registration process in Ontario is cumbersome and intrusive and places an unfair burden on honest retailers, but he realizes, "Retailers have very little choice but to go through the process. If you're not registered [with the AGCO] by January 1, 2008, you won't be able to sell lottery tickets."

Dave Bryans adds, "The OLG continues to change the rules for retailers on a monthly basis without consultation."

On the whole, though, Myers says, "Retailers have been very supportive of our approach to ensure that only responsible retailers are selling lottery tickets. There aren't many bad apples, and the good ones don't want to be tarred with the same brush."

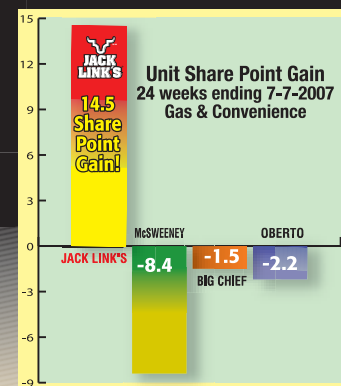
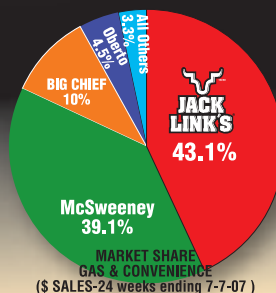
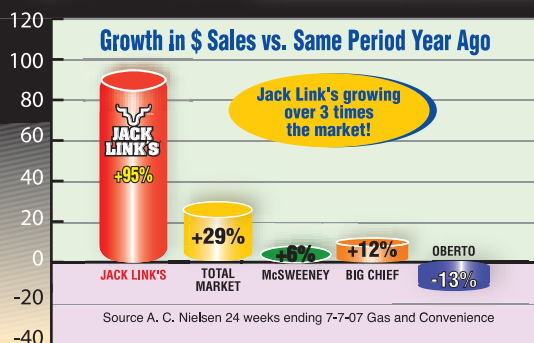
That sentiment is echoed by Lightbody, who adds, "We hope retailers understand that this may seem like a lot of work, but like any change, it will get easier and better over the long run." **YCM**

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