

PRODUCT RESPONSIBILITY

# tackling gambling risks

Camelot has taken steps to reduce the likelihood of its products leading to problem gambling among vulnerable customers. In partnership with others, the company has developed a way of predicting the likely response of at-risk groups to its products and monitors carefully what happens at point-of-sale

For most people a punt on the lottery is a weekly bit of fun carried out with only half a mind on securing serious riches. But for the small minority of the population with a gambling problem it can take on far more serious connotations. Excessive gambling can damage the lives not just of those who are doing it, but their families and friends too.

That's a harsh reality the UK National Lottery operator Camelot has always been aware of during the 11 years it has been offering games in Britain. If Camelot did not take a responsible attitude to the products it markets, then the cost in human terms would be unacceptably high. 'It's not just about being responsible, it's about being seen as responsible by our stakeholders', says Camelot's social responsibility manager Clare Griffin. 'We have to work in such a way that our stakeholders trust us, otherwise we will not be successful.'

Central to Camelot's efforts to market its products responsibly has been the in-house development of a Game Design Protocol, a 'risk matrix tool' – designed in partnership with universities and charities with an interest in problem gambling – that helps the company predict how new lottery games or scratchcards will be used by people in particular risk groups: those under the age of 16, those on low incomes and those who already have gambling problems. If a product appears to be particularly risky for a vulnerable group, Camelot revises it or reviews its marketing to limit risk, and in some cases pulls the product completely.

The recently launched Star Wars and Lord of the Rings branded scratchcards – which could theoretically attract under-age gamers – were subjected to particularly stringent tests via the protocol, and as a result a number of adjustments were made both to the products and the way they are sold. The warning about under-age play on the cards was made bigger than normal and TV and radio advertising for the products was not run at times when the primary audience is below the age of 16. Camelot also asked retailers to be especially vigilant.

Once a new game is on sale, Camelot continues to monitor its impact on high-risk groups. Mystery shoppers in the form of teenage actors who are over 16 – but look younger – are sent to buy lottery tickets and scratchcards to check that retailers are adhering to the company's policies. Any retailer who makes a sale to a mystery shopper on at least three different occasions is barred from selling any of Camelot's

## the company

Camelot is the operator of the UK's National Lottery. In 2004, sales of lottery tickets and scratchcard games totalled £4.6billion (\$8.17bn). It:

- contributed £2.6million – 5.5 per cent of pre-tax profits – to the community during 2004/05, mainly through the Camelot Foundation
- has been named as one of the 100 Best Companies To Work For by *The Sunday Times*
- ranks 28th in the Business in the Community Corporate Responsibility Index, in which it is the sector leader in the leisure industry
- provides funding in the UK for two academic centres of excellence in the study of gambling – at Nottingham Trent University and Salford University

## the background

Gamcare, an organization that deals with gambling issues in the UK, received 21,778 calls to its counsellors during 2004 from problem gamblers and their families

■ mystery shoppers in the form of teenage actors are sent by Camelot to buy lottery tickets and scratchcards – to check that retailers are adhering to the company's policies



products. The ‘three strikes and you’re out’ monitoring scheme, known as Operation Child, involves more than 10,000 individual visits to outlets each year and is backed by regular training for retailers. Refusal of sales by retailers to mystery shoppers has risen from 74 per cent in 1999, when the scheme first began, to nearly 90 per cent today. It is illegal for anyone under the age of 16 to buy a lottery ticket or scratchcard.

A similar approach is taken to online sales. All players have to register before playing and are independently authenticated by the credit checking agency Experian to ensure they are 16 or over, live in the United Kingdom and have a valid UK debit card – measures that have won praise from the children’s charity NCH, which found the website to be one of only two gaming or gambling sites that stops a young person from illegally registering.

It’s a cautious approach, but one that fits the company’s long term vision of its business. In contrast to some other lottery operators around the world, Camelot does not believe in increasing sales at any cost, and has not

resorted to harder forms of gambling such as rapid draw games or video lotteries. Chief executive Dianne Thompson has said she is actually ‘proud’ of the fact that despite being one of the top five lotteries in the world by total sales, the National Lottery is ranked just 48th in terms of per capita spend – because that suggests the company’s policies are encouraging large numbers of people to have just a small flutter – less than £3 (\$5.30) a week – rather than tempting a smaller number to place large wagers.

Camelot’s responsible gaming programme doesn’t come cheap. In 2004/05 alone it cost the company £1.5million. But there are business spin-offs for all involved. In the case of retailers, for instance, the obvious benefit is the additional business Camelot has brought them. But retailers have to keep a register of refused lottery ticket and scratchcard sales, and many have realized that if they also log tobacco and alcohol sales in the same way, then the records are useful evidence of their trustworthiness when trading standards officers call.

The company knows, too, that its responsible approach has allowed it to develop in ways that may otherwise have been blocked. ‘Because we have done what we’ve done, and because there hasn’t been an explosion of gambling as a result, that has given us a chance to develop in ways that we might otherwise not have been allowed to,’ says Griffin. ‘So while in the short term we may have restricted ourselves, the longer term test shows that it’s been worth it. Some of the restrictions on website play, for instance, might annoy potential players and act as a

**there is considerable direct cost to the work, but there are business spin-offs for all involved**

break on sales. But we’d say that in the long run we need to have a respected National Lottery and that is the balance.’

Crucially, Camelot’s efforts to reduce the potentially negative effects of its product – and its willingness to talk to all parties about what it can do – have narrowed the options for other companies seeking to challenge its record as the National Lottery operator at licence renewal time. They have also stilled criticism from other quarters.

One of the harshest original critics of the UK’s National Lottery was the Salvation Army, which, although still opposed to the entire lottery concept, says the company’s protocol and retailer training are ‘excellent innovations’, and describes Operation Child as ‘a particularly good example of Camelot taking its obligations seriously’. It also says the age verification system for online play is ‘one of the best in the sector and provides a template from which others in the industry could learn’.

Although Camelot’s measures are specific to gambling, it too believes there are lessons for other companies in terms of responsible product stewardship.

Pre-testing of products for potential social and environmental consequences not only flags up reputational risks, but can also help with the design and marketing of a product. And mystery shopping exercises, which in Camelot’s case helps to prevent illegal purchases, could allow many companies to gain a better understanding of how their product is being sold to the consumer.

‘As a minimum these measures are useful in terms of understanding your product better,’ says Griffin. ‘But they also have the potential to show you things you were missing. And, of course, they mean you are actively engaged in anticipating potential problems rather than responding on the back foot.’

■ Further information: Clare Griffin, social responsibility manager, Camelot, at [clare.griffin@camelotgroup.co.uk](mailto:clare.griffin@camelotgroup.co.uk)

## **ibe** comment **CAMELOT**

This is an excellent example of a company’s efforts to carry out its core business in a responsible way. Corporate responsibility is not about add-ons. For Camelot it is about encouraging only responsible gambling. Its emphasis on this aspect of its business has contributed to the long term durability of the company by both supporting its licence to operate and encouraging innovation.

### **features of interest:**

- Camelot recognizes that maintaining trust is key to continuing its good reputation
- its approach to responsible product stewardship, such as the benefits of pre-testing games for risks and consequences, offers lessons for other businesses
- Camelot has engaged with its critics. It has been praised by the children’s charity NCH for discouraging under-age gambling through its website and by the Salvation Army for its efforts to reduce the negative effects of gambling

NICOLE DANDO, INSTITUTE OF BUSINESS ETHICS