Press release

Europe's Lotteries adapting to a post COVID-19 world

Brussels, 27 April 2020 – Lottery executives and industry experts came together last week via an online webinar *Lotteries in COVID-19 Lockdown* to discuss the impact of COVID-19 on the lottery sector, the consequences for a post-corona world and the importance of continuing to fund good causes during a pandemic. The webinar which gathered over 250 participants was organised by VIXIO GamblingCompliance in association with The European Lotteries (EL), together with representatives of two of EL Members the SAZKA Group and Veikkaus Oy. [1]

As COVID-19 continues to have a dramatic impact worldwide, lotteries are, to varying degrees, coping with and adapting to governmental, regulatory and public health measures introduced to slow the spread of the virus. Many have or are implementing operational continuity elements to enhance their capability of an effective response and addressing questions on the short- and long-term impacts.

Since the COVID-19 lockdown across Europe, EL has aimed to support and unite its Members, by gathering insights into their business continuity measures and exchanging on best practices in the lottery sector [2]. During the webinar **EL Secretary General Arjan van ’t Veer** outlined the situation for lotteries during the lockdown. In their immediate response to the outbreak, the vast majority of EL Members have already taken a series of priority actions to protect players and lottery employees, retailers and providers' staff. The most common steps included remote working, travel restrictions and regular communication with the players and relevant stakeholders.

On the operational side, Mr. van ’t Veer noted: “*I have seen many EL Members take necessary continuity measure to make sure operations can continue. In the first days of the lockdown, there was a tremendous drop in sales, as retailers closed their doors and draws were postponed or cancelled. Early on, Members that operate slot machines, EGMs or casinos took their responsibility to close, in order to reduce large public gatherings. As the lockdown spread across Europe, more POSs were closed (some up to 100%) and sports betting took a major hit*."

However, it is not all bad news. Mr. van ’t Veer added, “*Over the last few weeks some EL members have reported stable sales. Online games are performing better than expected, scratch cards are doing well, and many lottery campaigns are now focused on good causes to support the health sector and vulnerable people, such as funding for*
medical equipment or the delivery of daily essential supplies to care homes. Since the Easter break, there has been a positive impact on the sales of (draw based) games. There is still a long way to go but light is at the end of the tunnel. Some POSs are re–opening and Members are reporting preparations to get back to (full) business when possible”.

Moderated by Andrew Gellatly, Head of Global Research at VIXIO, the discussions moved on to national situations and how lotteries can learn co–exist with the virus. Robert Chvatal, CEO of the Szakka a.s. and Szakka Group (having operations in Austria, Czech Republic, Greece and Cyprus) highlighted the observed “north–south divide”, i.e. differences in impact on lottery business between southern and northern regions of Europe, where for example in the southern countries with very small share of on–line lottery sales and 100% POS closures, the business was hit very hard by the crisis (e.g. Italy and Spain) and in opposite, in the northern and central European countries, where the on–line share is much higher and retail was closed only partly, the business impact was much smaller.

Mr. Chvatal noted that ‘Many lotteries have seen a significant increase in online sales share, due to the retail channel limitations and customers’ willingness to have a chance to continue to play. Fortunately, this is even supported by high jackpots of both, local Lotto games and Eurojackpot/ Euromillions, attracting even occasional players to participate. This is something that lotteries will need to adjust to support, for example, their elderly customers concerned about going to their usual retailer with advice on how to play online. Some of them will probably remain the online customers, benefiting from convenience of on–line channel, which will partially increase the future on–line channel share. Nevertheless, plenty of the players will revert back to play in retail, especially those needing the social contact connected with the play. I believe that the lotteries biggest challenge will be to re–open fully the retail channel, respecting all hygienic rules to protect both customers and retailers, and ramp–up the retail channel performance as soon as possible to start to generate good causes contributions on the pre–corona level.”

On monitoring changes in the behaviour of players, Sami Kauhanen, SVP of Betting at Veikkaus Oy highlighted that “in Finland casinos, VLTs and slot machines closed in March, while the retails network remained open and continued to operate more or less “normally”. There has been a slight increase for online casinos, but not to the extent that they are seen as a replace to suspended games such as slot machines. On offshore operators, there are not major changes during the lockdown. There is a traditional loss of the market share for online casinos and betting from these operators, regardless of the crisis”.

On sports betting Mr. Kauhanen said, “Live sport betting is a big thing in our country and with the cancellation of sport events, many are turning towards betting on horse–racing, often with new players who cannot currently bet on their favourite live sport, like football. Virtual betting and e–sports are not so popular in Finland”.
An audience poll was conducted during the webinar on what changes will there be in lottery player behaviour in the post-corona era. Most participants said players would revert to their existing retail/online preferences, followed closely by players staying online and retail lotteries becoming less relevant. Further discussions took place between the panellists, including the impact of governmental and regulatory responses on lotteries; if there has been an increase in illegal activities or fraud during the lockdown and whether the crisis should prompt a move from physical draws to RNGs.

On governmental/regulatory responses, in some countries, they have had a positive effect on lotteries, as for example Regulators have awarded to operators to their land-based licenses also online ones or supported quicker game innovation. Yet, as governments are primarily focused on re-starting economies, it is not necessarily an appropriate time for lotteries to seek their assistance. In addition, markets are affected differently as retail networks have been hit harder in some countries than others.

On illegal activities and fraud, there have been some minor incidents such as illegal poker gatherings and, in some cases, illegal online operators could possibly try to fill in the gaps and therefore endanger public health. Elsewhere, some online sales have been restricted or reduced.

Regarding the question of random-generator-based draws replacing the physical draws, this is seen as something to be rather considered in the long term, based on concrete markets’ customer preferences.

To conclude, throughout the strict governmental and health measures in place across Europe, improvements are being seen. In the lottery world, players continue to play with a substitutional increase in online sales, while some retail POSs are re-opening and resuming their activities. While settling into new routines, lotteries should develop their long-term strategies to adapt to the post-corona landscape. While the current situation is a challenging one, it can also be seen as an opportunity for lotteries to further enhance their digital transformations and their operational efficiencies, as well as their overall business resilience.

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About the European Lotteries
The European Lotteries Association (EL) is the European umbrella organisation of national lotteries operating games of chance for the public benefit. EL has members from more than 40 European countries including all EU Member States. The association’s EU members contribute more than 20 billion EUR p.a. to the state budgets and the funding of sport, culture, social projects, research and other causes of general interest. Unlike many commercial online gambling operators, EL members only offer gambling and betting services in the jurisdictions in which they are licensed by the respective national government. Website: www.european-lotteries.org, Twitter @EuropeLotteries, LinkedIn