

GTA Retail Guide



**Break Open Ticket Development Fund
Management Committee**

Introduction

One of the key success factors for any product is effective distribution – both in terms of the number of retail outlets and the actual location of those outlets.

Pocket Slots is no exception:

Maximizing retail distribution for the brand will lead to greater success for the charities, the suppliers, the manufacturers, and the retailers.



Background



Background

2005 research indicated Pocket Slots was significantly underdeveloped in the GTA vs. all other regions - awareness, trial, and current players.

GTA represents 42% of population, but only 25% of Pocket Slots' players.

Previously-conducted research indicated underdevelopment was not the result of consumer dissatisfaction; in fact, it had indicated that GTA residents were as positively predisposed to the game as other Ontarians.



Background

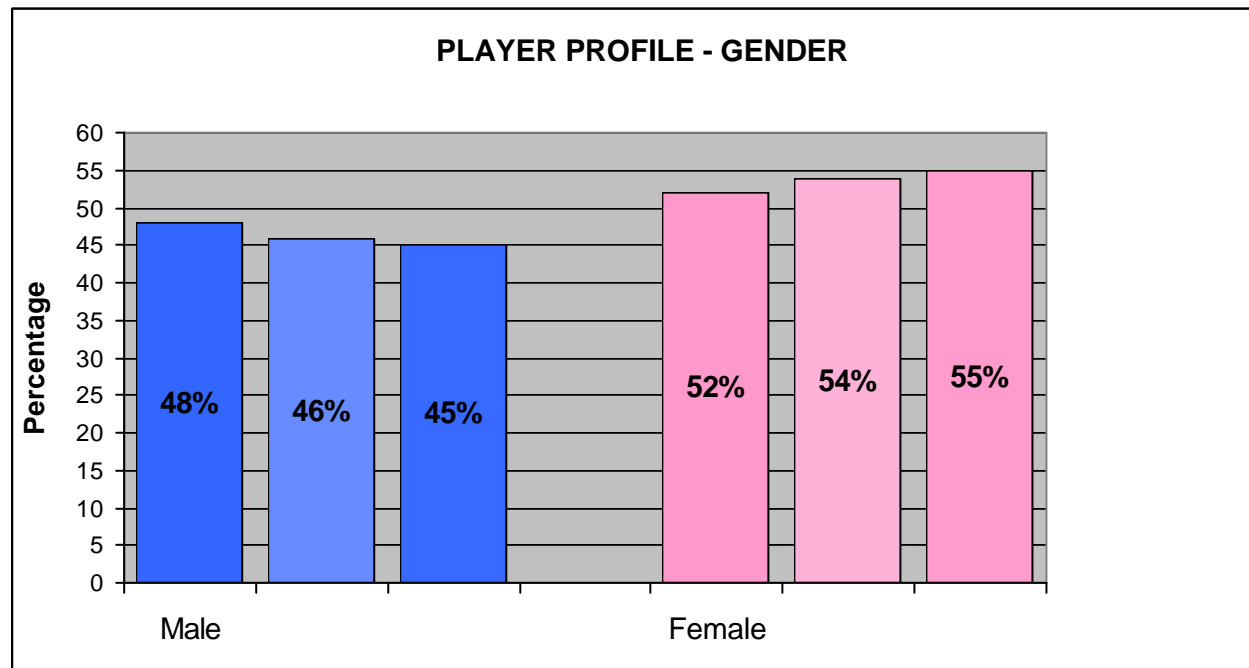
Geo-demographic analysis proposed for the GTA in order to address the following:

- (i) Are Pocket Slots retailers situated in the 'right' locations – i.e., in the neighbourhoods where the make-up of the population is similar to the Pocket Slots player profile?;
- (ii) Is there a sufficient number of Pocket Slots retailers to conveniently service the current and potential Pocket Slots players?; or
- (iii) Is it a combination of these factors?



Background

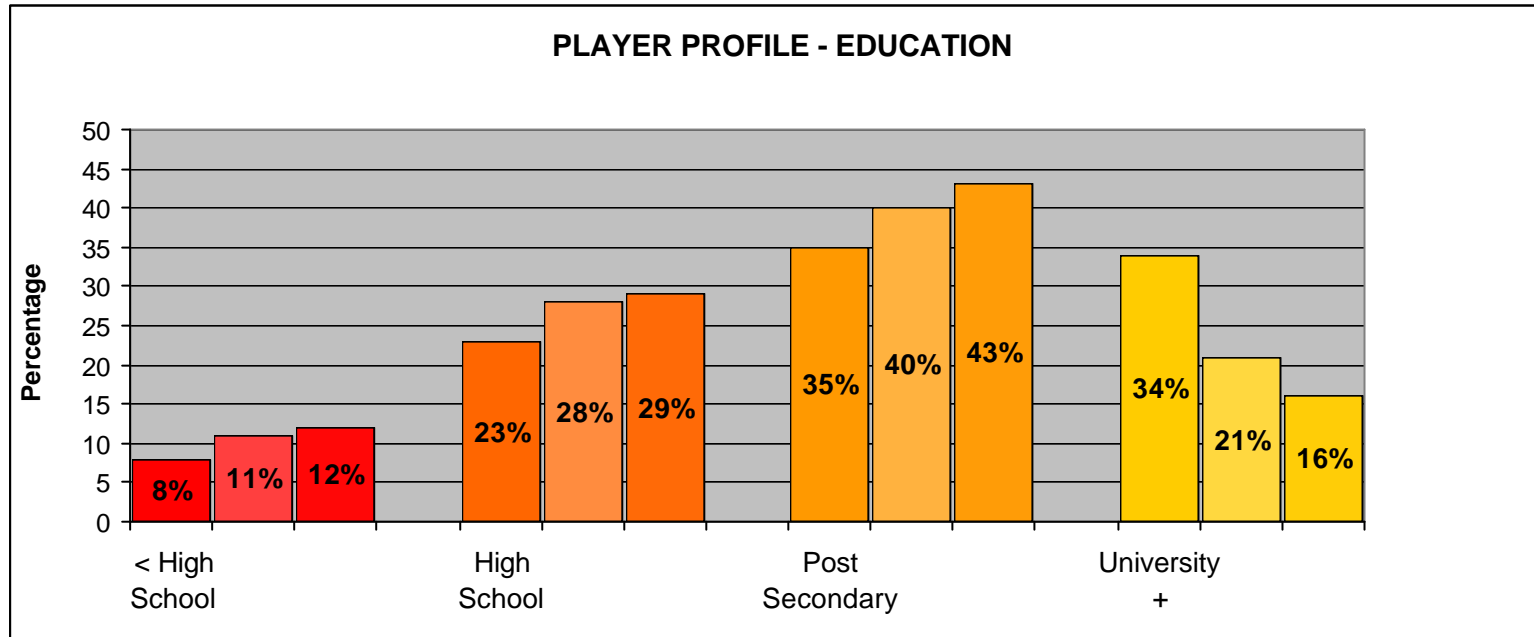
Market Penetration research provided player profiles based on different variables: Age, Sex, Income, and Education.



Sex least discriminating variable



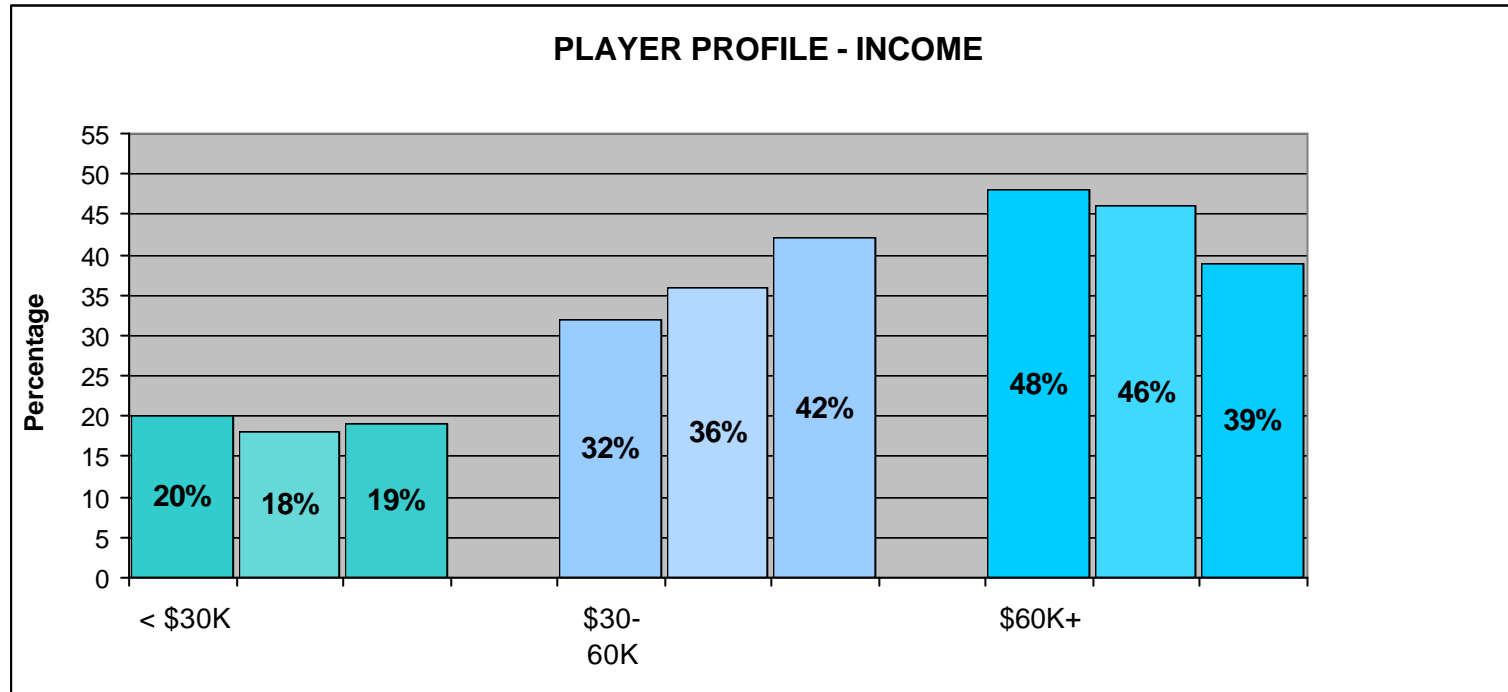
Background



Adults with a University Degree significantly less likely to play Pocket Slots



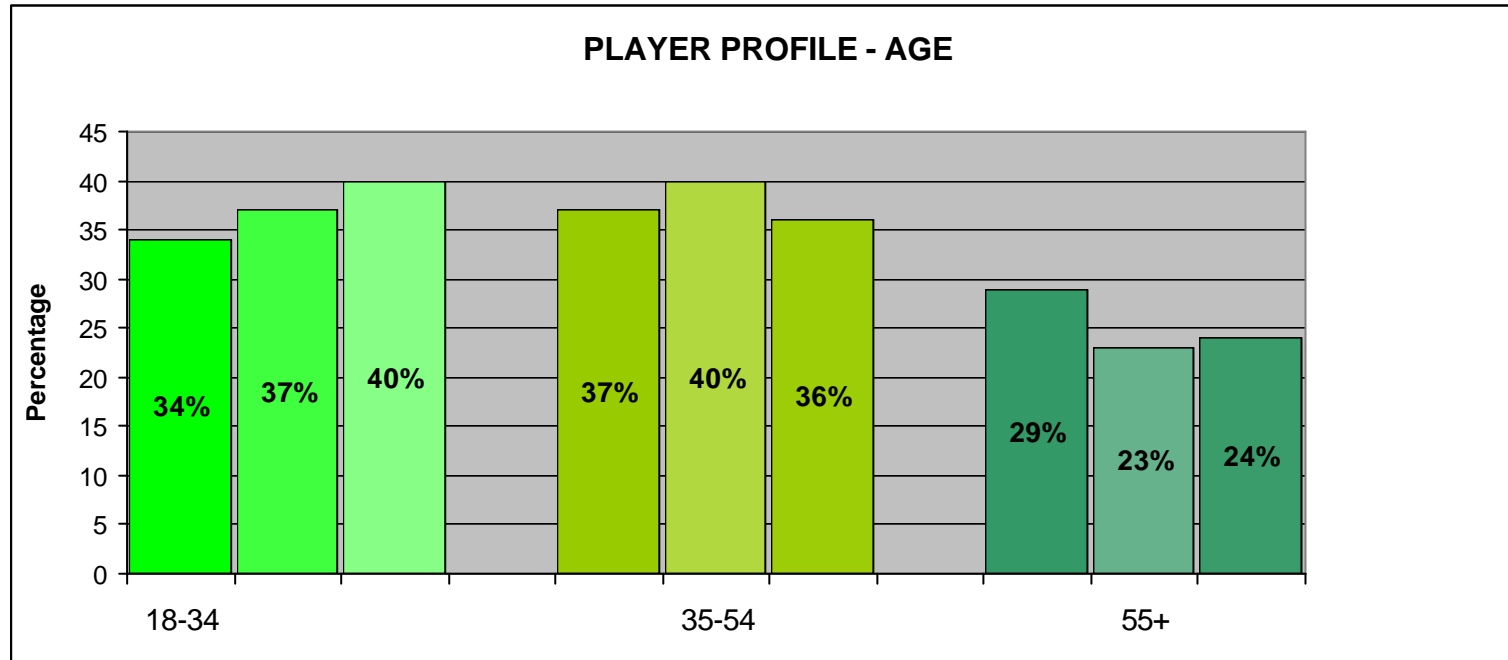
Background



Players tend to be over-represented in households with household income (HHI) in the \$30-60K range



Background



Players slightly underrepresented in the 55+ age group and overrepresented in the 18-34 age group.



Background

Stats Canada GTA postal codes demographic data indicate:

27% of population has a University Degree, vs only 16% of player base. Postal codes where % of the population with a University Degree is $< 27\%$ = more desirable territory

Average median personal income for GTA is \$28,027. Those postal codes at or below this median most consistent with player profile (\$30-60K household income);

23% of population aged 55+, which is consistent with player profile. Those codes with $>$ % of younger adults = more attractive





Methodology:

Are Retailers in ‘Right’ Locations?

Methodology:

Are Pocket Slots Retailers Situated in the 'Right' Locations?

Player profiles used to rate all postal codes within GTA, in order to determine which had strongest representation of that profile.

In order to account for fact that Education and Income variables were more discriminating than Age, following weightings were applied to each:

- % with University Degree x 40%
- Median Income x 40%
- % of Population over 55 x 20%

Methodology:

Are Pocket Slots Retailers Situated in the 'Right' Locations?

Postal codes then sorted and ranked based on combined index score – the lower the index, the more desirable

Postal codes for all GTA Pocket Slot retailers were then overlaid on to these rankings. This would enable us to determine whether Pocket Slots retailers were situated in the 'right' locations for our current and potential players.

Once all individual codes rated and ranked results rolled up into FSAs (Forward Sortation Area). Term was developed by Canada Post, and refers to the postal codes that would be grouped together for mail delivery purposes

Methodology:

Are Pocket Slots Retailers Situated in the 'Right' Locations?

FSA in urban area includes a number of 6-digit postal codes - more consistent with retail trading zones. Identified by first 3 digits of any postal code – e.g., **M4S** 2C6

155 FSAs within the GTA:

102 within City of Toronto (416); all designated by the letter '**M**'

Remaining 53 situated in the 'belt' (905); all start with the letter '**L**'.

Note - there are 'L' FSAs located outside of the GTA limits. These outlying 'L' codes have not been included in this analysis.



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Are There Enough Pocket Slots Retailers?



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Each FSA analysed to compare # of Pocket Slots retailers to # of residences to be served.

Residence:Retailer ratio was then compared to the same ratio in markets where Pocket Slots is better developed – Ottawa, Kingston and Sudbury.

Ratio for these other jurisdictions ranged from 450 in Sudbury to 1300 in Ottawa.

Determined that ratio in the 1000-1200 range would be appropriate



Findings:

Are Retailers Situated in 'Right' Locations?



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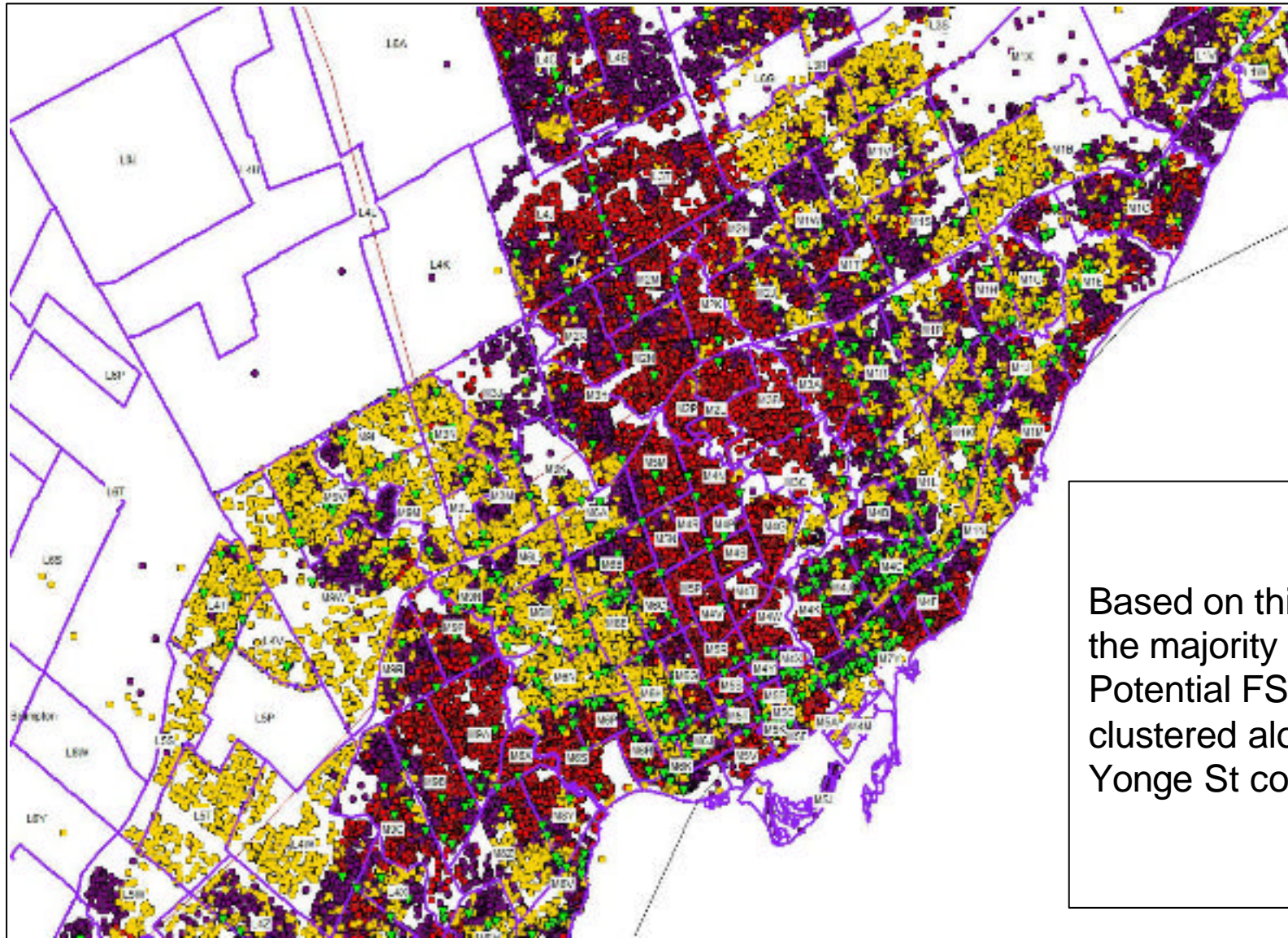
There are essentially three broad FSA groupings for Pocket Slots:

- High Potential FSAs (represented by yellow)
- Medium Potential FSAs (represented by purple)
- Low Potential FSAs (represented by red)

Note that green triangles represent existing Pocket Slots retail locations as provided by the AGCO.

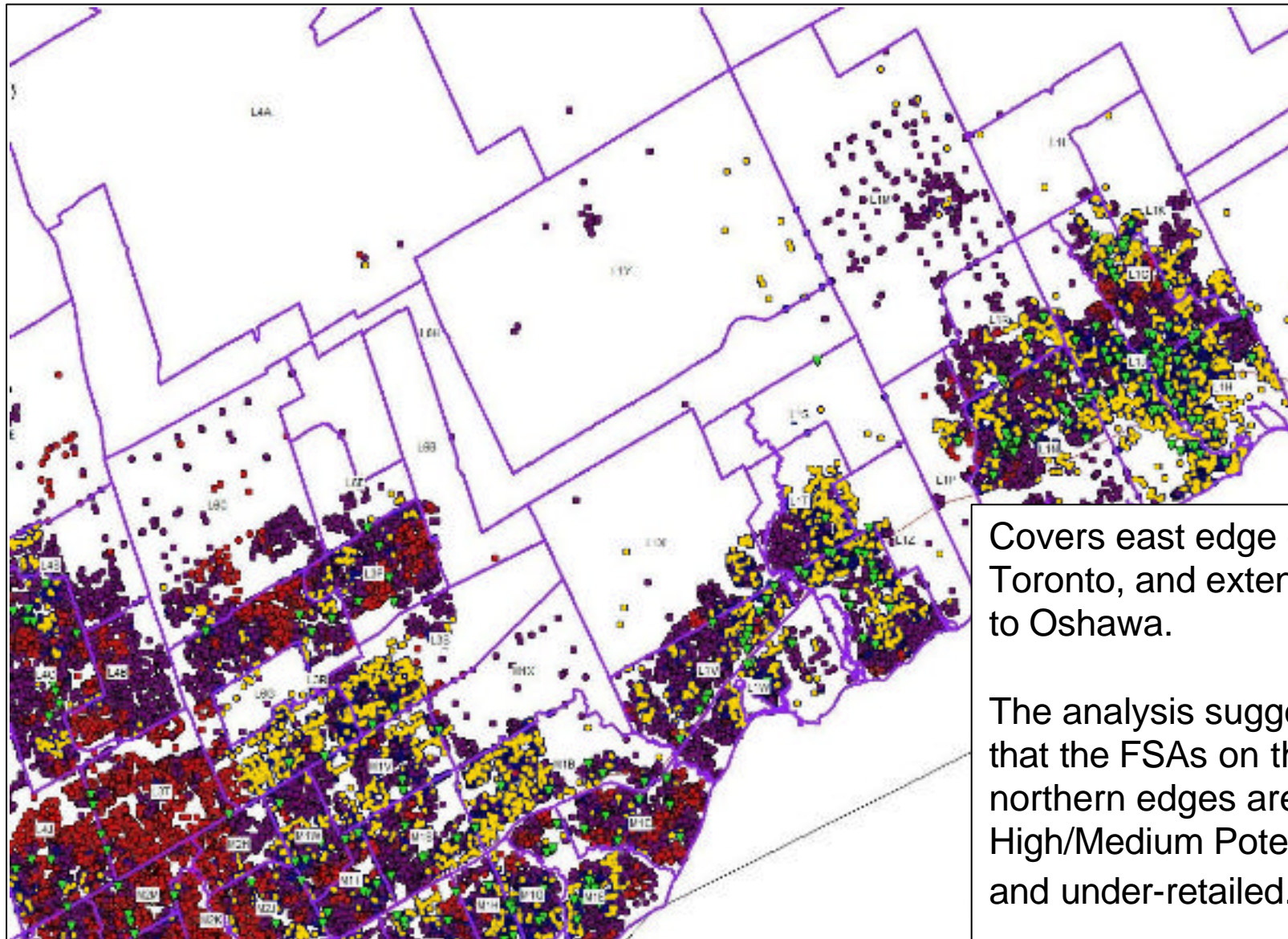


Pocket Slots Retailer Locations: Central



Based on this analysis, the majority of Low Potential FSAs are clustered along the Yonge St corridor.

Pocket Slots Retailer Locations: East



Covers east edge of of Toronto, and extends to Oshawa.

The analysis suggests that the FSAs on the northern edges are High/Medium Potential and under-retailed.

Findings:

Are Pocket Slots Retailers Situated in the 'Right Locations'?

Of the 155 FSAs:

42 (27%) are identified as High Potential

70 (45%) as Medium Potential

43 (28%) FSAs are Low Potential

979 registered Pocket Slots retailers in these FSAs:

870 (89%) are situated within High (438) and
Medium (432) Potential FSAs

109 (11%) located in the Low Potential FSAs.

Should these 109 registrations be cancelled?



Findings:

Are Pocket Slots Retailers Situated in the 'Right Locations'?

73 in FSAs that just missed making the Medium Potential designation; these particular FSAs actually more like Mediums than Lows

15 are located in Lottery Kiosks, many of which are on the subway line – thereby appealing to both residents and commuters

8 are Mac's Convenience Store locations

2 are located in Hospitals

Only 11 GTA locations which may be truly inappropriate

Findings:

Are Pocket Slots Retailers Situated in the 'Right Locations'?

Based on this analysis:

It is reasonable to conclude that the vast majority of Pocket Slots retailers are situated in the 'right' locations, so unsuitable retailer location is **not** the factor for the brand's underdevelopment in the GTA.



Findings:

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Residence:Retailer ratios were calculated for all GTA FSAs

Of the 112 High/Medium FSAs, majority did not have the number of retailers the model would suggest is needed:

Only 19 (45%) of the 42 High Potential FSAs had a Residence:Retailer ratio in the 1000-1200 range. Additional 82-124 retail locations would be needed

In the 70 Medium Potential FSAs, only 15 (21%) reported a Residence:Retailer in the 1000-1200 range. Additional 252-367 locations would be required

Findings:

Are There Enough Pocket Slots Retailers?

Based on this analysis:

It can reasonably be concluded that the Pocket Slots GTA underdevelopment is being affected by an insufficient number of retail locations, and that consideration should be given to adding 334-491 new locations in order to bring the coverage up to the levels observed in the better developed regions.

Summary of GTA Findings

Category	High Potential	Medium Potential	Low Potential	Total
# FSAs	42	70	43	155
Current # Retailers	438	432	109	979
Additional # of Retailers Required	82-124	252-367	-	334-491
Total # Retailers Recommended	520-562 (+24%)	684-799 (+70%)	109	1313-1470 (+45%)

How to Use the Findings



How to Use the Findings

Findings may be used to determine optimal locations for new Pocket Slots retail outlets.

While individual FSAs have been ranked within the High and Medium Potential summaries (e.g., M3N is a better FSA than M4B in the High 'M' rankings), *they are all highly desirable locations for a Pocket Slots retailer.*

These rankings can be used:

- (i) to confirm whether a candidate retailer is well-located, or
- (ii) for prospecting purposes



FSA Results

High Potential 'M'

FSA	# Residences	# Pocket Slots		Additional Retailers
		Retailers	Residences:Retailer	
M3N	14,067	5	2,813	6-9
M6N	14,990	13	1,153	-
M6M	15,228	12	1,269	1-3
M3L	5,844	9	649	-
M9V	16,153	12	1,346	1-4
M9M	6,193	5	1,239	1-2
M6E	13,807	13	1,062	-
M3M	8,800	6	1,467	1-2
M6L	7,676	5	1,535	1-2
M9L	3,405	3	1,135	-
M1K	17,000	25	680	-
M9W	12,328	9	1,370	1-3
M1B	17,666	7	2,524	7-10
M1J	11,953	20	598	-
M1G	9,612	4	2,403	4-5
M9N	10,545	16	659	-



Questions?