

The Two Billion Pound Turnaround

Executive summary

You may not know it, but you've probably benefited from **The National Lottery**. Perhaps you experienced the anticipation that 'It could be you', won a cash prize or enjoyed weekend leisure time in a place that's received Good Causes funding. For others, National Lottery funding is a vital source of support when life doesn't go to plan. The National Lottery is no ordinary brand.

This paper is about that brand becoming stuck - and the revitalisation marketing strategy that set it on its way again.

In 2017, the brand was in bad shape. Sales had **plummeted by £600m** to £6.9bn and Good Causes funding was at risk. The brand was perceived as irrelevant or even greedy by the public. And in the background, new lotteries were nipping at the heels of a category it once had to itself.

A plan was hatched in late 2017 to reclaim the role of The National Lottery in national life. To get the business back to growth and boost brand positivity, we undertook four initiatives:

- 1. Repositioned the brand by connecting play with purpose**
...helping people connect emotionally with the brand's reason for being.
- 2. Made its products more compelling**
...enhancing the mechanics and value propositions for each game.
- 3. Maximised mental availability through distinctive brand assets and communications**
...creating familiarity and positivity through repeatable, distinctive visual and audio assets.
- 4. Committed to high performing media channels and maximising media effectiveness**
...reaching more households through the power of TV advertising.

These efforts

- Took brand positivity to historic levels
- YouGov named The National Lottery the UK's second most improved brand in 2020
- We've enjoyed three years of business growth - and we're still going

The revitalisation strategy is estimated to have contributed **£2.6bn** of additional sales to date. But most importantly, it's returned over **£500m more to the Good Causes** that make living in the UK better.

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The Two Billion Pound Turnaround

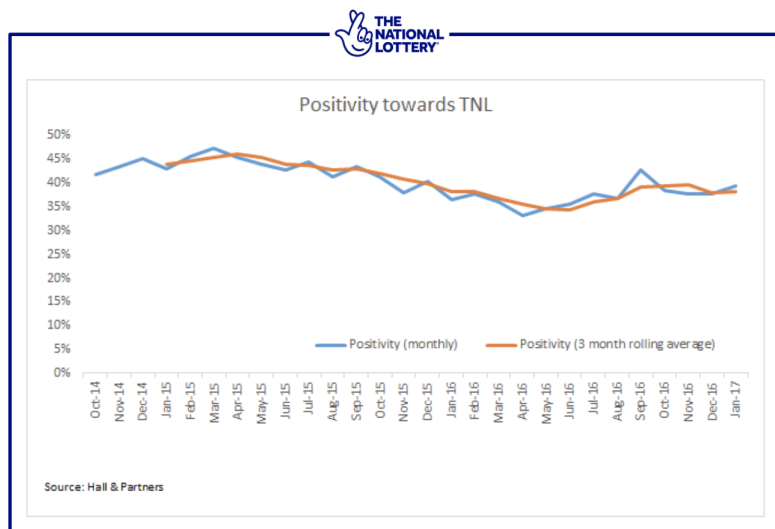
Introduction: Revitalising a brand of national importance

On Saturday 19th November 1994, the nation held its breath. One of the most exciting new brands of the decade launched. With the promise that 'it could be you', millions bought £1 lottery tickets. The National Lottery was born.

It's a simple and enduring idea. Millions of people play for prizes of millions of pounds and, in the process, millions more are raised for Good Causes across the UK¹.

However, after 20 years, this simple proposition had waned in the hearts and minds of the British public.

By 2017, the brand was in trouble. 'Positivity' - a key metric tightly correlated to sales - had declined.



¹ The average breakdown for every £1 of ticket sales in 2019/20 was:

- 55p paid to winners in prizes
- 23p given to Good Causes
- 12p to the government in Lottery Duty
- 5p paid to National Lottery retailers in commission
- 5p retained by Camelot to meet costs and returns to its shareholder

Events came to a head when sales dropped **from £7.59bn in 15/16 to £6.92bn (-8.8% YoY)**.

This would be worrying for any brand. But The National Lottery is no ordinary brand. Its reason for existence is not profit, but to fund parts of society the government cannot reach. When your brand raises £30m for Good Causes every week - funding everything from dreams (such as Olympic and Paralympic champions), through to necessities (such as food banks and mental health support) - decline is not an option. It's hard to picture what life in the UK might be like without the £42bn raised by The National Lottery so far. It is a brand of national importance.

This paper will demonstrate why careful marketing stewardship was needed. By turning around the brand, we could continue to turn around the lives of ordinary people in the UK.

Gross ticket sales are now growing and the brand has reached new highs in positivity. It is the second most improved brand in the UK, after Netflix². Over the last four years, The National Lottery brand's contribution amounts to **£2.6bn in additional sales and over £500m of extra Good Causes funding**.

² Source YouGov

Initiating the Revitalisation: Reset the strategic ambition

In 2017/18, a largely new Executive Team was established. They had a clear remit to revitalise one of the UK's largest and most important brands.

The ambition was clear: **Reclaim the role of The National Lottery in national life.**

The brand had been founded with a purpose and a job to do for the UK.



“Millions of people will enjoy the chance to play and have the opportunity of winning. There will be hundreds of thousands of prizes, from a few pounds to more than a million. Anyone could be a winner. But everyone can take pride and pleasure in seeing the proceeds of the Lottery enhance our national life. Life in Britain will be the richer for them.”

Prime Minister, John Major at the launch of the National Lottery in 1994

Focusing the Revitalisation: Setting SMART business and brand objectives

Against this ambition came two tangible objectives:

- Reverse the business decline (from -8.8% FY16/17 vs. FY15/16) to return to year-on-year positive annual growth
- Return brand positivity to historical performance levels equal to or greater than average in FY 14/15 (44.6%)

With any change of direction, it's imperative to check the rearview mirror before plotting a new journey. How had the brand slipped? In a full-scale strategic review, three insights emerged.

Preparing the Revitalisation: The insights that fuelled our strategy

1. The public had lost sight of why The National Lottery existed

The National Lottery was established to return money to Good Causes. But awareness of this fact was declining and the brand was losing relevance. A 2018 qualitative research debrief highlighted the problem: the lottery had become 'a relic from the past' and 'lost its emotional connection with the nation'.³



The Promise

Our Brand Promise



Every player can say they've done good

CAMELOT

The Insight

// It's not the reason I buy my ticket, but you know you're not totally wasting your money

Player, Ascot Avenue Lotto Research, August 2017 //

// The bit about helping the charities is the guilt relief - you don't feel bad about 'wasting money'

Small retailer interviewed by TBR, May 2018 //

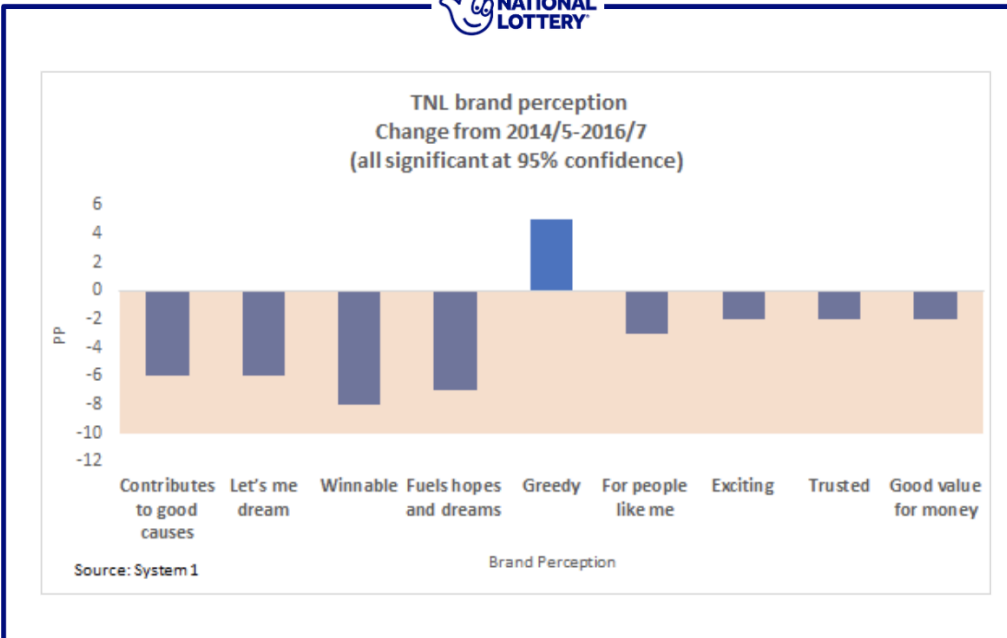
Good Causes don't drive play, but they are the first rationale that players reach for to defend and explain their decision to play.

Players believe that Good Causes are good and impactful, but they don't feel confident explaining them to sceptics.

What do we mean by this?

- Players not only need to know where the money goes, but also that it's going to projects that mean something to them
- Knowing and feeling this keeps them playing

³ BritainThinks debrief, 2018



The brand was less compelling on all key metrics. The only metric in growth was 'greedy' and that was because the flagship Lotto game had been changed in a way that didn't work for the public

2. The National Lottery's products had become less compelling

Lotto is the brand's flagship game, and its health underpins the broader business's health. This game of chance had become a game of 'no chance' in the hearts and minds of its audience. Over two years, the business had altered the mechanics of how to play and win Lotto. In 2013, the first change doubled the price to £2; in 2015, the second change increased the number of balls from 49 to 59. Players - rightly - felt they were now paying more for reduced probabilities. Moreover, with jackpots of over £60m, it was now becoming indistinct from EuroMillions, "the £50m+ jackpot game".

The National Lottery works to a very tight business model⁴. Simply matching spend was not an option. However, focusing our efforts on all the levers of mental availability and allocating our media differently for competitive advantage were.

Planning the Revitalisation: Our four strategies

With the problem diagnosed, we developed four strategies to meet the business and brand objectives

1. Reposition the brand by linking play with purpose
2. Make the products and propositions more compelling to the customer
3. Maximise mental availability through development and consistent use of distinctive assets and compelling communications
4. Commit to high performing media channels

The table overleaf summarises our objectives, strategies and targets:

⁴ The average breakdown for every £1 of ticket sales in 2019/20 was:

- 55p paid to winners in prizes
- 23p given to Good Causes
- 12p to the government in Lottery Duty
- 5p paid to National Lottery retailers in commission
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Reclaim the role of The National Lottery in national life

| Objectives | | Target |
|----------------------|---|---|
| Commercial objective | Reverse the business decline | TARGET: Return to positive business growth YoY (from -8.8 % YoY) |
| Brand objective | Grow brand positivity | TARGET: Return to historical performance levels equal to or greater than 44.6% (12-month rolling average) |
| Marketing strategies | By repositioning the brand, linking play with purpose | |
| | By making the products and propositions more compelling to the consumer | |
| | By maximising mental availability through development and consistent use of distinctive assets and compelling communications | |
| | By committing to high performing media channels and maximising media effectiveness | |

Delivering the Revitalisation: Our strategies in action

STRATEGY ONE: Reposition the brand by linking play with purpose

Brand consultancy, Teneo Blue Rubicon, helped us diagnose how to build an emotional connection and return it to relevancy. To win back the hearts and minds of the British public, the brand had to remember what it was here for.

Encapsulated by the purpose 'Making Extraordinary Happen for Everyone', we developed a new masterbrand strategy which brought together the dual promise of the brand: extraordinary prizes for winners and, crucially, extraordinary benefits for society through the Good Causes play supports. This strategy gave the brand a higher order story to tell - rather than just promoting the next prize, we could now give players an emotional reason to play.



To help unlock this story for the public, we appointed a new advertising agency, adam&eveDDB. With their help, a new masterbrand campaign was born, building emotion and relevance back into the whole brand, not just the games.

In an early iteration of the campaign, 'Haircuts for Homeless', a TVC helped players understand their impact by illuminating one of the thousands of charitable projects their play funds.

On The National Lottery's 25th Birthday, the masterbrand campaign brought play and purpose together in one campaign. Anchored in the line 'Your numbers make amazing happen', we created a fully integrated campaign, celebrating both winning and Good Causes in one entertaining number. Above-the-line executions were complemented by a PR campaign from the wider family of distributors - from the BFI to Sport England - showcasing the breadth of Good Cause beneficiaries. To capitalise on the positivity, we linked the games communications to the brand for the first time, helping players effortlessly connect the two.



Our strategy of linking play and purpose influenced how we responded to the 2020 pandemic. The National Lottery distributors diverted Good Cause funding to the places that needed it most, sending over £1bn to support people and projects impacted by coronavirus across the UK. This amounted to the single biggest non-governmental contribution to the COVID-19 crisis.

In a series of fast-turnaround campaigns, we then told players about the amazing impact of their play. Our efforts culminated in a partnership with ITV, which offered players the chance to help out directly by volunteering with some of the Good Causes supported.

COMMUNITY FUND CAMPAIGN EXAMPLES



Thanks to National Lottery players, communities across the country are about to benefit from up to 300 million pounds of funding... "Thank you!"



... money that will help support the most vulnerable in these exceptional times. "Thank you!"



Food banks, local health organisations, charities combating loneliness and thousands of other community causes will all get vital resources... and it's all thanks to you, playing The National Lottery. "Thank you!"



Paddy's missing out on *This Morning* for this, Carol's missing out on *The Voice* for this and Jo's missing out on *Tipping Point* to do this. Every week National Lottery players raise £30m for good causes,



and now we're teaming up with ITV to get you involved. We're asking people across the UK to simply miss an episode of their favourite show




... And use that time to help in their community. After all you can always catch up on ITV Hub. Visit [MissOutToHelpOut.com](https://www.missouttohelpout.com) to find out how you can get involved

In 2021, linking play with purpose will be pointed at the Tokyo Olympic and Paralympic Games, further proof of the player-contribution.

STRATEGY TWO : Make the products and propositions more compelling to the customer

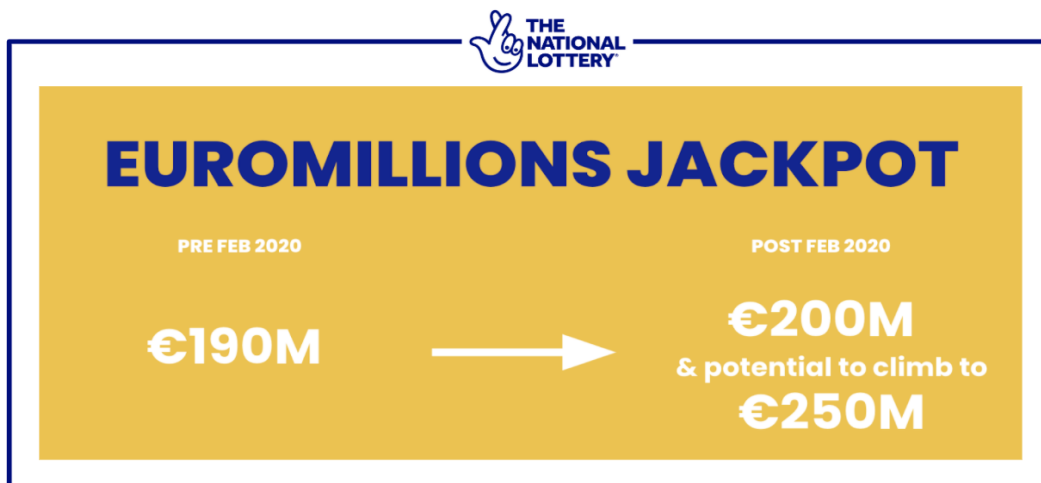
Enhancing the products

Lotto is The National Lottery's flagship game and therefore a top priority. Following the two unsuccessful game changes, we reviewed the game's mechanics. We removed the 'raffle' and gave players what they really wanted: bigger, guaranteed prizes in every draw. Additional changes ensured the jackpot would be won more often (to stop it from getting too big) and created a new 'rolldown' mechanic - if the jackpot still hadn't been won by the fourth rollover, winners at every other prize tier benefitted. These changes came without any price increases or extra balls.



| | PRE NOV 2018 | → | POST NOV 2018 |
|----------------------------------|---|---|--|
| Prize values standardised | ●●●●● JACKPOT ●●●●● TYPICALLY < £100,000 ●●●●● TYPICALLY < £1,500 ●●●● TYPICALLY < £120 ●●● FIXED £25 ●● FREE LUCKY DIP TICKET | | ●●●●● JACKPOT ●●●●● £50,000 ●●●●● £1,000 ●●●● £100 ●●● £25 ●● FREE LUCKY DIP TICKET |
| Same price to pay | £2 | | £2 |
| Same no. of balls | 59 | | 59 |
| Complex raffle removed | Millionaire and Lotto raffle | | - |

For EuroMillions, we worked with the nine other operators of the game across Europe to make the game even bigger and more distinctive from Lotto. Live from February 2020, these changes mean the jackpot fund accumulates faster, increasing the probability of bigger jackpots, more often.



On Scratchcards, we streamlined the product offering and ensured we had a wider range of compelling games at lower £1 and £2 price points.

Existing customers found the changes compelling. However, research suggested lapsed and non-players would never be won over by our existing games.

BritainThinks Research from 2018 identified a challenge from many under-30s: the promise of huge jackpots just didn't float their boat. Some felt big sums of money were crass; others pushed back against the blatant consumerism of a big win. They wanted to forge their own path

in life - and not have it all handed to them. We soon realised the answer was not more tweaks, but a whole new game proposition.

Enter Set For Life - the first new draw-based game launched in over ten years. As an annuity prize game, players wouldn't win a lump sum - instead, they'd win £10,000 every month for 30 years. Pre-launch research confirmed this game was perceived more winnable than others and the nature of the prize payout mitigated concerns about extravagance. What's more, in a world of growing financial insecurity, the guaranteed income felt especially reassuring.



Enhancing the value propositions

With a new set of compelling products, it was only right to position and promote them favourably. Following extensive consumer research, we gave each game a value proposition and unique role in the portfolio.

For Lotto, we discovered that 'hope' remains the core driver of play. Even long-term players - 26 years and counting - still play because they believe that maybe, just maybe, it could be them. In our portfolio, this game is therefore 'The original *It could be you*'.

EuroMillions, by contrast, is all about the bonkers jackpots. One player told us that, with a win, "you can start to put your money where your mind is".⁵ As the game that could make even your

⁵ EuroMillions Research Debrief, Acacia Avenue, 2019

wildest dreams come true, the proposition is simply: 'Win ridiculous money'. The table below shows the corresponding propositions for Instants (incorporating Scratchcards and online Instant Win Games) and Set For Life.

| | | | |
|---|---|--|---|
| LOTTO THE ORIGINAL IT COULD BE YOU | EUROMILLIONS WIN RIDICULOUS MONEY | INSTANTS WIN TODAY RIGHT NOW | SET FOR LIFE WIN POSSIBILITIES EVERY MONTH |
|---|---|--|---|

The National Lottery now had a clear product portfolio.

STRATEGY THREE: Maximise mental availability through development and consistent use of distinctive assets and compelling communications

After repositioning, we needed to ensure our brand and games would easily come to mind. Faced with a noisy, growing competitor set, we couldn't rely on out-spending them to make our brand top of mind: every penny needed to work as hard as possible.

Building on the work of the Ehrenberg-Bass Institute - which asserts the need for brands to invest in a consistent suite of distinctive assets - we created a design system which could flex across all consumer touchpoints. A suite of memorable distinctive colours, lexicon and wordmarks for each game was created by agency JKR.





Adam&eveDDB then created distinctive advertising ideas for each game. In one example, EuroMillions communications promise 'Dream come true money' - this line, the colour yellow and the depiction of over-the-top dreams have become strong transferable assets across all consumer touchpoints.



The brand distinctiveness mission had one more task. The new portfolio of games was building towards a tone long since eroded: entertainment. How could this contagious feeling of fun be supercharged? There's one man who personifies the affable British nature of The National Lottery: Dermot O'Leary. His distinctive and inclusive sound now provides the VO for all communications. To complement this, we invested in distinctive music - 'Three Is A Magic Number' - using it consistently as a bedding track or sting.

The fightback was almost complete. There was just one final elephant in the room: our media mix.

STRATEGY FOUR Commitment to high performing media channels and maximising media effectiveness

An audit of our media strategy by Ebiquity in 2017 concluded that we had cut our media investment to levels that were not conducive to maximising sales in any given week.

Contrary to our mental image of a habitual Saturday Lotto player, most of our players don't play that frequently. To put it another way, The National Lottery has 25m 'light' users.

To prompt the nation to play, we needed to optimise all adult reach every single week of the year by upping investment in TV.

The table below shows the step change in weekly TV weights (as measured by TVRs or Television rating points) over a five-year period, and the corresponding uplift in 1+ reach in any given week.

The uptick in TV investment behind games, was accompanied by the return to TV of brand advertising in 2018. The result is that our overall weekly adult reach increased by 8% from 2017 to 2018 (some 4m people a week) and continues to this day.

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|------|------|------|------|------|------|
| Average Weekly TVRs(Games) | 162 | 162 | 158 | 174 | 215 | 218 |
| Average Weekly TVRs (Brand) | 0 | 0 | 0 | 32 | 36 | 73 |
| Average Weekly TVRs (Total) | 162 | 162 | 158 | 206 | 251 | 291 |
| Average Weekly adult reach on TV | 65% | 65% | 64% | 72% | 76% | 79% |

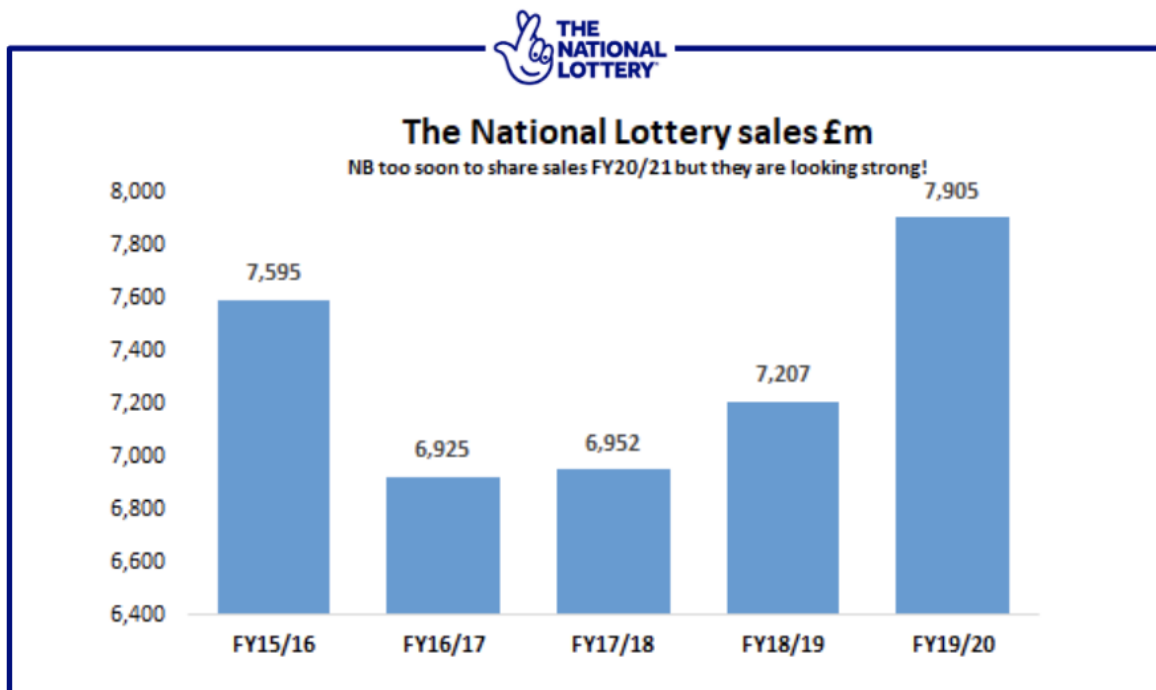
There was a new improved product portfolio with better chances to win; a distinctive design system to aid navigation; emotive advertising communications to connect play with purpose; topped off with a revitalised media mix. Did it work?

RESULTS

| Reclaim the role of The National Lottery in national life | | | |
|---|---|--|--|
| Objectives | | Target | Actual |
| Commercial objective | Reverse the business decline | TARGET: Return to positive business growth YoY (from -8.8 % YoY) | ACTUAL: Three consecutive years of growth |
| Brand objective | Grow brand positivity | TARGET: Return to historical performance levels equal to or greater than 44.6% (12-month rolling average) | ACTUAL: Brand positivity growth, reaching 47.1% on a 12-month rolling average |
| Marketing strategies | By repositioning the brand, linking play with purpose | | |
| | By making the products and propositions more compelling to the consumer | | |
| | By maximising mental availability through development and consistent use of distinctive assets and compelling communications | | |
| | By committing to high performing media channels and maximising media effectiveness | | |

Did we reverse the business decline (from -8.8% FY16/17 vs. FY15/16) to return to year-on-year positive annual growth ?

Since the new strategy was deployed, revenue has unmistakably improved, leading to four consecutive years of growth⁶. The last financial year (FY 2019/20) closed with gross ticket sales growing by 9.7% to £7.90bn and thus reversing the decline.



⁶ Including 20/21 (as published half-year results and internal projections show Camelot on track for growth)

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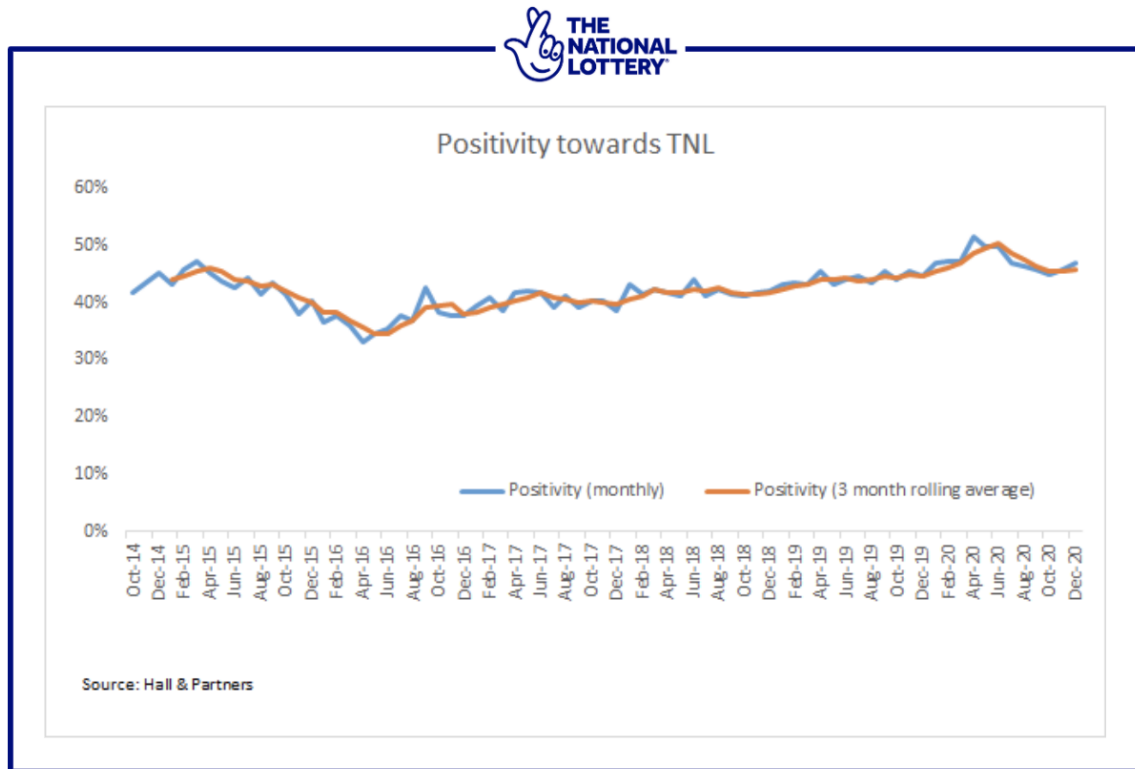
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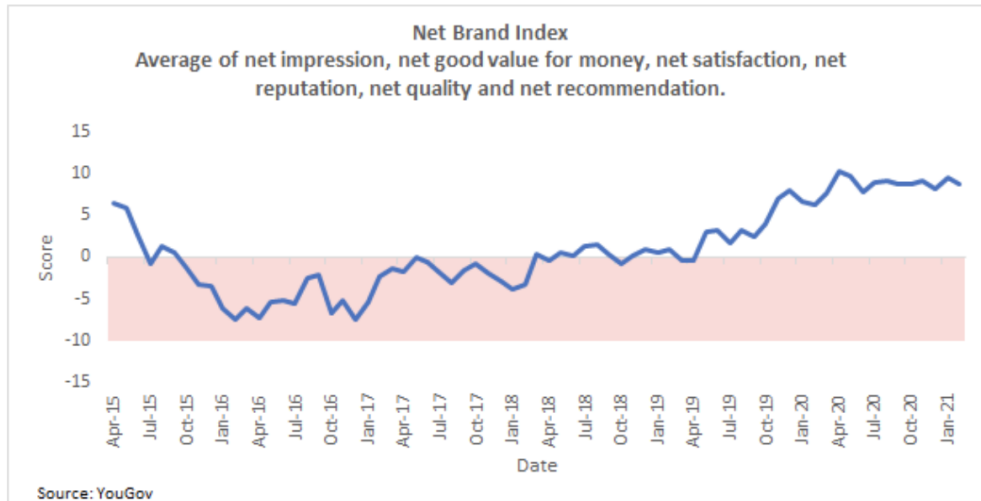
⁷ Model prepared by Les Binet adam&eveDDB Includes estimate

Secondly, did we return brand positivity to historical performance levels equal to or greater than average in FY 14/15 (44.6%)?

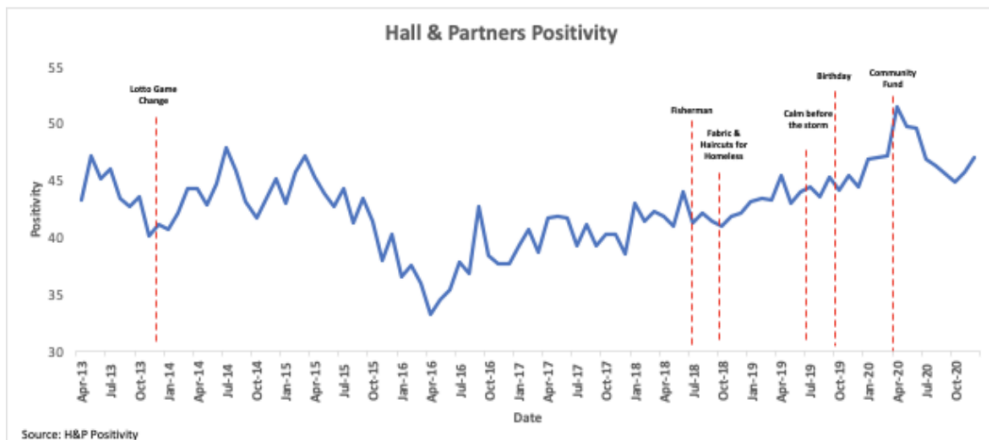
Brand positivity increased throughout the period (currently 47.4% on a 12-month rolling average) and hit a historic high of 51.5% in April 2020.



And the composite brand index, as measured by YouGov, turned from negative to positive over the period. The National Lottery was called out as the second most improved brand in 2020 after Netflix.

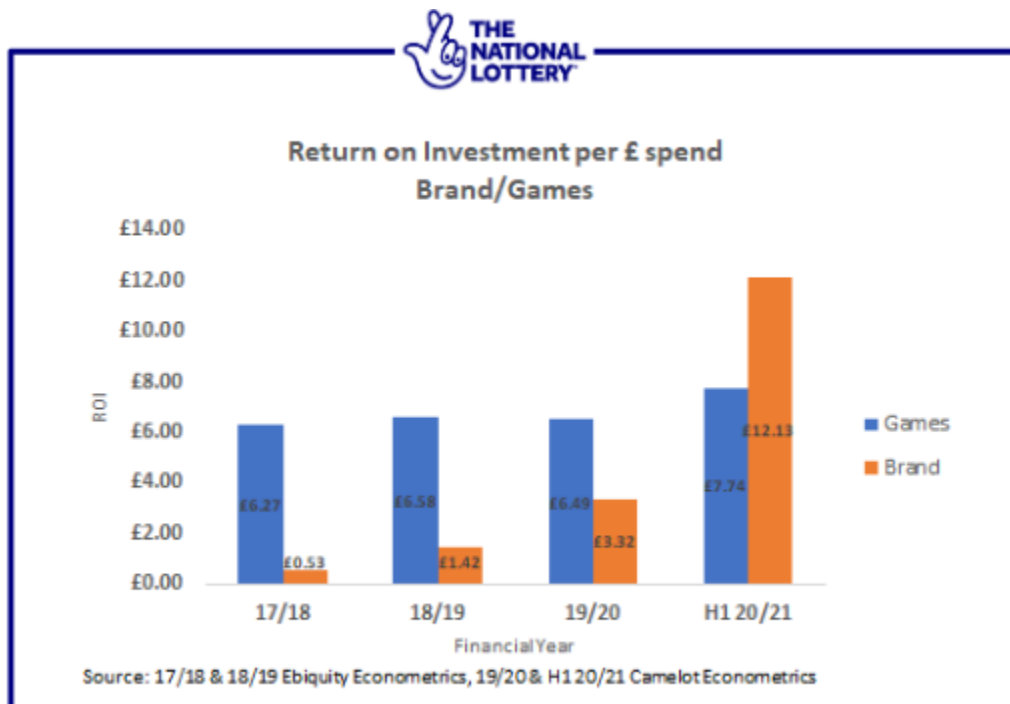


Looking at positivity in detail shows it improved after each initiative in our strategy was implemented.



Robust econometric modelling has quantified the contribution of paid media to our commercial successes. Collectively, our marketing strategies - product changes; improved distinctive brand assets; a commitment to above category media investment prioritising high performance channels; quality creative communications that connect players with the purpose of The National Lottery - have driven a significant uplift in positivity from base.

The model also shows that we **increased our media effectiveness ROI** on masterbrand and game marketing. Game media effectiveness **improved by 23%** and masterbrand ROI was **over 20 times more effective**, alongside an increased media budget.



In conclusion, we learned that with the right vision and strategies in place, it is possible to turn the biggest of ships.

Through dedicated restoration work, we **solved brand reputational challenges** that had dragged commercial potential down with them. We **listened and reconnected with our players'** motivations, we invested, we **simplified and we were consistent**. The result is a revitalised national brand where everyone's a winner. We have not yet closed the third financial year of our three-year plan, but we have proven that, without marketing, this turnaround would not have happened. Marketing has re-charged and re-energised The National Lottery.

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