

NPM APPROACH



Analysis of the results of selling, perfection of production, maintenance of market satisfied

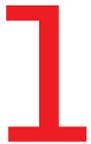


Separation of groups of consumers, working up their impartial portrait of priorities



Development of the best brand- set of lottery tickets, including prize-winning structure

MARKET SERVIS



THE PARTNER PROGRAM

Technically qualitative manufacturing of lottery tickets is a stage, which our company and some other manufactures have already passed through.

Another object is brought to the forefront: realization of potential of distributor networks of an organizer of the lottery.

In other words, one of the marketing problems facing constantly an organizer of lottery is to work out and issue a product, which will be sold through the present networks in the most successful way and the composition of a product will cover as much as possible consumers.

It means that lottery production should be in variety to be interesting and essential among different categories of consumers, who take part in lottery.

People of different social groups, professions, age, with different standard of education think about lottery with interest. This fact predetermines difference of interests and motivations of their taking part in lottery. Naturally, organizers should take into account consumers' peculiarities and offer them the most interesting production. That's why the offer composed of lottery tickets, which are different in their maintenance, and attribute (design, size) is logical. It requires to work out and to create a so-called set of lottery games (3-5 types).

It is difficult to argue that speed of realization of different games will not be the same, and the common task for an organizer and a producer is their constant replenishment with tickets of these games to satisfy the network of realization. So, the producer must be technically ready to produce and to deliver a necessary set of lottery tickets. Otherwise, the producer will have to set up buffer stocks at his storehouses with all following disadvantages

On the other hand production should be convenient and adapted to the conditions of realization of a certain network.

Lottery tickets are sold through different networks of retail trade. They may be particularized networks with small day-to-day goods (news-stall and so on), distributor network of services (banks, post-office), and particularized networks of realization of lottery tickets.

Each of them has its own peculiarities, technique, different qualification of personnel.

For example, banks and post-office have common network of interchange of database, systems of automated registration product and cash flow, high level of qualification of personnel. The high level of intension and quality of work makes correspondent demands to the lottery product: presence of bar code for automated registration, correspondent quantity

of wins, themes and design of lottery tickets.

The other hand particularized distributor networks cut down the quantity of lottery tickets in a package, make demands to advertising posters and flyers.

At the same time an economic gain and security of a product from unauthorized access to the information about prizes are the main circumstances for the organizer. Economic circumstances are formed from cost of a product, storage, its delivery to a distributor network.

Besides the product should certainly meet all the requirements of the regulations of a state, on which territory a lottery is held.

The approach stated above, is for our company the codex of work and system of requirements for creation of a lottery product, perfection of technology and interaction with our partners.

2 SYSTEM OF ADAPTATION

The following stage of partner work consists in the analysis of results of realization, perfection of a product, maintenance of the market satisfied and as a ultimate goal - in separation of groups of consumers and working up of their impartial portrait of priorities, development of the best brand-set of lottery tickets, including games and prize-winning structure.

In fact, the main objective of the company NPM is to develop and manufacture this kind of set of lottery products, which in conditions of realization of concrete distributor network will provide volume of realization equal to consumer ability of players.

The program of Mental adaptation of a product NPM-Adapt

The goal of the program of mental adaptation of a product is approach visual, game and hazardous properties of a lottery to real wishes of players.

The psychological aspect of system NPM-Adapt is based on psychology of perception of an outer world and methods of processing and accumulation of the information about it.

During the life, a person accumulates and forms

psychoemotional conceptions about various aspects of a life. Every person presents well such things as good and evil, success, fortune, happiness and so on. To every conception correspond some images. Naturally, in details these images are individual. However, similarity in a way of life, the identical environment, similar social conditions define that at the heart of these individual conceptions the significant volume of images is identical.

We can speak that groups of people living in equivalent social and geographical conditions have identical emotional images. So there are group concepts. In fact, at the heart of the given conclusion social movements, societies, creative collectives united with commonality of interests are based, they are based on commonality of conceptions about one or another real event.

The program NPM-Adapt developed by the company NPM is called to assist and give developers of new lottery projects quite concrete recommendations about psychoemotional preferences and visual priorities of potential buyers of lottery production. It allows developing and constantly improving lotteries, raising greatly consumer qualities of lottery tickets, it means that we can greatly increase sales volumes.

The program consists of four main parts:

A. Design

The objective is adaptation of design of a lottery ticket to the main psychovisual features of perception of target group of buyers with the purpose to provide with a “call” (create) of the maximal stimulating moment of a spontaneous purchase.

B. Game

The objective is to select kinds of drawing of the prizes, which provide as much as possible interesting and clear process of definition of a winning situation for target group of players.

C. Heat

The objective is to provide with an optimum prize-winning structure, which gives as much as possible steady moment of heat in a lottery for target group of players.

D. Construction

The objective is to develop a construction of the lottery product in the most convenient way and adapted to the conditions of the realization of a concrete network of distribution of lottery tickets.

At the heart of work of the program NPM-Adapt scientific principles of the modern system-structural analysis are laid, methods of hierarchical decomposition and multiple-factor experiment are used.

In design (block A) of the lottery ticket the general visual psycho-emotional estimation of the buyer is the sum of simultant reactions caused by composing elements of design and the way of interaction

between these components.

So, we can refer themes of design, type and kind of a composition, semantic illustrations, integral estimation of color, the name, the sizes to the components of the first hierarchical level of decomposition of the block A. Every element of the first level of decomposition of design is divided into smaller components. For elements of this level the catalogue of possible variations of changes to which the mathematical values are given is made. For example, the composition has variations: opened, closed, prospect, volumetric-frontal, plane, number of plans, stability, static character, symmetry, dynamism, presence of properties of rhythm, place of the basic objects, etc.

Middle integral estimation of color is calculated by the specially developed computer procedure with use of a color circle and decomposition of color in all points on the basic in system CMYK, main color, color of a background and the main objects, brightness, contrast.

The semantic illustration has variations of the form of processing of an illustration, zoom of object, a condition of intensity, and presence of supporting elements of the second order.

It is similar for the other components of design. Game (block B) is defined on the following components of the first level of decomposition: a kind of a game, quantity of games on the ticket, number of attempts, and number of steps of game. To the second level of decomposition the following is regarded: a kind of the image of symbols, properties of symbols (constant, variable), decisive and defining etc.

Heat (block C) is defined by quantity of prizes, the prize-winning structure, a proportional ratio of the sums of prizes, a category of prizes, a kind of prizes (money, things, service), prize-winning structure of a pack and a box, sequence of an arrangement of winning and non-winning tickets.

Construction (block D) is decomposed on the following properties: the form and the sizes of the ticket, kind of a ticket (in a tape, a strip, the block, single tickets), a kind of numbering, presence of elements of the automated registration, a bar code, a kind and properties of a testing code, presence of the automated check of a prize, presence of elements of protection against a full, partial fake and not authorized viewing of a game combination, a kind of packing, number of tickets in a pack and a box, the information on labels in packs and boxes, prize-winning structure of packs and boxes, and a number of other components.

All components and their combinations are brought together in the unified catalogue. While developing of lotteries, you should fill catalogues with the indication of corresponding components on the ready-made designs of lottery tickets.

During realization of lottery production the process of gathering data about sales is realized. In fact, the volume and speed of realization in the program NPM-Adapt are determinative figures of efficiency of a lottery product.

The results of realization and data of catalogues of each lottery are processed on a computer by a multiple-factor experiment. As a result of this factors of influence of each component and their combinations on a figure of efficiency are

determined - it is a volume and speed of realization of lottery tickets. Values of these factors specify, in what degree each component increases or reduces figure of efficiency. Naturally, while developing of the subsequent lottery products inefficient components will not be used. Accumulation of the statistical information allows to specify values of effectiveness ratio.

During the sufficient period of work with the system NPM-Adapt the priority components which are demanded by the consumer of lotteries are found out with a high degree of accuracy, some kind of psycho-visual portrait of the consumers' priorities is created, real value of volume of consumption of the market of lotteries, consumer ability of players and concrete groups of consumers are defined. Use of a psycho-visual portrait, while developing of new designs of production, allows to develop a design of the lottery ticket with the best consumer properties and to provide a generality of visual perception, brand connection.

These results are invaluable for development of new products, economic estimation and an estimation of efficiency of work of an organizer on the whole.

3 RESULTS AND STATISTICS

Now the company NPM works under the program NPM-Adapt with partners in a number of the CIS countries and EU. The results confirm efficiency of work on the basis of the partner approach to the market development in achievement of impressive results.

Let me illustrate results of work under the program NPM-Adapt with one of our partners – the company “Kedr” (Russia).

The beginning of work under the program NPM-Adapt is June 2006.

Network of realization is a network of subsidiaries “Sberbank” (savings bank) of the Russian Federation. The number of subsidiaries of realization is 12 000. Through this network lottery tickets of five more companies, which produce lottery tickets at other manufacturers, are realized and have 4-5 lotteries in realization.

In June 2006 the company “Kedr” had total monthly volume of realization at a level of other companies within the limits of 12-15 million rubles (1 euro = 35 rubles).

In June - September 2006 based on the data received under the program NPM-Adapt 4 new lotteries, instead of 4 old series have been developed and entered.

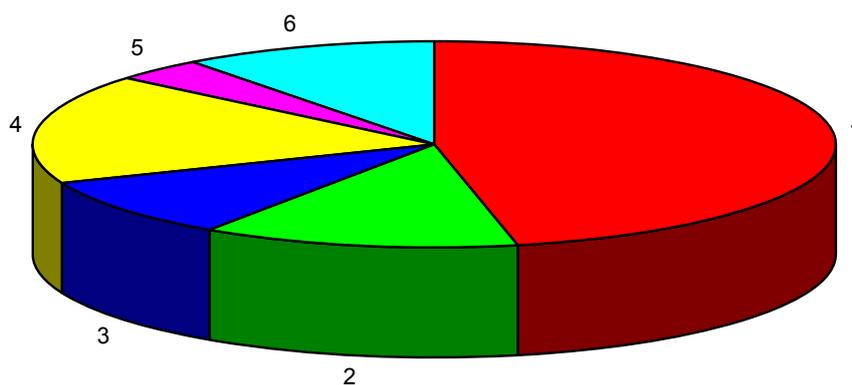
The beginning of 2007 total realization of lotteries has increased, apparently from the data, on the average twice, having exceeded 25 million rubles a month. Moreover, saturation of a network of realization with a new product has shown its selling potential in constant dynamics of growth of sales volumes. By the end of the presented period instead of one of the lotteries, two more new lottery products have been developed and entered, on the basis of the specified results received under the program NPM-Adapt. It has allowed bringing volume of monthly realization above 50 million rubles, this is on the average in 5 times more, than initial volumes of realization in June 2006 and on the average in four times it is more, than volumes of realization of other companies.

Besides the graph of the dynamics of growth of volumes of realization shows, that the market share of the company “Kedr” for 2008 can increase in 1,5-1,7 times and will make 65-70 per cent from total amount of the market in the country, and the absolute volume of realization of the company “Kedr” will increase on 35-40 per cent.

Table №1. The realization of lottery tickets by subsidiaries of Sberbank (Savings Bank) of the Russian Federation in 2007, in roubles.

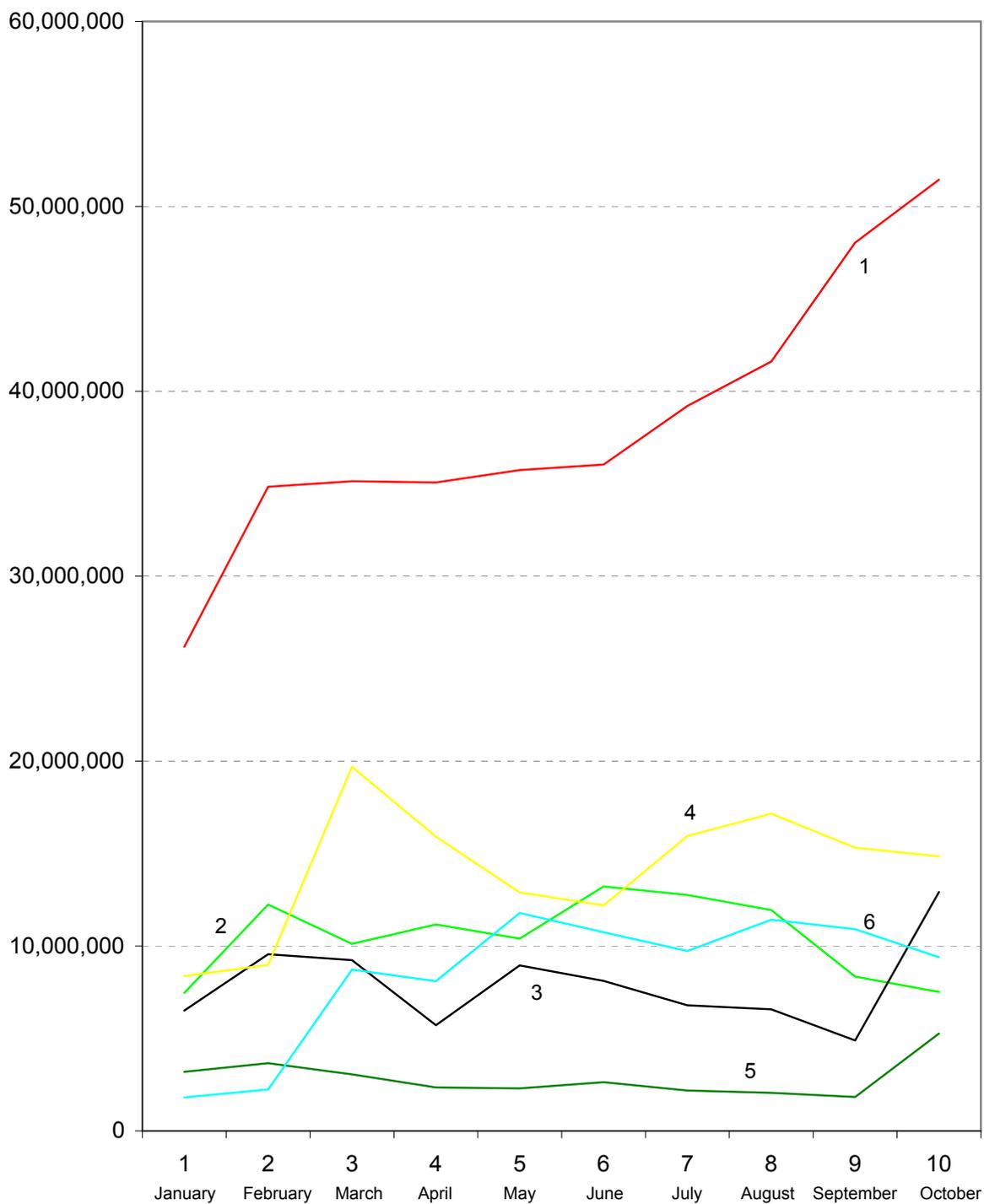
	January	February	March	April	May	June	July	August	September	October	Total:	Spec. grav., %
1 Kedr	26,185,775	34,835,370	35,137,325	35,070,935	35,737,525	36,037,840	39,206,190	41,612,140	48,040,935	51,444,475	383,308,510	46.60
2 Sprint	7,464,210	12,239,960	10,114,790	11,163,640	10,400,110	13,221,630	12,759,050	11,945,820	8,343,700	7,513,190	105,166,100	12.79
3 Victory Day	6,513,640	9,553,890	9,232,550	5,715,520	8,950,950	8,115,540	6,794,930	6,577,790	4,894,600	12,921,369	79,270,779	9.64
4 Champion	8,374,920	8,982,095	19,692,475	15,914,915	12,895,300	12,190,960	15,950,555	17,159,405	15,316,275	14,850,775	141,327,675	17.18
5 Fair game	3,198,040	3,664,200	3,060,750	2,349,720	2,304,330	2,637,120	2,181,630	2,063,490	1,834,740	5,269,410	28,563,430	3.47
6 Pari-Paris	1,810,680	2,246,290	8,727,780	8,098,330	11,786,530	10,745,910	9,731,790	11,422,420	10,908,160	9,396,780	84,874,670	10.32
Total:	53,547,265	71,521,805	85,965,670	78,313,060	82,074,745	82,949,000	86,624,145	90,781,065	89,338,410	101,395,999	822,511,164	100.00

Diagram №1. The realization of lottery tickets by subsidiaries of Sberbank (Savings Bank) of the Russian Federation - Specific gravity.



- 1 Kedr
- 2 Sprint
- 3 Victory Day
- 4 Champion
- 5 Fair game
- 6 Pari-Paris

Graph №1. The realization of lottery tickets by subsidiaries of Sberbank (Savings Bank) of the Russian Federation, in rubles.



The presented data in the context of various products of the company “Kedr” brightly illustrate the dynamics of growth of sales volumes from one to other entered product.

For example, the two new lotteries №5 and №6 entered into realization in August and September 2007 have shown great initial dynamics of growth of sales volumes. Their volume with increase in number of points of realization and filling of all networks, which on the Russian territory takes 3-4 months, may exceed volumes of realization of the leader of sales - the product №1.

It is evident that there is falling of interest and “tiredness” from a product №4, which has been entered into realization in June 2006. The given tendency has been noticed and new products №№5, 6 have been prepared in proper time.

The forecast for 2008 forms increase of the volume of realization, at the same average quantity of sold projects, on 35-40 per cent in comparison with the same period of 2007.

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2 Sprint	7,464,210	12,239,960	10,114,790	11,163,640	10,400,110	13,221,630	12,759,050	11,945,820	8,343,700	7,513,190	105,166,100	12.79
3 Victory Day	6,513,640	9,553,890	9,232,550	5,715,520	8,950,950	8,115,540	6,794,930	6,577,790	4,894,600	12,921,369	79,270,779	9.64
4 Champion	8,374,920	8,982,095	19,692,475	15,914,915	12,895,300	12,190,960	15,950,555	17,159,405	15,316,275	14,850,775	141,327,675	17.18
5 Fair game	3,198,040	3,664,200	3,060,750	2,349,720	2,304,330	2,637,120	2,181,630	2,063,490	1,834,740	5,269,410	28,563,430	3.47
6 Pari-Paris	1,810,680	2,246,290	8,727,780	8,098,330	11,786,530	10,745,910	9,731,790	11,422,420	10,908,160	9,396,780	84,874,670	10.32
Total:	53,547,265	71,521,805	85,965,670	78,313,060	82,074,745	82,949,000	86,624,145	90,781,065	89,338,410	101,395,999	822,511,164	100.00

Graph №2. The realization of lottery tickets Kedr on the names, in rubles

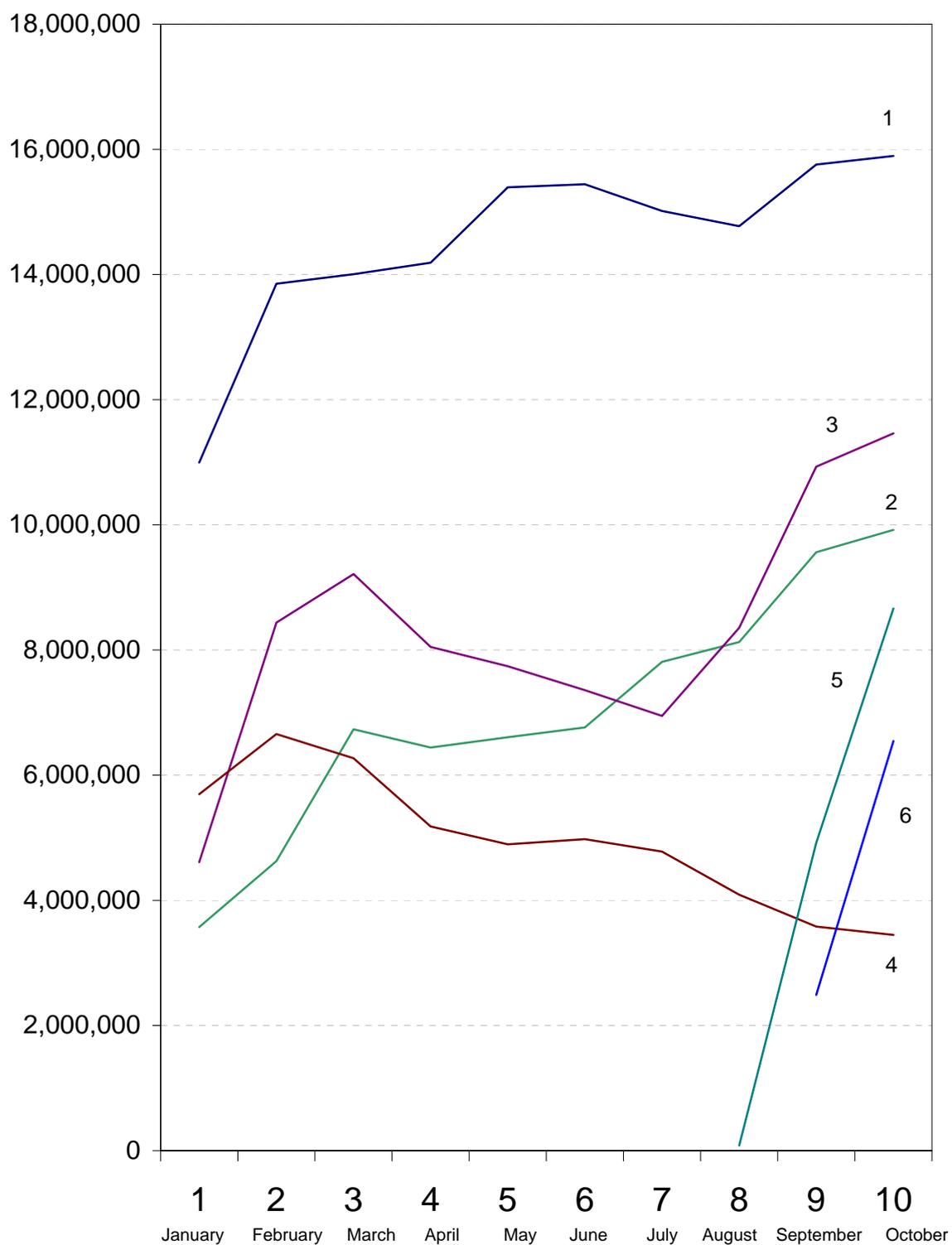
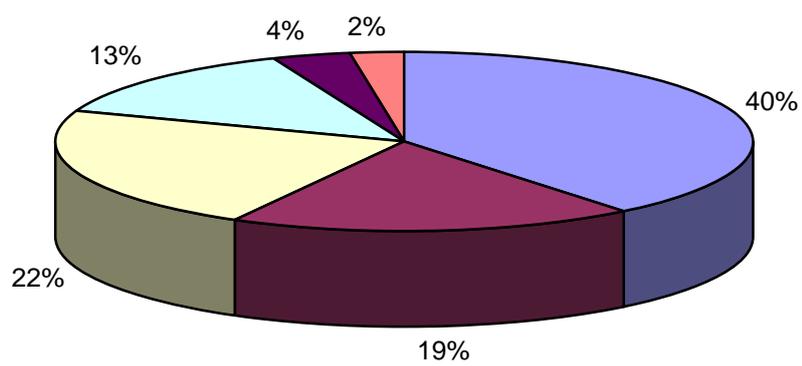


Diagram №2. The realization of lottery tickets Kedr on the names, %



40% Horoscop
19% America
22% Dogs
13% Australia
4% Asia
2% Zodiak