



Younes El Mechrafi

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Visit www.mdjsjeux.ma



Morocco

The Crossroads of Gaming Culture

PGRI Introduction:

Younes El Mechrafi was appointed to his current position at MDJS in 2009. He was elected General Secretary of the Association des Lotteries d'Afrique (African Lotteries Association) in 2014, and reelected to that position in 2016. He was elected to the WLA executive committee in 2014 and continues in that role today. He was elected to the executive committee and to be Secretary of GLMS and January 2015.

Younes comes to the government lottery business by way of academia and private enterprise. With a master's degree in computer science and a DESS diploma in computer engineering from France, Younes began his career as a teacher and researcher with the National Scientific Research Council of France. He was then appointed General Manager of SOMAV, a Moroccan agro-industry company. After founding and launching IT firm CONCIS, based in Rabat, he was appointed Special Advisor to the Minister of Justice in charge of new technologies in 2003. Prior to his present role as CEO of Marocaine des Jeux et des Sports, he was General Manager of Archos Council, a subsidiary of the

ONA Group, one of the leading information systems companies in Morocco.

Sports betting is the fastest growing game in the industry. We met with Younes at PGRI SMART-Tech Conference in Fort Lauderdale to discuss how sports betting is evolving in different global regions, and how the lottery operator might leverage consumer interest in sports betting into increase funds for Good Causes.

- MDJS is the first African lottery to obtain the highest level of the World Lottery Association's (WLA) Responsible Gaming Certificate in 2013.
- MDJS is the first African lottery to obtain the WLA Security Control Standard in 2012 and iso27001.
- MDJS received the Corporate Social Responsibility certification from the CGEM (Confederation of Moroccan Companies) in 2014.
- MDJS is the first African Lottery to launch online sports betting (2011).

Be sure to join us at the African Lotteries Association Annual Conference in Casablanca, July 1, 2, and 3. Visit www.AfricanLotteries.com for complete info.

Paul Jason: First, congratulations for celebrating your 10th anniversary in the industry. What strikes you as most surprising about the changes over the last ten years?

Younes El Mechrafi: Thank you! Ten chal-

lenging years, when I learned a lot about the industry, and about myself!

The most significant change over the last ten years is without a doubt the amazing growth of sports betting. Ten years ago, the market shares were similar for sport betting and

other lottery games. Today, in our market, sports betting has a commanding lead. It unfortunately comes with risks and threats and we have to be very responsible and to protect the integrity of sports and sport betting.

We can also talk about the advertising ban in 2012 on national TV and radio. This was a major change in the gaming landscape, which required us to forge a new way of communication, a new way of doing business. It is essential to also speak about the digital revolution, since the development of technologies and the democratization of Internet access makes online gaming a hot topic.

But more than digitalization, we must actually talk about phygitalisation. Indeed, the physical network continues to represent 90% of the global market worldwide. The trend is towards the reconciliation of the two worlds (physical and virtual), for example by setting up omni-channel options, and by creating links between the physical sales network and the virtual one.

The last major change I would like to mention is E-Sports. This new trend has expanded very quickly and we try to support it the best we can, since we consider it more than just a trend, but truly a new sport and experience for our players.

The overwhelming majority of the population is Muslim, and the constitutionally established state religion of Morocco is Islam, which does not encourage games-of-chance. How does that affect the way you go to market?

Y. El Mechrafi: Fighting illegal gambling through a legal and responsible offer is the

main mission of MDJS and that's what we are working for. Meanwhile, MDJS finances and supports the national sport through two main levers: the financing of the National Sport Development Fund (FNDS) to which it gives back all its profits and the sponsorship strategy.

Market research shows that a large part of the population is reluctant to gamble for religious reasons. However we have a penetration rate from 6% to 11% and this is thanks to our communication that gives credibility to our mission. We remain in our approach and in our communication strategy respectful of the entire population, refractory or not, because our approach is in all respects responsible. MDJS is certified at the highest level of both EL and WLA responsible gaming standards. And we apply all the good practices to our way of doing business, trying our best to disseminate all the learnings among our players and our retailers.

Describe the business model and product offering of MDJS.

Y. El Mechrafi: Today, we have two sports betting products that make up almost 85% of our market share. We also recently launched a virtual sport betting product that makes an interesting launch and for which we have many perspectives. We also began to offer live in-play betting one year ago to enhance the player experience and to add more excitement.

We have a scratch game as well as a draw game that combined represent 15%. So you can see that sports betting is the main driver of the MDJS growth over the last ten years. It should also be noted that retail is our main sales channel (98%).

However, with the recent launch of our mobile application, which enriches the internet offers, the following years will certainly experience a change in market shares and channel mix, especially with the use of new mobile payment solutions.

How do you think that is likely to change in the coming years?

Y. El Mechrafi: The challenges facing our industry, mainly due to technological innovations, are impacting all of us on a very large scale and re-shaping the way we see our business.

This is by no means the end of the land-based retail network as we know it, and today more than ever we need our network:

- To be a dissemination vector of our values

- To be our main partner in the construction of our lottery project
- To become the focal point of the different distribution channels of our products, in a way that extends the player experience beyond the retail store.

Nowadays, e-gaming has become an integral part of gaming; therefore, operators should be able to offer all existing channels to their players.

E-gaming offers multiple advantages for our customers :

- No need to move to a physical point of sale,
- comfort and discretion, customized environment,
- access to unlimited data concerning their bets, odds, teams performance...

This means that a combined offer of retail, digital and mobile should be in place in the future.

How is distribution and retail likely to evolve in African markets?

Y. El Mechrafi: Retail remains the first commercial channel in Morocco and in Africa. Even in retail, the traditional channel is the most important one (groceries, small local shops). In order to enhance the customer experience, outlets need to become more modern and specialized. We have introduced in our stores dedicated screens, in order to enhance the access to information, as well as self-service terminals for an experience that is as close as possible to the online experience.

Specific trade marketing actions have been planned to update our retail stores so they can offer a convivial area where players share emotions. Our retail network is a meeting point for all sports fans through the organization of sports events linked to our retail stores.

Mobile penetration is very important and is happening very fast in African countries. Retail via mobile is undoubtedly the most challenging prospect of the coming years. We need to find a way to bring trust and reliability to online payment methods to support this new market.

Will traditional lottery games, lotto and Instants, be as popular in Africa as they have been everywhere else in the world?

Y. El Mechrafi: The development of this segment depends on a number of levers:

- Expanding the player base
- Expanding the distribution network
- Building a strong marketing and advertisement program

In Morocco, and we find this similarly in African markets, these levers are difficult to activate.

Recruiting players can be challenging for the reasons mentioned earlier (reluctance to play the game, religious aspects ...). This recruitment is easier for sports bets since there is an experience or skill aspect and it is not based solely on chance.

Our distribution network, although developed, does not reach the same ratio of stores per capita as in other global regions where these games operate. And marketing and communication are not easy due to the advertisement ban.

For all of these reasons, until we reach the critical size needed for the development of other games, sports betting will remain dominant.

What new games or game styles will be popular in the coming years; or maybe even crystal ball thinking – five years from now?

Y. El Mechrafi: Sports betting still has bright years of growth ahead, especially since our payout is very low, so we have room for to improve the offer as needed. It will be richer, thanks to live and digital betting, but also thanks to the addition of more options and more and better content.

As for the other game segments, we are working on new innovative formats, while trying to get a more interesting variety of games in the market.

E-sports is something that we just launched, and we strongly believe in this new market area.

And of course, the share of mobile in internet transactions is constantly increasing. The major challenge is to digitalize the point of sale to make it more attractive and accessible.

The identification of the players (as opposed to the anonymity of the players at the level of the physical network) allows us to acquire a much deeper customer knowledge and insights into player behaviour and motivations, to improve customer relations and to have a better understanding of the risks related to internet gambling (excessive gambling, money laundering ...), and to develop the tools to combat those risks.

All that I can tell you is *see you in 5 years!* Though hopefully I will see you at the EL Congress in Antwerp and then the African Lotteries Association conference in Casablanca in early July! 