

ANALYSIS OF SELF-SERVE KENO

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August 17, 2020

Natalie Chew, Store Manager
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Dear Ms. Chew:

Subject: Submission of Report for Installing a Self-Serve Keno Machine at Guildford Lotto!

Here is my report titled "Analysis of Implementing a Self-Serve Keno Machine at Guildford Lotto!." This report examines the benefits of implementing a self-serve machine versus the current store method of selling at registers and offers viable recommendations on how to address the issues surrounding Keno. Research for this report was drawn from both primary and secondary sources.

The findings of this report suggest that Keno players state frustration due to long line ups to be the primary deterrent of playing Keno and that a self-serve machine would encourage more play. Previous store employees also stated that from their experiences, installing a machine would reduce stress from dealing with angry customers. From calculating an estimate of the associated costs, the data provided also shows how the machine would also benefit sales.

Three recommendations have been provided to support these findings. With the majority of Keno players expressing enthusiasm regarding playing in store with a self-serve machine, implementing and advertising one would contribute to an increase in sales and customer satisfaction. Clear and simple instructions should be displayed on the machine for ease of use. Lastly, ongoing surveys should be conducted to receive feedback and measure customer satisfaction.

Thank you for providing me with the opportunity to conduct this report. If you have any further questions or comments, please feel free to contact me at 778- 356-2356 or at cathyliu0627@gmail.com.

Sincerely,



Cathy Liu

Enclosure: Report

ANALYSIS OF SELF-SERVE KENO

Analysis of Implementing a Self-Serve Keno Machine at Guildford

Lotto!

Prepared for

Natalie Chew

Store Manager

Guildford Lotto!

Guildford Town Centre

by

Cathy Liu

ENGL 301 Student

August 17, 2020

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ABSTRACT

Keno is a popular betting game that can be played in local Lotto! stores. Occurring every three minutes and thirty seconds, players must purchase tickets within this time limit to participate in the round. Due to this short span of time, players often miss rounds because of long lines at the register, leading to frustration and a decrease in players. The Guildford location only has two registers; installing a self-serve Keno machine is considered to increase the capacity of each Keno round.

The purpose of this report is to examine the benefits of implementing a self-serve Keno machine versus the store's current method of using cash registers. By analyzing feedback given by Keno players and store employees, the cost of purchasing and installing a machine, and the estimated calculations of store profit, viable recommendations to boost customer satisfaction and interest are provided.

The findings of this report suggest that a majority of Keno players support the installation of self-serve machines and would be more interested in playing at stores with this method. Employees also believe that self-serve machines would improve store operations by increasing sales and customer satisfaction.

The three recommendations made in this report are as follows:

- Install and advertise the self-serve Keno machine to capitalize on player interest to increase sales

- Provide clear instructions for the machine to reduce customer confusion and the pace of the transactions
- Conduct ongoing surveys to receive feedback and gauge customer satisfaction

INTRODUCTION

BCLC is a large corporation garnering with a vast collection of games consisting of lottery tickets, scratch tickets, and betting games. In 2018/19, “BCLC achieved \$1.415 billion in net income on record revenue of \$2.590 billion, an increase over [2017/18] of \$15.5 and \$87.6 million” (BCLC 19). BCLC also recorded its ‘Player Participation’ to “measure the percentage of adult British Columbians who play a BCLC game...at least once a month,” which showed “results of 51 per cent in the 2018/19 fiscal year” (BCLC 11). Among these popular games is Keno, a betting game that can be played in stores every three minutes and thirty seconds. Due to the fast-paced nature of Keno, if players do not submit their betting slips to the cashier in time to receive their ticket, they will miss the round. This often leads to frustration from customers who wish to participate in specific rounds. Although the Lotto! booth in Guildford Town Centre has two cash registers, cashiers deal with transactions for all games and are not able to match the speed of Keno rounds when the store is busy. This frustration dissuades players from continuing to play due to the store’s inability to meet their needs, which results in a decrease in sales and customer satisfaction.

Purposes of the Report

Lotto! needs to address the issues surrounding Keno. The purposes of this report are to:

1. Explore the costs and benefits of installing a self-serve Keno machine
2. Examine customer and employee feedback to improve methods of selling Keno tickets
3. Provide actionable, cost-effective recommendations

Scope and Limitations

Due to the confidentiality of specific store data, an estimated value based on responses from past employees is used to calculate store sales. The specific price for a self-serve Keno machine is not accessible through secondary research; the cost is calculated by averaging the costs of a self-serve kiosk and a casino machine.

Sources and Methods

This report draws information primarily from interviews with five past employees and a survey featuring 12 participants. Research is also conducted through the use of secondary sources, including BCLC's official website.

ANALYSIS OF IMPLEMENTING A SELF-SERVE KENO MACHINE

Interviews with Past Employees at Lotto!

Phone interviews were conducted with past employees who worked at the location for 1-6 years to examine their experiences with Keno customers and previous method of selling. Each interview took roughly 15 minutes to complete, with each participant being asked the same five questions:

1. Can you tell me about your experience with selling tickets to Keno players?
2. Roughly how many Keno players play in store daily?
3. On average, how much do Keno players spend per ticket?
4. Have you dealt with any frustrated players because they were in a rush or could not purchase their ticket in time for the next round?
5. Do you think installing a self-serve machine would benefit both the customer and the workers?

From these interviews, there is a consensus that installing a self-serve machine would be beneficial for the store. When asked about their experiences selling tickets, the participants shared similar answers:

- “I think because Keno is so dependent on time, it can be stressful for whoever is working at the register. I have had to deal with some pretty angry Keno players before because I could not get them their ticket in time.”
- “Generally, Keno players who play in the store are there for a long time and they are playing multiple rounds. If you mess up one of their rounds, they are going to be upset.”

It is clear from these responses that workers frequently deal with upset customers when they are unable to match Keno's time constraints. When asked for an estimation of how many Keno players they serve in a day, the average number calculated from the given responses by the participants is 24. The average amount spent per ticket by Keno players was \$2.00, with the average number of rounds played being six. In response to question four, four out of five interviewees responded that not only would installing a self-serve machine for Keno players improve customer satisfaction, but it would also help workers at the register when the store is experiencing higher capacities, as shown in Figure 1 below.

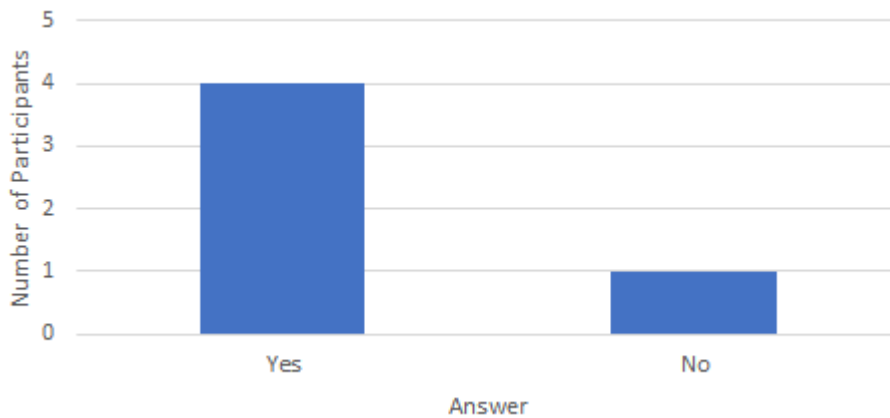


Figure 1: Would Installing a Self-Serve Machine Benefit Customers and Workers?

Survey for Keno Players

A short six question survey was conducted for Keno players; the questions asked were used to determine customer satisfaction with the current method of selling tickets in stores. The results from the survey are as follows:

- 58% responded 'Yes' when asked if they play multiple rounds of Keno in store

- 75% responded ‘Yes’ when asked if something in store has discouraged them from continuing to play
- 75% responded ‘Yes’ to having missed a round of Keno due to an occupied register or long line ups
- 67% responded ‘Yes’ to if they would feel more encouraged to play Keno in store if a self-serve machine was installed
 - One individual responded ‘Yes’ and stated in the “Other” section that the machine should be easy to learn and use

When asked how often individuals play in store, most answers ranged between “Sometimes” to “Often Times”, with a decent amount also selecting “Most of the Time,” as shown in Figure 2 below. This suggests that there are likely to be several Keno players in a store at the same time.

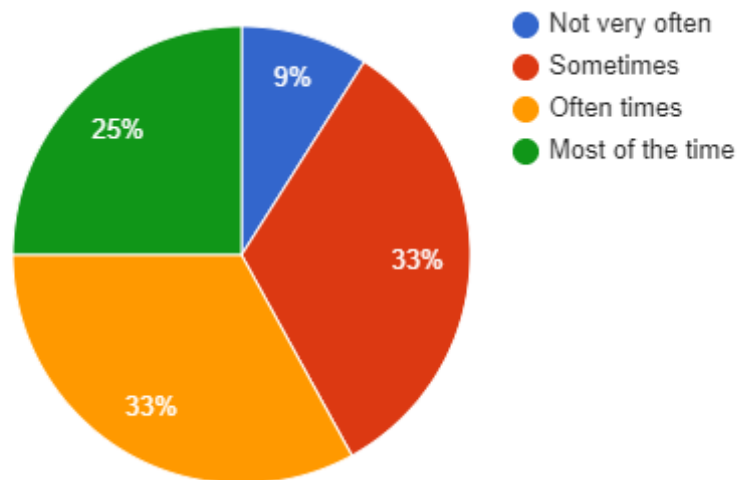


Figure 2: How Often Do You Play Keno in Store?

With the majority of participants stating that they would be more inclined to play with a self-serve machine, statistics from the survey show that the primary reason behind this is due to frustration from having missed rounds, as shown in *Figure 3* below. With the second biggest

cause being long wait times, a change in how Keno is being sold in stores would increase customer satisfaction.

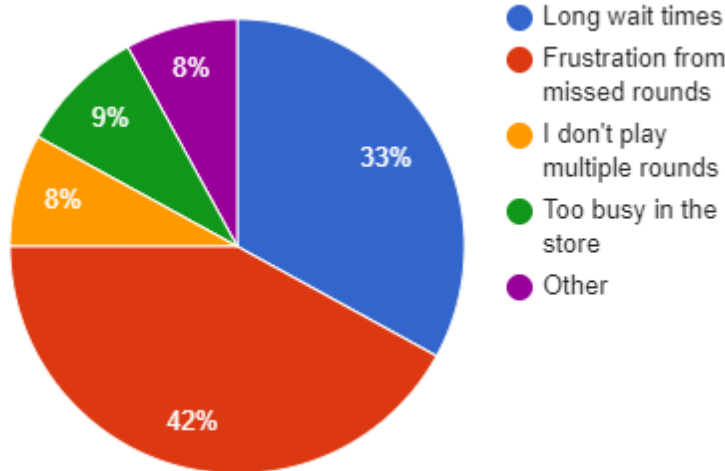


Figure 3: What is the Biggest Deterrent When You Play Keno?

Cost Breakdown of Installing a Self-Serve Keno Machine

To estimate the total cost of installing a self-serve Keno machine, the cost of the purchase along with the cost of installation must be considered. An estimate for a self-serve Keno machine was calculated by averaging the cost of a slot machine (Made-in-China) and a self-service kiosk (Alibaba), as shown in Table 1 below.

Cost of Slot Machine	Cost of Self-Service Kiosk	Average Cost of Machine
\$660.90 CAD	\$1,849.19 CAD	\$1,255.05 CAD

Table 1. Average Estimated Cost of a Self-Serve Keno Machine

Looking at the cost of installing the machine, it will include the set-up fee along with software support and management software (Compare Interactive Kiosk Prices). This gives a total cost of \$7655.05 CAD to purchase and install a self-serve Keno machine, as shown in Table 2 below.

Installation Fee	Software Support (36 months)	Management Software (36 months)	Total Installation Cost
\$1,000.00 CAD	\$3,600.00 CAD	\$1,800.00 CAD	\$6,400.00 CAD

Table 2. Total Estimated Cost of Installing a Self-Serve Machine

An estimate of daily Keno sales was calculated from information retrieved from the interviews conducted with previous employees, as shown in Table 3 below.

Average Number of Keno Players Daily	Average Number of Rounds Played	Average Amount Spent Per Ticket	Total Daily Sale from Keno
24	6	\$2	\$288

Table 3. Daily Estimated Keno Sales

If the store is open seven days a week, then based on 30 days a month, the estimate of sales would be \$8,640. Total profit after installation comes out to \$984.95 after subtracting the cost of purchasing and installing the self-serve machine.

From this analysis, the store will be able to generate profits with Keno sales, rather than solely relying on other games to have sustainable profits. With the results from the survey indicating that 67% of respondents would feel more encouraged to play with a self-serve machine installed, the daily sales can be predicted to increase, thus generating more profits.

CONCLUSION

Through an analysis of the issues surrounding Keno at Lotto! stores and the costs and benefits of implementing a self-serve Keno machine, the following conclusions are drawn:

- Players find that frustration from missed rounds and long line ups are the primary deterrents from playing Keno consistently
- A majority of Keno players support the addition of a self-serve machine and would feel more encouraged to play in store
- Past employees believe that a self-serve Keno machine would improve the store's method of selling Keno tickets while reducing the stress of the workers
- The cost-benefit analysis indicates that the addition of a self-serve machine allows the store to generate profits from Keno sales alone, with projected increases in daily sales in the future

RECOMMENDATIONS

The analysis and conclusions produced in this report substantiate the following recommendations for Guildford Lotto!:

1. Implement the addition of a self-serve Keno machine and advertise it through various mediums to capitalize on the predicted positive response of Keno players.
2. Provide clear and simple instructions directly on the machine to reduce confusion and promote speed and efficiency during customer use.
3. Conduct ongoing surveys to review feedback and customer satisfaction, and utilize the information to improve the store's operations accordingly.

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