

Creating a Sustainable Model for



Colorado Bingo-Raffle Advisory Board

April 17, 2013

Agenda:

- ▶ Introduction and Background
- ▶ Project Process and Methodology
- ▶ Recommendations
- ▶ Next Steps



Introduction and Background

Problem Statement

- ▶ The Colorado Secretary of State's office (SOS) wishes to more fully understand factors behind business and participation declines in the nonprofits division (bingo, pull tabs, raffles); specifically the decline in bingo. Subsequent to this analysis, the SOS wishes to consider options to support and contemporize the bingo program.

Project Objective

- ▶ Conduct an analysis of trends and user analysis of bingo, and support participation while also improving net profitability for charities.

Goals

- ▶ Relevant goals for BRP will be determined during the investigation. SOS BL has requested assistance in the definition of key metrics and measures for BRP.

At the end of the day, what constitutes success?

Executive Summary – Goals and Actions

▶ **Goals:**

- **Develop specific and measurable goals for bingo**
- **Increase size of player pool**
- **Increase number of licensees**

Executive Summary – Goals and Actions

▶ **Actions:**

- **Provide additional resources for charities**
- **Facilitate discussion of operating relationships between charities and bingo halls**
- **Address overall rules, complexity and tone of State oversight**
- **Work directly with suppliers to develop appropriate new games for Colorado**
- **Develop and execute bingo communications and marketing campaign**

Research Steps:

- ▶ **Qualitative Research – Charities, bingo halls, service providers, states**
- ▶ **Qualitative Research – States**
- ▶ **Quantitative Research Step 1 – Charities, bingo halls, service providers**
- ▶ **Quantitative Research Step 2 – Users and non-users**

Creating a Sustainable Model for



Charities, Bingo Halls and Service Providers Qualitative Report January 16, 2013

Revised February 8, 2013

Objective of Study:

- ▶ Ascertain an understanding of the factors for decline, barriers to growth, and obtain suggestions for future actions that will inform the planned quantitative study

Methodology:

- ▶ A total of 16 personal (in person and telephone) one-on-one interviews were completed
- ▶ A structured interview guide was developed and used for these conversations
- ▶ The list of interviewees was provided by SOS



Executive Summary

- ▶ There are 11 themes that surfaced during this qualitative study, including:
 - The draw for bingo is clearly both monetary and social
 - Perceived competition from other venues may be overstated
 - Compliance (rules and regulations) is viewed as cumbersome
 - Changes to rules and regulations would improve participation
 - Typically, volunteers don't want to be there
 - There is a need for professional (paid) staff
 - Flat pricing and increasing costs have contributed to declines
 - Electronics is a part of the solution
 - The future of bingo may be found in new venues
 - Bingo halls need to have more “skin in the game”
 - Need to expand the audience and communicate the features and benefits of bingo (as a fundraising method, and as a player)

Creating a Sustainable Model for



Top States Overview – Qualitative Report February 13, 2013

Objective of Study:

- ▶ Obtain informal feedback from top state agencies concerning decline, barriers to growth, and obtain information of current and proposed practices

Methodology:

- ▶ A total of eight states were contacted and seven personal one-on-one informal interviews were completed
- ▶ The list of interviewees was obtained from NAFTA



Executive Summary

Enforcement/status quo

- ▶ Texas
- ▶ Indiana
- ▶ New Jersey
- ▶ Washington

- ▶ Ohio – did not return call – Ohio Attorney General Office

Development/progressive

- ▶ Minnesota
- ▶ Michigan
- ▶ Kentucky



Colorado Secretary of State Quantitative Bingo Study

Charities, Bingo Halls and Service Providers
January 16, 2013

Methodology

- An online survey was conducted from November 29 – December 25, 2012 among the total database of records for persons registered by the Secretary of State for bingo operations (1,501 valid unduplicated records). A total of 361 responses were received during that time, which is an excellent response rate for this type of survey of 24%.
- Indicative of the database, the vast majority of responses were from persons associated with charitable organizations sponsoring bingo.

Which of the following best describes the nature of your involvement (either in the past or currently) in bingo fundraising operations in the state of Colorado?

Member of a charity sponsoring bingo as a	89.9%
Own/operate a bingo hall	3.2%
Provide products and services to bingo halls or	1.1%
None of the above	5.9%

Overall Insights and Conclusions

- The spectrum of bingo operations in Colorado is wide. There are everything from small, one-time annual operations in small rural towns to much larger ongoing operations in urban areas. There appears to be a wide range of sophistication in operations commensurate with the size of operations.
- Intrinsic issues with bingo (aging player base, declining volunteer support) have been exacerbated by extrinsic issues like the chronic economic difficulties. All this has led to declining net proceeds and attrition.
- Qualitatively, the larger bingo halls seem to have a lot of power over charitable operators (especially smaller operators). There is tension between many charitable operators who seem to feel imposed upon by the halls to which they are dependent. But in reverse, the hall owners seem to begrudge the poor operating practices of some of their tenants.

Operator Perspective

Overall, how strong of an impact has each of the following had on your overall bingo fundraising net proceeds?

	Average (-2 to +2)
Current economic conditions	-1.1
Willingness of persons to volunteer to help with bingo	-0.7
Casinos	-0.7
Competition with other charities raising money through bingo	-0.6
Aging bingo participants	-0.6
Competition with other charities raising money through activities	-0.3
Colorado Lottery (any type of game)	-0.2
Smoking ban in public places	-0.2
Raffles (for example, St. Jude's Dream Home Giveaway)	-0.1

The poor economy is cited as the most detrimental factor on current bingo proceeds, with volunteer support, competition and the aging player base also have a big negative impact.

Success Factors

In your experience, what are the factors that contribute most to the success of your bingo fundraising activities?

Customer Service	36%
Established Player Base	24%
Trained/Good Volunteers	22%
Timing of Sessions	22%
Variety of/Interesting Games	15%
Attractive Payouts	14%
Advertising	11%
Fair/Consistent/Organized Operations	9%
Added Social Activity for the Community	9%
Progressives	8%
Pull Tabs	7%
"Must Go" Progressives	7%
Focus on Having Fun	6%
Nice/Convenient Facility	5%
Kind of Org. People Want to Support	4%
Good Games Managers	3%
Food	3%
Good Callers	2%
Good Overall Leadership at Organization	2%
Games People Understand	2%
Multiple Games per Week	1%

Not surprisingly perhaps, customer service and establishing a strong base of both players and volunteers are the most important success factors cited by operators (open-ended).

Barriers to Success

What are the factors that limit the success of your bingo fundraising activities?

Not Attracting Enough Players	34%
Bad Economy	22%
Volunteer Burnout/Issues	18%
Costs/Rent/Supplies	9%
Competition from Other Groups' Bingo	9%
Poor Facility	8%
Competition from Casinos	7%
Insufficient Advertising	5%
Limited Number of Sessions Available	5%
Cannot Reimburse Volunteers	4%
Weather	4%
Aging Players	4%
Smoking Ban	2%
\$2,000 Limit per Session	2%
Rules/Regulations	2%
Cannot Serve Alcohol	1%
Bingo Manager Salary Low	1%

Overall difficulties attracting enough players, a bad economy and volunteer issues top the list of critical factors limiting success.

Reasons for Terminating Bingo Operations

To better understand the factors that contributed to your organization's stopping bingo fundraising, please read the following list of potential issues. Then indicate on the scale shown how much of a factor each potential issue was in terms of leading to your organization's stopping bingo. (BASE n=37)

	Average (5 pt.)
Lack of sufficient volunteer support	3.36
Declining net proceeds from bingo	3.17
Economic downturn	2.46
Lack of player interest	2.43
Competition from other charities doing bingo	2.23
State regulations	2.15
Competition from casinos	1.97
Switched to other form of fundraising instead of bingo	1.97
Aging players	1.82
Competition from lottery games	1.72
Smoking ban	1.71
Competition from other charities doing fundraising other than bingo	1.57
Organization no longer exists	1.38
Decision not to be involved in gambling	1.26

Note: small base size (n=37)

Suggestions for Potential Improvements

Suggestions for Potential Improvements	Average (5 pt)
Easing or changing regulatory requirements other than listed above	2.93
Ability to pay workers (other than callers and games managers)	2.69
Ability to sell more than one electronic gaming device per participant	2.65
Increase number of faces allowed in electronic bingo	2.65
Increasing the prize limits	2.56
Ability to pay for professional games managers	2.36
Increase number of sessions per week/year	2.35
Ability to pay for professional callers	2.22

Note: small base size (n=37)

Bingo Hall Owner Perspective

Based on your observations, what are the best practices of your clients who are most successful with bingo fundraising? (verbatim responses)

- Have decent prices
- Great customer service
- Foster a fun environment, and volunteer workers who interact with the customers.
- Good, likeable and effective callers
- Well trained volunteers that provide great customer service
- Changing games around, making it more exciting to players.
- Pull tabs, promotions and raffles
- Concessions, with homemade burritos, tacos etc.

Note: small base size (n=12)

Bingo Hall Owner Perspective

Again, based on your observations, what do organizations renting your facilities need to do better to improve their bingo fundraising?

- Provide superior customer service
- Run operation more like a business – and get the training necessary to do so
- Advertise more
- Groom games managers that know what they are doing, and have a succession plan
- Customer service and all that includes: greet, meet, smile, etc.!!!!
- Sell more event style pull tabs
- Different games
- Time of game to target clientele

Note: small base size (n=12)



Colorado Secretary of State Quantitative Bingo Study

Players/Non-Players
February 9, 2013

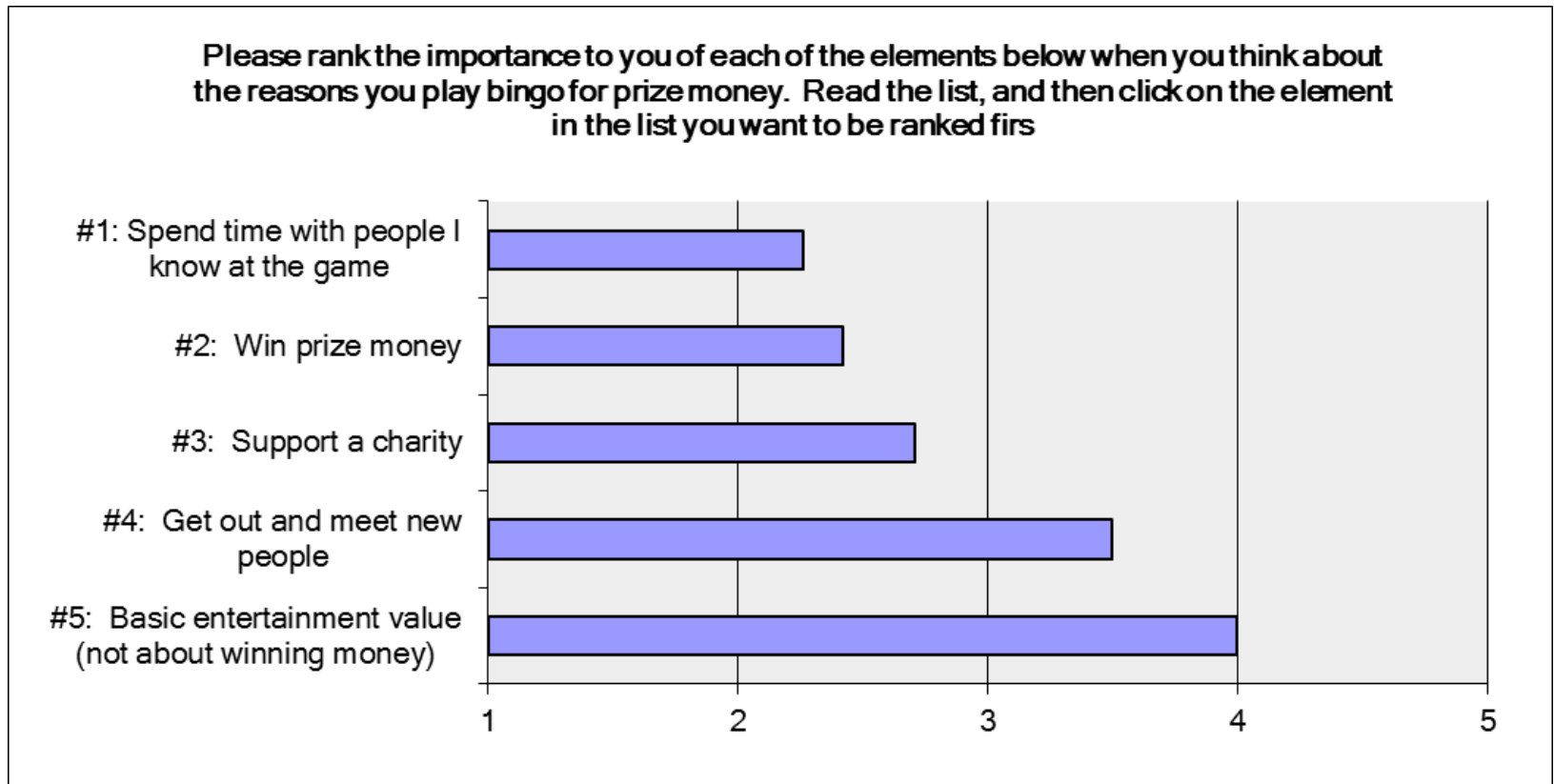
Methodology

- An online survey was conducted from February 1-5, 2013 among a random sample of persons in Colorado who have agreed to participate in online surveys.
- Respondents were qualified for age (18+) and residency, then screened for participation in various activities related to gambling and charitable giving. Eligibility for continuing the survey hinged on checking at least one of the six activities listed below. Those indicating “None of the above” were excluded from continuing the survey.
- 271 responses were received and tabulated
- Bingo participation was nearly 12%, with Pull Tab participation at about 8%.

Which, if any, of the following activities have you participated in during the past year? (Check all that apply.)

	% of Total Population	% Excluding "None"
Bought a lottery ticket (any game)	62%	75%
Made a donation to a charitable organization	53%	64%
Gambled at a casino	32%	39%
Bought a raffle ticket for a prize benefiting a charitable organization	20%	24%
Played bingo at a hall or charity for actual prize money	12%	14%
Bought a "pull tab" at a bingo hall or club room	8%	10%
None of the above	17%	

Reasons for Playing



Socializing with other players and monetary gains rank highly for reasons to play bingo, followed by charitable support.

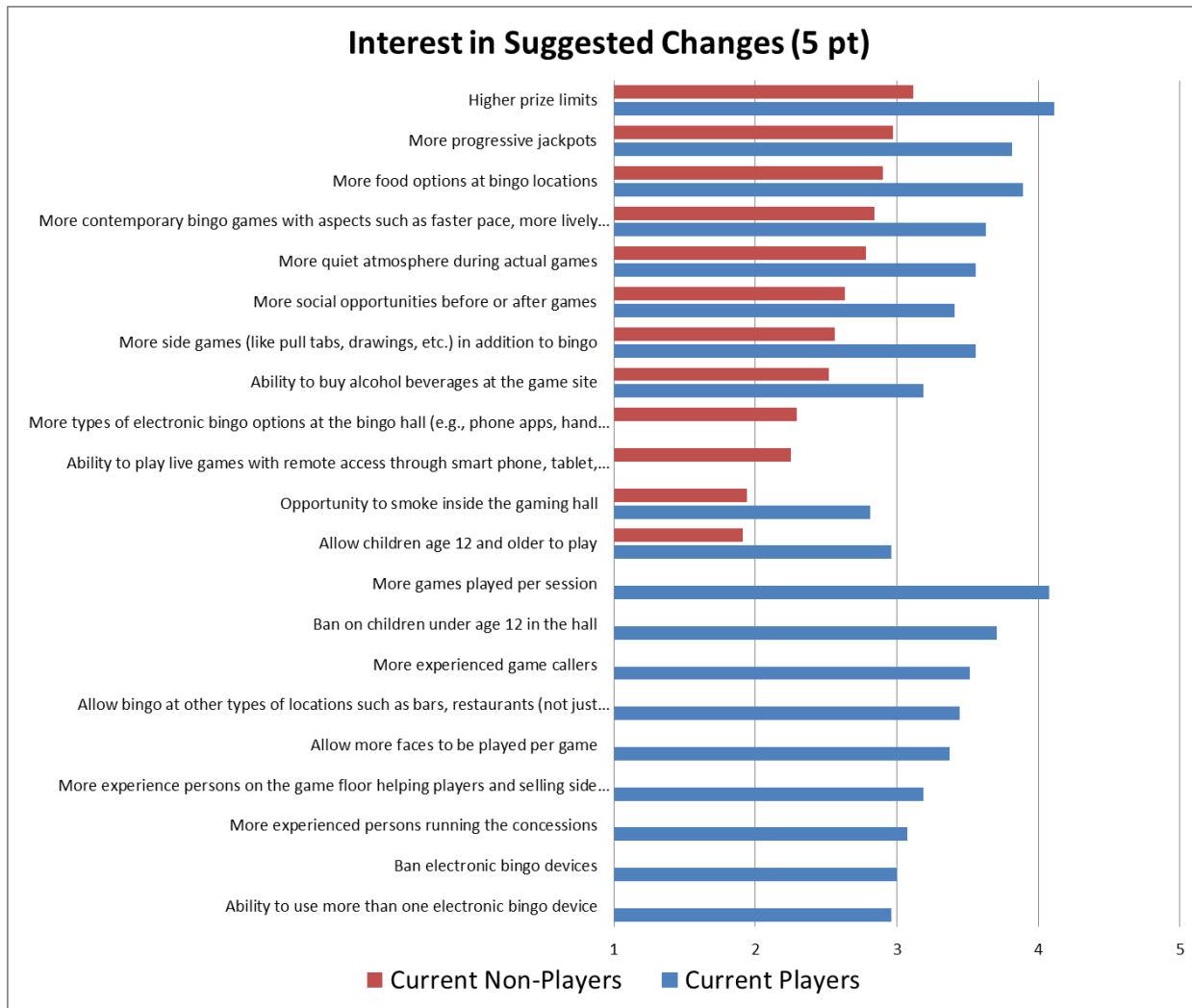
Awareness of Charitable Support from Bingo (Current Players and Non-Players)

Are you aware that bingo games (for actual prize money) in the State of Colorado are licensed only as fundraising events for charities?		
	Current Bingo Players	Non-Players of Bingo
Yes	59%	33%
No	41%	67%
Now that you are aware bingo for prize money in Colorado is only sanctioned for fundraising for charities in the state, how has that changed your interest level in playing bingo for prize money in Colorado?		
	Current Bingo Players	Non-Players of Bingo
Average	2.36	2.06
1=Still about the same interest in playing bingo	36%	49%
	18%	19%
	27%	15%
	9%	9%
5=Now a lot more interested in playing bingo	9%	7%

Not surprisingly, current players are more aware of the charitable basis for the game. But even so, about 40% of players are not aware of the charitable aspect of playing, and there is some increased interest in bingo knowing now knowing about the connection.

For non-players, the claimed awareness of the charitable aspect is only about a third. Now knowing makes it at least somewhat more interesting to play for about half of the non-aware, non-bingo players.

Interest in Suggested Changes (Current Players and Non-Players)



Overall, the changes most interesting to both current players and non-players involve the chance to win more money and various social/ entertainment/ food aspects.

Contemporary versus more quiet atmosphere, and the issue of allowing children under 12 (in or out) seem to be polarizing.

Current players also see merit in expanding venue options as well as more experienced callers/staff.

Non-Players Rationale for Not Playing

What are the main reasons you have not participated in bingo for prize money in the past?

Not aware of where to play	26%
Not interested	22%
Don't like bingo	16%
Don't like odds/didn't win	6%
Don't gamble	5%
Not have the money	5%
Transportation issues	5%
Bingo is for old people	3%
Don't know	3%
Takes too much time	3%
No time	2%
No opportunity	2%
Friends not interested/no one to go with	2%
Boring	2%
Conflicts with work	1%
Childcare/small children	1%
Never thought of it	1%
High buy-in cost	1%
Not familiar with the game	1%

Lack of awareness of where to play seems to be a big limiter for bingo (beyond general lack of interest).

The odds, transportation issues and reputation as a game for older persons are also limiting participation.

Suggestions for Building Interest From Non-Players

Overall, what might have to change about bingo for you to become interested in playing bingo for prize money in the future?

Nothing	35%
More/closer locations	19%
More advertising	12%
Better odds of winning	11%
Sessions for younger people	6%
More interesting games/more interaction	4%
More fun prizes	4%
Time to play	4%
Bingo partners/others willing to go along	3%
Need better finances	2%
Kid friendly environment	2%
Play from home/online	2%
More convenient times	2%
Lower buy-in cost	2%
Better facilities/decent place to play	2%
No smoking in the hall	2%
Faster pace	1%
Games during the day	1%
More progressive jackpots	1%
Know where to play	1%
Clearer understanding of the payout	1%
Liquor available	1%

While many respondents lack any interest, there are a number of potentially interested players who are looking for more or closer places to play, and more advertising about what is available.

Better odds would also be helpful, along with sessions attracting younger players.

Others are looking for more interesting games and interaction, and a few mention not being willing to go unless they had a partner to accompany them.

Executive Summary – Recommendations

- ▶ Charities
- ▶ Bingo Halls
- ▶ State of Colorado
- ▶ Suppliers
- ▶ Marketing

Detailed Recommendations – Charities

- ▶ **Increase the size of the player pool:**
 - **Increase awareness of bingo / marketing**
 - Communicate where to play (a lot of people seem interested but don't know where to play)
 - Increase general awareness of the game, how it's played, charitable connections
 - Communicating that bingo halls are now non-smoking (lingering association from the past of hall filled with smoke and old people)
 - **Greater availability / expanded distribution to more venues (bars, restaurants), online/remote participation**
 - **Target younger players with faster, more interesting, more interactive games**

- ▶ **Attract new/younger players:**
 - **Faster moving games / speed games**
 - **Custom games**
 - **Give away bigger door prizes to build traffic**
 - **More opportunities to win / increasing prize limits**
 - **More electronic devices/faces per device**
 - **Remote participation (online)**

Detailed Recommendations – Charities

- ▶ **Allow compensation for volunteers and/or paid professional staff to increase the support base and service level organizations can field in their bingo operations**
 - Volunteer support is a critical issue, and competes with other fundraising tools that allow for individualized remuneration versus pooled benefit.
 - Paid staff – run more professionally

- ▶ **Consideration of training or communicating “best practices” to help organizations improve their operational effectiveness especially in the areas of marketing and on-site customer service (customer relations, selling side action games, promotional ideas)**

- ▶ **Prospective/new charities**
 - Do outreach to charities on bingo as a fundraising option, cover laws and compliance issues, training opportunities, tools

- ▶ **Use bingo as traffic builder – focus more on pull tabs – print and electronic**

- ▶ **Consider coop-type facility arrangement**

Detailed Recommendations – Bingo Halls

- ▶ **Align professional bingo hall objectives with their tenant charity objectives**
 - Shared risk business model
 - Shared advertising

- ▶ **Encourage professional halls and renting charities to work together to build more camaraderie in the hall and for the support of the charity in general**
 - Align professional hall incentives with charities' success
 - Support/market the charitable aspects of bingo both to attract more players to the halls and to better support the charities

- ▶ **Paid staff at bingo halls may provide more effective sales and service compared to infrequent, poorer trained volunteers from the charity**
 - Callers, game managers (responsible for financial oversight)

- ▶ **Use bingo as traffic builder – focus more on pull tabs – print and electronic**

Detailed Recommendations – State of Colorado

- ▶ **Develop specific and measurable goals for bingo, including increasing:**
 - Licensees
 - Net income
 - Net profit %
 - Number of users
 - Number of bingo sessions at new venues

- ▶ **Address “tone” of oversight**
 - “Remuneration” is viewed negatively / suggests everyone is dishonest
 - Ease rules and requirements on payments to state
 - Reporting / Regs – rules that are appropriate for the size of the charity
 - Considerable number of forms to fill out
 - Independent of size of charity or event (easier to conduct other fundraising method)

- ▶ **Advocacy efforts (level playing field) – support or start new bingo association that promotes bingo**
 - Charities, halls, and service providers
 - Funding

Detailed Recommendations – State of Colorado

Deal with overall complexity of rules and regulations

▶ Simplify rules and regulations

- Staffing/Volunteers
 - Compensation for volunteers and/or paid professional staff
- Run professionally with paid staff (callers, emcees, game managers)
- 501c3/nonprofit status – clarify, “time requirement” for charity to be in operation
- Consider expansion of games to on-premise alcohol accounts (bars) and allow staff to sell games

▶ Changes to the game

- Eliminate four session a week limitation
- Allow tied progressive, para mutual type games
- Increase 36 game faces rule to 54, sell more than one bingo machine
- Allow progressive on all games (requires audit of current limit of 3)
- Consider 24 number game
- Change legislation on 35 game rule / session restriction
- Allow “synthetic” caller
- Consider use of Smartphone apps

▶ Review fee basis (net vs. gross)

▶ Increase presence / lobbyist

Detailed Recommendations – State of Colorado

- ▶ **Consider new, more contemporary games**
 - Use of electronics
 - Linked games
 - Online bingo – virtual game
 - Consider use of Smartphone apps
 - Consider expansion of games to on–premise accounts and allow staff to sell
 - Electronic paper pull tab dispenser (turnkey)
 - Consider electronic pull tabs (must look same as printed)
 - Manufacturers are allowed to advertise

- ▶ **Teach charities to run more like a business**
 - Customer service
 - Paid staff
 - Business and accounting practices
 - Marketing

- ▶ **Do volunteer training program – make more user friendly**

Detailed Recommendations – Service Providers / Suppliers

- ▶ **Leverage institutional knowledge of suppliers and technology**
 - **Treat as partners**
 - **Look at new games – pilot**
 - **Review supplier recommendations and products, adjust for legalities**
 - **Electronics /speed games – play for \$.05 – \$.25**
 - **Develop electronic pull tabs**

Detailed Recommendations – Marketing

- ▶ **General bingo positioning**
 - Selling the experience
 - Connection to charitable fundraising
 - Where/how to play
 - Promote to bingo players and focus on social aspects, entertainment (cheaper to play bingo)

- ▶ **Consider dual marketing strategies to educate and motivate new players and increase frequency among current players**
 - General public campaign to promote awareness, understanding of the game to build interest (especially among younger players)
 - There has to be something on the local level to deliver against the needs and interests of younger players before younger players are targeted
 - Operator-targeted materials to encourage and enable local charities and bingo halls to do more effective self-marketing
 - Provide “marketing tools in a box” – generalized templates for promoting bingo with cohesive overall branding connecting back into the general campaign

Detailed Recommendations – Marketing

- ▶ **Promote bingo success stories (e.g. we built this facility as a result of fundraising from bingo)**
- ▶ **Develop and execute custom state games (imprint type program)**
- ▶ **Resource website and social media**

Discussion



Sources

1. All primary research – Runge Consulting Group, LLC, and Mann Consulting, Inc.
2. Colorado Secretary of State – Colorado data and trends
3. NAFTA (US) Annual Reports 2007–2012
4. The Bingo Association (Great Britain)