



## Strategies for growth and expansion

The Ansoff Matrix is a tool that helps businesses decide their growth strategy. It suggests that growth can be achieved by selling new or existing products in new or existing markets.

		PRODUCT	
		Existing	New
MARKET	Existing	Market penetration	Product development
	New	Market development	Diversification

**Market penetration** – the business focuses on selling existing products in existing markets to increase market share. This can be achieved by introducing loyalty schemes to increase purchasing by existing customers, e.g. the stub ticket game on the Winning Streak ticket. Customers must collect the letters to spell out the word “W-H-E-E-L” to enter a game to win up to €50,000.

**Market development** – the business seeks to sell existing products in new markets or market segments. The National Lottery can do this by increasing the number of outlets/agents/retailers that sell their Scratchcards.

**Product development** – the business aims to introduce new products into existing markets. New and improved versions of the product are aimed at existing customers. The National Lottery has achieved this by introducing new games last year e.g. Monday Million and Millionaire Raffle.

**Diversification** – the business markets new products in new markets. This is a risky strategy as the business is moving into markets in which it has little or no experience.

## Conclusion

The objective for the National Lottery is to continue to provide its players with a broad range of exciting and varied games. This will be achieved both through the promotion of existing games and the development of new games. Its success in developing and promoting games will ensure that it achieves its aim of raising further funds for good causes.

## Glossary

**Advertising:** paid communication, used to develop attitudes, create awareness and transmit information in order to gain a response from a target audience.

**Field research:** collecting original information rather than relying on previously available material. It usually involves face-to-face interviewing, discussion groups or surveys (telephone or postal).

**Market research:** the collection and analysis of information about consumers, competitors and the effectiveness of marketing programmes. It allows businesses to make decisions that make them more responsive to customers needs and increase profit.

**Mission statement:** a brief written statement which guides the actions of an organisation, spelling out its overall goal. It directs decision making for management.

**Personal selling:** one-to-one communication, typically between a salesperson and a customer.

**Product life cycle:** the course of a product's sale and profit over time, which goes through five stages: introduction, growth, maturity, saturation and decline.

**Public relations:** defined as the “deliberate, planned and sustained effort to establish mutual understanding between an organisation and its public”.

**Sales promotion:** extra value given to the customer, e.g. buy one get one free, 20% extra free, free gift, coupons or money off vouchers.

**Sponsorship:** when a business pays to be associated with an event, cause or image.

## Student activity

1. Pick a product of your choice. Outline the promotion mix for that product.
2. Work in small groups. Conduct market research for a product of your choice.
3. Analyse the marketing mix for that product and its main competitors.
4. Discussion groups are one method of market research. In groups of three, design surveys to be used to find out about customer reactions to a product of your choice.

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## Winning Streak Product Development



### Learning outcomes

- Mission statements
- Marketing mix
- Market research
- Product development

### Introduction

The National Lottery is a state-owned business that was set up by the Government in 1987. It operates a state lottery, which raises significant amounts of funding for causes in four main areas:

- Youth, Sport, Recreation and Facilities
- Health and Welfare
- Arts, Culture and National Heritage
- The Irish Language

Over the last 22 years, the National Lottery has raised over €3 billion for good causes in Ireland.

The National Lottery **mission statement** is:

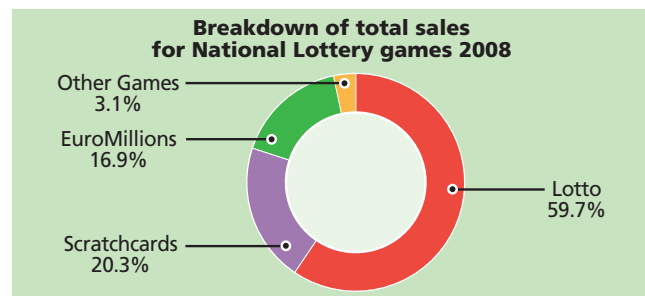
*"to operate a world-class Lottery for the people of Ireland, raising funds for good causes, on behalf of Government".*

In order to remain competitive and dynamic the business has extended its **product life cycle** by developing new products.

### Background to Winning Streak

The National Lottery offers a wide variety of lottery games. The portfolio of games includes: Lotto, Lotto Plus 1,

Lotto Plus 2, EuroMillions, Monday Million, Millionaire Raffle, TellyBingo and a range of Scratchcard games including Winning Streak.



The Winning Streak Scratchcard and TV Gameshow was launched in 1990. Since then over €107 million has been won by players in cash, cars and holidays. The Scratchcard game offers players a chance to win instant cash prizes worth up to €100,000 on a Winning Streak ticket. If the player reveals three stars, they can send the Scratchcard to the National Lottery to be entered into a draw to appear on the TV Gameshow. Each week five players are selected to participate in the TV Gameshow and have a chance to win cash prizes ranging from €20,000 to €500,000 as well as cars and holidays. The Winning Streak TV Gameshow is the longest running TV Gameshow in Europe with an average of €250,000 won per week.



## Market research & Winning Streak

The National Lottery's vision is to provide exciting and engaging lottery games that bring fun and excitement to everyone. It aims to be the best-known brand in Ireland. It engaged in **market research** to understand player habits and reactions in order to present the Winning Streak game in a format players want and understand.

Market research agency *Behaviour and Attitudes* work on behalf of the National Lottery in obtaining market research. They used **field research** by holding discussion group interviews with mixed gender groups aged 18 – 65. The results of the research were as follows:

- 25% of the population play Scratchcard games
- The highest proportion of Scratchcard players are in the 35 – 49 age category
- There are a higher proportion of Scratchcard players in rural areas
- The highest proportion of Scratchcard players are based in Munster
- A slightly higher proportion of females play Scratchcard games.

The discussion groups also examined all aspects of the Gameshow including:

- Games
- Studio set
- Format
- Music
- Graphics

The market research aims to identify the positives and negatives. All new games are tested in studio in advance of ticket sales to ensure they work correctly.

## Extending the proposition

In September 2008 a new strategy was undertaken to expand the player base. The show format and style became more contemporary, to give the show a more youthful and dynamic appeal. This strategy is continuing with additional format enhancements in September 2009.



The National Lottery and RTE *collaborate* on the direction of the show. RTE covers production while the National Lottery provides the games and prizes.

The show airs in a prime slot on Saturday evening usually at some point after 8pm. The reason for this is to inherit some of the audience from the Saturday evening family movie, as the Gameshow is a light entertainment show aimed at a family audience. Viewing figures are high and the show is regularly ranked in the weekly Top 5 TV Chart. This is a very positive result, as there is strong *competition* to win Saturday evening viewers.

## The marketing mix

The marketing mix (also known as the 4Ps) is a set of marketing tools and strategies which are used to achieve the objectives of the company.

PRODUCT	PRICE
A good or service offered for sale to the consumer by the producer.	The amount of money a customer pays in exchange for a product.
PLACE	PROMOTION
The location where a product can be purchased. This also includes the way in which the product gets from the producer to the end consumer.	All the forms of communication a producer uses in order to increase sales of a product.

*By offering the right product at the right price in the right place at the right time, using the most effective form(s) of communication with the target market, a business can maximise their sales and therefore their profits.*

## Winning Streak marketing mix

### Product

In this case, the Winning Streak Scratchcard and associated TV Gameshow is the product. Consumers can win up to €100,000 instantly or enter a draw to participate in the TV Gameshow.

### Product design

After conducting market research the Scratchcards are developed in conjunction with the associated TV Gameshow. Generally the Scratchcard's design elements will be incorporated into the TV Gameshow. The number of tickets in the game depends on the number of weeks the show is expected to run.

### Product development

Winning Streak is the main brand which has existed for over 19 years. In the past, the Winning Streak brand has been

developed into a sub brand. Previous brands included Dream Ticket, Double Your Money, Millionaire and Money Spinner. The Winning Streak brand is refreshed to maintain player and viewer interest, e.g. by adding new games and ways to win on the Gameshow.



The brand has two main ingredients:

1. Content and packaging of the Scratchcard which is sold through National Lottery agents throughout Ireland
2. Content and packaging of the TV Gameshow which is broadcast from September to May on RTE ONE.

### Price

The prices of all games are reviewed constantly. Changes are applied according to value for money. In the case of Winning Streak charged at €3, a new top prize of €100,000 (up from €50,000) was offered in addition to a special ticket stub "collect game". Other Scratchcard games are sold at €1 and €2, with prizes of €5,000 and €10,000 respectively.

The relationship between price and prizes is demonstrated in equation below:

$$\text{Price point} \times \text{unit sales} = \text{revenue}$$

The revenue is split between the prizes and costs associated with the Winning Streak game and good causes. On average, 32% of all National Lottery sales goes to good causes.

### Place

Scratchcards are sold through National Lottery agents throughout Ireland. In 2008, 52 new agents were appointed, bringing the total network to 3,675 agents. All agents are supplied with a Scratchcard dispenser, which displays Scratchcards in an attractive manner. These dispensers can hold up to 12 Scratchcards and have a "topper" advertising piece attached. The topper features images of selected Scratchcards. National Lottery agents are supplied with Winning Streak window surrounds which can be placed in the store window and viewed by all passers-by.



### Promotion

Promotion refers to all of the tools available to the business for communication. Elements of the promotion mix include **advertising, personal selling, public relations, sales promotion** and **sponsorship**.

#### Advertising

One of the challenges was to ensure that the National Lottery made it clear to consumers that although the show had changed, the prize structure and entry methods had not. This was depicted in TV advertising by showing a consumer getting three stars together. It also showed the joy of an instant win of €100,000 on the Winning Streak Scratchcard.

#### Public relations (PR)

Each September the newest version of the Winning Streak Scratchcard and TV Gameshow is launched at a 'media briefing event'. The aim of the media event is to obtain coverage in the national and local media. It also aims to create discussion about the game and generate broadcast coverage.

In September 2009 the Gameshow presenters along with National Lottery Chief Executive Dermot Griffin officially launched the Winning Streak game. A press release detailing the Scratchcard and TV Gameshow format was sent to all news desks.

Once the game is launched, it is important that it continues to generate press coverage. Each week, winners from across Ireland win hundreds of thousands of euros. The National Lottery has a photographer at each show to photograph the cheque presentation to the participants. These photos and a press release are then issued to the participants' local newspapers.

