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Millennials: key to innovation

Tasos Flambouras, group director of interactive games at INTRALOT, highlights a generational influence on innovation in the online gaming industry – and how that might affect the lotteries' sector

I N the past few years there has been a big buzz around the term "innovation" in the gaming industry.

This clearly suggests the need for climbing to higher levels of innovation but always in accordance and within regulated environments. The question that arises here is how can lotteries flourish and manoeuvre in a very challenging landscape that is constantly changing and is full of conditions and regulations. The need for new offerings is especially true for the online gaming since it is considered to be one of the most innovative gaming segments. This approach is a critical factor that can potentially enhance and boost the operators' effort to attract the more demanding, younger demographic.

But what can really be considered as innovation if not the offering of improved solutions to address new market needs and gaps? The "millennials', younger people aged between 18 and 34, compose by far the largest age group and will soon be one of the most dynamic purchasing groups in terms of spending capacity. Lotteries are still very much dependent on retail sales, often still interpreting the online space as just another channel without fully utilising the new horizons expanding ahead and the great opportunity to boost their sales.

Operating in a regulated environment, such as lotteries do, industry players have limited freedom to innovate. However, millennials have the power to push the industry to innovate faster and quickly become more creative in order to attract their attention. The need for digital channels and interactive offerings is predestined and the real challenge for lotteries is how to innovate under the existing conditions.

One approach would be to take cues from the video game industry. Online video game production provides an excellent paradigm of successful games that have broken ground into new demographics and in the creation of new markets like mainstream online games have the potential to do as well. Despite the regulatory framework, the industry has been very successful in the areas of user experience and the creation of a responsible and safe environment for the players.

> **PUTTING THE END-USER IN THE SPOTLIGHT, GAME DESIGN NEEDS TO BE DRIVEN BY A STRONG UNDERSTANDING OF THE TARGET AUDIENCE AND THE NEEDS OF THE PLAYERS**

Putting the end-user in the spotlight, game design needs to be driven by a strong understanding of the target audience and the needs of the players. When it comes to the actual games, the younger audiences are used to enjoying a complete experience, not "just a game", and to being touched emotionally through superior graphics, game mechanics, technological advances, engaging narrative and immersive game environments. Entertainment value is what ultimately makes players come back to a game.

Competition for millennial players' attention is stiff. This audience is exposed to numerous high-quality entertainment offerings and mainstream online games, with a high percentage of the games being free-to-play, social and readily available across devices.

Stripping down online gaming to its basic characteristics, the main purpose it has traditionally served is the ability for users to connect anywhere, at any time, and play with others without space and time limitations. Ubiquitous internet access and mobile technology is addressing availability. Cross-platform HTML5 games can be enjoyed across devices, providing the potential for continuous access to product offerings. Social gaming is a next logical step, since players of online games enjoy playing with their friends.

To attract millennials, we need to offer products they can relate to and experiences that they will be willing to try and eventually make them their first choice in their preferences list.

"Replayability" - players returning to the game for more plays - is a critical yet elusive characteristic that makes individual online games successful. Providing these audiences with themes they are familiar with is one way to get their attention, but it's not enough to keep it.

Innovation is an integral part of new technologies and creates a unique opportunity for the gaming industry to evolve and extend its offerings and core capabilities offered to the players.

Innovative new technology, gadgets and novelties are always an exciting attention grabber, especially for millennials, and while the industry has been slow to adopt innovative technology in the past, those who put it to creative use, have a good chance of gaining an edge in attracting the younger demographic to their offering.

Smartphones and wearable technologies extend the gaming environment for players on the go. Augmented-reality applications and tangible user interfaces can gamify the real-life environment. Disruptive technologies like facial recognition, voice recognition, gesture control

and virtual reality, can work with the high-quality graphics and displays new hardware can support, to create the most immersive environments players have ever seen. All these technologies are currently getting a lot of attention by millennials and mainstream game developers have been working on integrating them in their games.

Apart from their appetite for emerging technology, the industry could capitalise on the strong interest millennials have towards online gaming as a sports-like activity. This has even led to the meteoric rise of e-sports; professional video game competitions between professional online video game players and teams. E-sports currently enjoy an audience size comparable to established traditional sports like hockey and rugby and their growth is explosive.

The research and development of innovative solutions has been a core attribute of INTRALOT's strategy throughout its history as an industry leader. The company acknowledges the high value of innovation and has been converging efforts towards the enhancement of the industry standards as well as the integration of state-of-the-art technologies to all of its offerings.

Recognising the fact that disruptive innovation often comes from start-ups, small and medium enterprises and from academic and research institutes, as well as the fact that SMEs usually need help navigating around regulatory constraints, we systematically engage in and support cooperative R&D projects facilitated through the gi-Cluster, co-founded by INTRALOT, one of the few gaming clusters in existence in the world. Furthermore, we support and engage in outreach to academic institutions and student organisations, organise thematic career days as well as sponsor game development competitions and hackathons.

At INTRALOT, we incorporate the latest technological innovations and games features into our interactive offerings from a player-centric standpoint. The lottery of the future needs to be a multi-channel offering and provide an innovative personalised user experience if the millennial market potential is to be reached. Headed in this direction, INTRALOT's efforts build a strong foundation for this target market.

Tasos Flambouras, group director of interactive games at INTRALOT, manages the interactive game products of the INTRALOT Group across the world. His background is from the video game industry, where he has produced several award-winning games over the past 20 years.