

## *Ontario Bingo Development Fund Update*

May 15, 2009

### **REMINDER – Marketing Workshop - Tuesday May 26<sup>th</sup> – Valhalla Inn, Etobicoke**

The first Marketing Workshop will be held on Tuesday May 26<sup>th</sup> in the *Viking Room* at the Valhalla Inn in Etobicoke from 10:00 AM to 4:00 PM. This will be a full-day session covering the basics of marketing and promotion with an interactive component that will assist you in the development of your Marketing Plan. This is the first of a series of workshops that will be made available to the industry. This session is targeted at Hall Managers and HCA Executives who have the responsibility for developing the marketing/promotions plan. The session will be led by Alan Flint, Vice President, Membership Marketing and Services for the Canadian Marketing Association. In order to provide an effective learning experience the number of participants will be limited to 25. **There is no cost for this session but you must register ahead of time. Please register by May 21st by contacting Eleanor Hicks at [hicks.e@rogers.com](mailto:hicks.e@rogers.com) or call 416-633-9635 and leave a message.**

### **Consumer Research**

A slide presentation with the results of the first phase of the Pollara consumer research was distributed to all OBDF contributors on April 28<sup>th</sup>. We are attaching a speech by Michael Marzolini, CEO of Pollara, regarding the findings. We believe that you will find it very informative and it will help inform the slide presentation. Please contact us if you did not receive the initial presentation.

### **NOTICE OF MEMBERS' MEETING – Monday June 22<sup>nd</sup> – Valhalla Inn, Etobicoke**

Please register **by June 15<sup>th</sup>** for the meeting and indicate whether you will be attending in person or participating by phone. We will send out the call-in numbers following registration. To register, please email Eleanor Hicks at [hicks.e@rogers.com](mailto:hicks.e@rogers.com) or call 905-840-4093.

# **Pollara Presentation Keynotes Canadian Gaming Summit April 28, 2009**

## ***Overview***

In this first phase of research, Pollara conducted in-depth interviews in January among 1,514 Ontarians, modeled to reflect all regions and demographics of the province. This study is accurate to plus or minus 2.5%, nineteen times out of twenty. Participants were asked them about 100 questions on their attitudes toward gaming, bingo and other leisure activities.

Pollara has been looking at the motivations that drive current bingo players. We explored different target markets to determine whom we could win back and whom we can attract. And most importantly, what the motivations are, and could be, for these people to play, or to begin playing.

The goal of the industry is to increase market size, not seeking merely to halt bingo's decline in Ontario but to reverse it. Not just to win back lapsed players, but also to position the industry to appeal to a new enhanced market. To find the levers and hot buttons, both in terms of substance and image enhancements, communications and positioning, that will maximize the number and frequency of those playing bingo in Ontario.

At the same time, these appeals have to be balanced appeals so that while they are effective with the prospect market, they don't also deter or turn away existing players.

This is a frequent theme that runs through the findings. There are some very good drivers that can create new bingo players as well as untapped markets. But in some cases what the new prospects are looking for, is different from what the current player community has come to expect. This suggests that the industry needs to proceed with caution so that it adds and renews, rather than just replace.

And in addition, many obstacles to participating in the game need to be removed. Some should be easy to eliminate. For example, a surprising number of survey participants still associate bingo with church basements full of cigarette smoke. But many of the more substantive obstacles will take more time, more resources, and better communications.

## ***Gaming & Bingo Markets***

The current bingo market is 5% of the population. This figure reflects the number of Ontarians who have played in the past six months.

If this playing frequency is extended to the past year, the market size increases to about 7%. If it is extended to the past two years, the market reaches 9%.

An additional 9% have played in the past, but that was more than two years ago, which suggests that some can be potentially lured back but not all.

Three out of four of core bingo players are women. They are far more likely to have been married, than the rest of the population. High proportions are renters with no children in the home. They are half as likely to have a university degree, as are non-players.

A significant finding is the fact that they are half as likely to be born outside of Canada. This finding and the potential untapped market, that should be explored in more depth and, in particular the questions of:

- Why are immigrants not proportionally represented among bingo players?
- Which groups are most likely to attend, and what would persuade them to do so?

Notably, 82% of today's Ontarians have never played a game of bingo in a bingo hall, church or other facility. It is clear from the data that aside from being a new-immigrant issue, this is also a generational issue - less than a quarter of current players are under the age of 35 – much lower than this age group's share of the Ontario population.

Some of these 82% of non-players will never play. Part of this 82% is the one in five Ontarians that will not participate in anything that they judge to be gambling.

But it is apparent that many others - forming a pool of slightly more than half of Ontarians - could be motivated with the right incentives or positioning.

## ***Comparing Bingo to Lottery Tickets/Poker***

The size of the bingo market is roughly an eighth of those who purchase lottery tickets. It is less than a quarter of those who play slot machines, and fewer than those who bet on horse or dog races, or who play casino blackjack or roulette. It is about the same number of people who play poker in a casino.

Other wagering activities that mirror the size of the bingo market include Pro-line sports betting tickets, which is actually lower than bingo. So far, Internet Bingo, has involved 3% of the population.

## ***Spending related to Participation***

The more types of gaming activities that the public is involved in, not surprisingly, the more they spend per month on these games. This belies the common myth that slots, racing, lottery tickets, etc. are cannibalizing bingo revenues.

The cost per player for bingo is higher than the average for the other games. Though in terms of time spent and game duration, it likely compares well in value.

Some Ontarians report expenditures, while not admitting to having wagered any money. This is an interesting finding, as it relates to what the public actually considers to be gambling. When asked this question, the finding that almost all Ontarians consider slot machines, casinos, racetracks, or poker to be gambling. Fewer, about 85%, consider lottery tickets to be gambling. But only 78% take the same view of Bingo.

This is a very strong asset for Bingo. The perception is no doubt helped by the fact that bingo and lotteries are known to service the charitable sector. In the case of bingo, this perception is likely higher due to bingo's profile with local and church charities. As well, Church approval might have declining value to some, but for many Ontarians it is still a very positive endorsement.

## ***Spend per player***

The average core bingo player (the 5% of the population who have played in the last six months) report spending an average \$35.22 per month on bingo.

## ***Attitudes toward Bingo***

This purpose of this aspect of the research is to learn what all Ontarians qualitatively feel about bingo. This includes the views of those who have not yet been persuaded to play, as well as the core and lapsed players. It is as important to understand what they don't know, as well as what they do.

In this case, the research has found some strong assets, some major challenges, and some obsolete stereotypes about bingo that we need to deal with.

*Best things about Bingo:* The most important aspect is social nature of the game – it is an event to mix with friends and enjoy being with people. Other positives are:

- Winning is good, and it is fun and exciting.
- An additional 4% like bingo because it is easy to play, easy to budget, and it is low risk.
- Other mentions include that the money is for charity, the game is relaxing, the challenge and suspense, and the pleasure of calling out bingo.

*Areas for improvement:* There are not a lot of suggestions from Ontarians for improving bingo. They actually have far more, which they are able to express when given specific questions, but top-of-mind they are thinking in general terms.

- Bingo needs a better image, and needs to be marketed better.
- Bingo should be located in better facilities – not the smoky bingo halls recalled from the past. (This is something that the 2<sup>nd</sup> phase of research, currently underway, will be examining in greater depth).
- Bingo should be more fun – which is likely product related.
- Better jackpots and prizes are mentioned by 3%.
- Three percent also thinks that bingo could be improved if it could be located in a smoke-free environment.

## ***Perceptions of Bingo Players***

The issue of bingo needing a better image, and better marketing, is emphasized when exploring what the public thinks of bingo players – in general, a negative image: bingo players are perceived to be old, and rather addicted to their game, as well as dull and competitive.

On the positive side, they are seen to be sociable and friendly as well as outgoing, but they are also perceived to be lonely, lower class people who need something to do with their time. Most are perceived to be women. They are

thought to be smokers, not overly intelligent, and rather desperate and needy. Some 2% even describe them as superstitious.

In comparison, this is not how core bingo players describe themselves. However, the perception is a major impediment to attracting new patrons. This is particularly true given that the most important question that a potential bingo player can ask is “is this game for people like me?”

### ***Description of Bingo Facilities***

One of the prime attractions for the bingo experience is the social atmosphere. It is the main driver for current bingo players. For the 5% of the public who play bingo, they do not need to be sold on the existing facilities being friendly, comfortable and safe.

However, that isn't necessarily the view of the other 95% of Ontarians. And bingo facilities, with locked-in sessions and no walk-in products, are places in which players have to invest a lot of time.

So while it is encouraging to see one-in-five Ontarians describing the facilities as bright, clean and open, several perceptual challenges can be found in the rest of their descriptions: big, barren and cold, as well as old, boring and dull, smoky and stale.

The smoking issue comes up often in this survey – although hardly anybody mentioned a desire to bring back smoking in bingo halls. However, an interesting finding is the number of people that somehow believe that bingo is exempt from provincial smoking laws. This perception is not that worrisome and can be quashed with advertising, or with earned media. The surprising survey result that 12% of Ontarians believe that bingo halls are full of cigarette smoke, is a potential start to a PR campaign.

### ***Charities/Social activity***

Two of the characteristics that are strongly attributed to bingo are the contribution that it makes to local charities, and the social, interactive nature of the activity, although a third of Ontarians either do not think bingo contributes to local charities, or just don't know.

Messages based on these two characteristics are strong motivational drivers not only for existing players, but also for lapsed and potential players.

The charity component and social activity are by far the two best existing assets for bingo. However, it is unlikely though that the charities issue would be enough

to change behaviour on its own – even with emphasis on the social factor. But they are both vital parts of an overall package and approach that can be targeted to potential players.

A further asset is that Ontarians reject the assertion that bingo is an out-of-date game. They see it as accessible, relatively inexpensive, and not too complex. Bingo is not seen as on the leading edge of technology, but whether that is an asset or liability, for current and potential players, will be more relevant when potential products are tested in subsequent research.

### ***Is this a Game for People like Me?***

Notwithstanding the game's positive assets, the greatest challenge to attracting potential bingo players is the critical question "Is this a game for people like me?" Only 11% believe that it is. Most cannot identify with the stereotypes they have of bingo players - old, addicted, dull, lonely, lower class, needy, superstitious smokers. The lack of men among existing players is also problematic.

Most people choose a restaurant or nightclub not based just on whether they would enjoy the food, but on whether they will fit in and feel comfortable. Every beer label has a unique demographic – people know this and often make their choice just to mirror the demographic they want to be part of.

People's vacation destinations are based on many things, but if they find themselves out of their social class, they are often uncomfortable and won't go there again.

"Is this for people like me?" is a major criterion in many decisions – especially social decisions.

Going to play bingo is a social decision. It is seen as a very social game, with a high degree of interaction. Indeed, social interaction is its main asset. The people that players interacting with must be somewhat like themselves, or else they will not be comfortable, particularly given the duration of game/time involved for the average player

The industry obviously needs to counteract this stereotype, especially as there is definitely an age and gender imbalance amongst the current bingo community.

Although further research and testing is necessary, it is apparent that Lifestyle positioning is definitely required, through advertising, communications and promotion. This could perhaps feature young families in marketing materials, encouraging office bingo outings, positioning bingo as a fun middle-class family entertainment event. Earned media, involving potential celebrity endorsements,

could also be effective here. Showing a popular celebrity playing bingo could be very effective in terms of addressing the stereotype.

Changing these perceptions is critical to the future of bingo. If the bingo player community is to be expanded, it can't be by playing to the same traditional and finite audience. That audience has been exhausted, and changing demographics indicate it will not be renewed enough to avoid further shrinkage.

Rather, it is necessary to appeal to a new group of players, with different demographics, and make them feel comfortable. But at the same time proceed with an element of caution, so that the industry does not risk attrition of the existing bingo players. It is essential to hold on to that important base of 5% as long as possible. It is also essential that these individuals continue to feel that bingo is a game for people like them.

### ***Out of date/boring***

If the most important obstacles to adopting bingo are the bingo community followed by the facilities, then the third is the way the game is played. This does not mean the game itself. Ontarians reject the idea that bingo is an out-of-date game, though there are many who hold that view.

Rather, the challenge is that far more people find the way the game is played to be boring. As well, this reality clashes with the fact that current players do not find it boring at all.

Upgrading the technology would appear to be definite positive in terms of attracting new players. Initiatives such as electronic touch-screen play, and adding new products and services, could go a long way to encouraging some of the target segments to consider playing bingo.

Again, it will be important to proceed with caution with the current players, who tend to react to these initiatives by saying it would not make any difference to them and that they assume they will be able to continue to play traditionally. However, these factors require more specific testing in order to be certain.

### ***Message testing***

The project is at the early stages of testing the themes, messages, products and services that will motivate new bingo players. Many specific concepts are still being developed. However, the most effective themes that should form the basis for messaging are clear.

Of these, the Charity component and social activity are very important. A charity messages to reinforce that playing is, in effect, the same as donating to local charities, prompts 53% of Ontarians to say they would be more likely to participate in a bingo game (keeping in mind that 35% weren't even aware of the charitable component).

And the social factor is the second most important appeal, being persuasive with 4 out of 10 Ontarians.

Other actions that are effective include the renovation and updating of facilities, which are persuasive to 34%, building restaurants and pubs (33%), making the environment family friendly (31%), electronic touch-screen bingo (26%), serving alcohol (20%), break-open lottery tickets or poker (20%) and slot machines (13%).

The fact that these numbers are representative of the entire province – not just bingo players or prospective players – is extremely positive. They include the 23% who will not gamble under any circumstances (though not all of them see bingo as gambling), and a further 25% who are highly unlikely ever to play bingo.

This means that the total market pool is 52% of Ontarians, of which 5% are current bingo players. Of the 52%, some will be easier to attract than others, but if the industry can attract only one out of ten of this market pool, the number of current bingo players actually doubles.

### ***Other games/slot machines***

As noted earlier, it is important to consider changes that have the potential to alienate existing players with caution, and on the basis of good data. This is the challenge for the industry - ensuring that the most effective menu initiatives are put in place to attract new players, while avoiding costly overlaps, and also minimizing any negative impact on the existing market.

### ***Motivation to visit a bingo hall***

After respondents finished answering all 100 questions on gaming in general, and bingo in particular, they were asked them to reflect on the one thing that would make them most likely to visit a bingo hall in the near future.

Being accompanied by a companion was the top response, followed by going for a charity, the interesting environment, and food/beverage.

Other mentions, at 4-points each, were big jackpots, updated/modernized atmosphere, family orientation, more casino-type games, and more accessible

locations. There were 60 other criteria mentioned – everything from babysitting services, live music, to adult entertainment.

This is very encouraging, as all these people had just completed a discussion about bingo, and the potential changes to the game, venue and messaging.

However, these results need to be placed in a broader context. Although some 82% have never played bingo and only 5% could not name something that would prompt them to visit a bingo hall, 40% also admitted that there was nothing we could do that would persuade them to go.

### ***Size of the bingo market/segmenting the bingo market***

Of all Ontarians, 23% will not gamble, and a further 25% are highly unlikely to become bingo players.

That leaves 52% in the total market pool. Some 5% are current players. They are loyal, but we caution is require so that they are not turned off by changes that make them uncomfortable.

Lapsed players are 12%, and consist of those who have played bingo in the last two years but who do not intend to return, or those who played some years ago but not more recently.

Normally, lapsed players are the low-hanging fruit. However, their responses to survey suggest that, while a good target, they will be a harder-sell:

- They've played, often many years ago, and are reluctant to try it again.
- They are among the least likely groups to see bingo players as sociable and friendly, and the most likely to mention bingo halls filled with cigarette smoke.
- They are a good target, but need to be treated differently than the other three segments.

The lowest-hanging fruit are the core potential players. They intend to play bingo, and have played once over a year ago, or they have been left more likely to play after the messages tested.

These people tend to be most like the current players, in terms of both attitudes and demographics. The big differences are that almost half of them are men, they tend to be younger than current players, twice as many are single, and twice as many were born outside of Canada.

This group of core potential players should be the easiest group to appeal to and while they are only 4% of the population, a successful appeal to this segment would almost double the number of current players.

Once this group has been developed, and hopefully aided by the evolution of the bingo entertainment experience, the Peripheral Potential Players can be targeted. These people may never have played bingo before, but they were left somewhat more likely to play by at least one of the messages that we tested with them.

Peripheral Potential Players will be a harder sell, but there are a lot of them, and if the industry can attract only 1-in-10 of the lapsed, core and peripheral groups, the market size is doubled.

All will need communications that reflect changes to the bingo experience, but these communications as well as many of the actual changes, should be differently tailored and targeted.

### ***Perceptions of the different groups***

Current players don't describe their community as old. Lapsed and peripheral potentials are more likely to perceive bingo players as old. Non-players don't have many opinions on these characteristics – they tend to be undecided.

Current players see themselves as sociable and friendly. Lapsed players are least likely of the target groups to believe this.

Best marks for bright/clean/open facilities are found again among current players and core potentials. Lapsed players are somewhat more critical, tending to be describe facilities as barren or cold. Though to be fair, current players also use these terms to describe the place where they play.

Lapsed players also use the term "dull" to describe bingo facilities. They tend to complain as well that the bingo halls are filled with cigarette smoke. It should be possible to move them on this issue, but noteworthy is that the core potential market really doesn't see the problem.

The message and positioning of bingo as a social game that brings people together has a very strong draw with core potential players. Non-players aren't much impacted – the majority says it still wouldn't make a difference. This message and positioning has no appreciable harm to the current player base.

Renovating facilities is also a positive with both current and potential players. The 13% of potentials who may be less likely to visit, are not an issue – they are not currently playing anyway.

Pollara is in the process of testing the renovations with current players, to get a solid read on possible attrition and then to avoid it.

***Next steps***

The first phase of research results are extremely positive in terms of the potential appeal for bingo. The industry messages that have been tested are persuasive.

The next phase of research currently underway and anticipated to be available to the industry in June is dealing with more in depth question such as: What mix of new products and services, facility expansion, messages and marketing tools will allow the industry to make the strongest impact on potential players, while holding onto current players?