INSIGHTS

MAY/JUNE 2020

Focus On:
Research and Data Analytics

These activities are more important than ever as the industry navigates uncharted waters in 2020 and beyond.

It may be hard to believe, but the summertime months have arrived. And for all of us, this summer is going to look a little different.

As we are all well aware, the coronavirus pandemic has created real issues for industries around the globe. We've seen a lot of changes in the recent months. But I'm happy to say that one thing that hasn't changed is NASPL's commitment to keeping our membership informed, educated and connected.

That's why NASPL is working with our committees, vendors and contributors to provide a new series of presentations and webinars through the digital platform Insights Direct. Each installment will focus on an important and timely topic, specifically significant to one or more of the major lottery disciplines – accounting, audit, information technology, legal, product managers, public relations, research, sales and marketing, and security.

We kicked off the new series with a presentation on Cashless at Retail (following an industry chat between yours truly and NASPL Executive Director David Gale). Upcoming topics include Business Succession Planning & Crisis Management; Driving Business Failure or Fortune in the Post-COVID-19 Economy; Practical Ethics; and more. Some of these webinars offer CPE credit. And more are being added every week.

Keep an eye on your inbox for updates. If you aren't already receiving emails from NASPL, just reach out to Mackenzie at mwhitacre@nasplhq.org to be added to the distribution list. And check the NASPL Matrix for new postings under Insights Direct. Not a Matrix user? Just give a shout to Jake at jcoy@nasplhq.org.

Additionally, the June Directors' Meeting is still scheduled (to be held remotely, of course). A virtual Dialogue with our Associate Members is being planned for the fall. Round six of the NASPL/NCPG Responsible Gambling Verification Program is in full swing. The Powers and Ott Brown Awards, recognizing individual employee excellence, will still be presented – as will the annual awards for advertising and best new games.

It may not be business as usual. But we're still taking care of business.

So, like many others, the lottery industry is facing new challenges. But we'll continue to learn, adapt, and roll with the punches in a safe, responsible manner. Because our purpose still remains: We exist to generate revenue for essential good causes, like K-12 education, college scholarships, environmental conservation, senior citizen programs, tourism, tax relief, local aid for cities and towns, economic development and many others. And as those of us in the industry know, we do so much more than that. We have a profound economic impact, by creating jobs and helping bolster our retail and vendor partners. We support local initiatives. And, sometimes, we even help change our players' lives.

In short, as we say in Arkansas, we create winning people, winning futures and winning moments. Let's keep that rolling.

BISHOP WOOSLEY
Director, Arkansas Scholarship Lottery
NASPL President

i shapes the future

i want to be ahead of the game

i want to thrive and conquer

i want intense experiences

i want solutions that fit into my world

i am your player, are you ready for me?

Modernizing lotteries in a digital world

intralot

12

36

30

Focus On:
Research and Data Analytics

Remembering Jim Hosker

Jim Hosker, a Korean War veteran and former police officer, helped establish the Massachusetts State Lottery, first as the Commonwealth's Deputy Treasurer and then serving as Executive Director from 1983 to 1990. He followed that with a two-year stint as President of the Kentucky Lottery Corp. before joining GTECH Texas (now IGT Texas) in 1992. He also served a term as NASPL President in 1990-91. Hosker passed away on May 19, just shy of his 89th birthday, and left fond memories of those who knew him.

The following is a personal tribute to Jim Hosker from Ray Bates, who served nearly 20 years as the Director of the Irish National Lottery and who continues in the lottery industry as a consultant.

Jim Hosker was my mentor and good friend.

When I joined the lottery family in 1987, like many others in that position I knew little or nothing about lotteries. So I searched around for a world expert and discovered one James J. Hosker, Executive Director of the Massachusetts State Lottery. I made contact and asked could I come and visit. I got an immediate yes and spent one amazing and seminal week in Boston learning all there was to know about the lottery business from Jim and his first lieutenant Tom O'Heir. We three were bonded by a mutual love of Ireland and an even greater love of Macanudo cigars.

Since that time, Jim has been a constant in my business and personal life.

He was my "go to" person whenever I had a difficult situation to deal with...and there were a few over my 20 years as Director of the Irish National Lottery. He knew the detail, but could also always give me the broader perspective.

> "Jim Hosker, a Korean War veteran, was a pioneer in state lotteries. As Deputy Treasurer, Jim played an instrumental role in the launch of the Massachusetts State Lottery and the development of the Daily Numbers game and the first-in-the-nation Instant Game. As Executive Director, he led the continued growth of the Mass Lottery, further establishing its position as an industry leader. As a former local official, he understood the importance of returning local aid to cities and towns in Massachusetts. Jim later went on to run the Kentucky State Lottery and GTECH Texas. It was an honor to work with Jim in the early years of my career at the State Treasury."
>
> James MacDonald, Deputy Treasurer, Commonwealth of Massachusetts

He was arguably the foremost expert on scratch card games, and his lottery was a pioneer for lotto through the online retail network. And while internet/online gaming was at the edge of his experience, he could often surprise a meeting with an incisive comment on internet selling observed through his prism of "traditional" selling experience.

He moved with ease and success through Massachusetts, Kentucky and finally to GTECH to head up their facilities management operation for the Texas Lottery, and latterly to work as a consultant.

> *Clearly he was no pushover, but underneath he was gentle and caring, and with a great sense of humour.*

Jim had a gruff exterior which some might have found intimidating. Clearly he was no pushover, but underneath he was gentle and caring, and with a great sense of humour. He loved being around young people, family and co-workers, and was always ready to give someone a start on the ladder.

He had no hint of hubris. He just was Jim. He could talk to anyone

from the highest to the lowliest. He was a sponge for information; he wanted to know everything about everything. "Now tell me this..." was one of his favourite openers.

He had stories to tell...of his time in the Korean War, his time in the Boston police force, his political life and finally his lottery life.

I am so pleased I had the opportunity to visit him and his beguiling wife Jean in their retirement home in Mansfield in Massachusetts in 2018. He was in rude good health at the time for a man in his 80s and he was displaying the same resilience just recently when I called him for a catch-up chat.

He simply adored his wife, Jean, and his children and grandchildren, who will all greatly miss him.

My wife and my children enjoyed and loved Jim too, and feel the loss.

We have all lost a great man...but I have lost a real pal. ◼

"Jim's background and natural abilities made him a really effective communicator on behalf of the industry. What I remember most fondly though, is despite his talents in connecting and communicating, occasionally that thick Boston accent made it more difficult. When I was president of NASPL, I was waiting with Jim in the lobby of our Phoenix hotel for our keynote speaker to arrive. Our keynote that year was Zell Miller, architect of HOPE scholarships as Governor of Georgia and contributor to the lottery's success. When Zell arrived, I introduced the two of them. What became immediately clear was that neither of them could understand a word the other was saying, and I became the translator between the thickest Boston accent and the thickest Southern accent. I will miss Jim, his leadership, his guidance and his presence, and I send my warmest regards to his family during this time."

Rebecca Hargrove,
President and Chief Executive Officer,
Tennessee Education Lottery

"But which way do I go from here?"
"That depends a great deal on where you want to get to"

abacus
drives
LOTTERY
EVERYWHERE ™
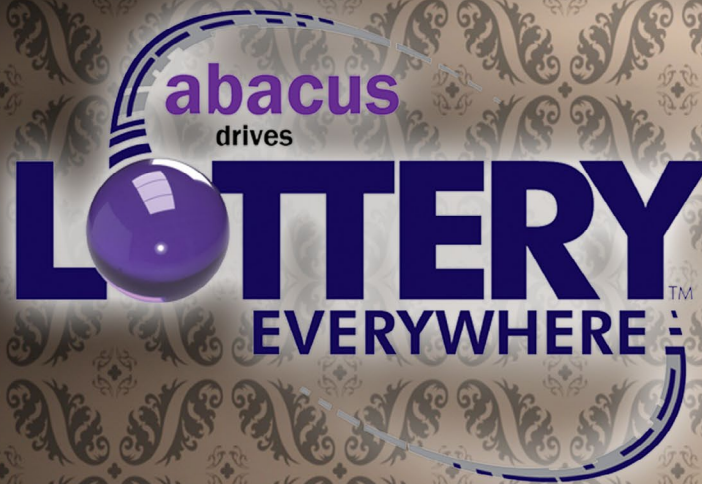
If you want to sell where people are shopping, step through the purple door.

Abacus makes selling lottery in-lane easy, by enabling customers to buy tickets at the same time as paying for groceries, fully integrating into the retailers' ePOS estate. Choose the right door - your players depend on it.

Solutions for innovators

w : www.lotteryeverywhere.com
e : info@abacus-bv.com

Going Mobile in the Midwest

Ohio Lottery players have a convenient and secure new option for cashing their winning tickets.

By Mackenzie Whitacre

The Ohio Lottery is now offering a new mobile cashing feature, available through the Ohio Lottery mobile app. This innovative tool – a first for the North American lottery industry – allows players to cash eligible winning tickets valued between $50 and $5,000 in a fast and secure way. The winning funds are deposited directly into players' bank accounts, providing a convenient, no-contact option for receiving prize money.

The mobile cashing launch was already on track for April. However, with the current social distancing measures in place, the rollout of this contactless feature was particularly important. "This program was initially established to offer cashing of $600 to $5,000," said Ohio Lottery Communications Director Danielle Frizzi-Babb, "but we opened up the range of winning ticket amounts to $50 to $5,000 to minimize the risks associated with COVID-19 by minimizing foot traffic within essential locations."

Ohio Lottery Director Pat McDonald agrees. "The release of the mobile cashing feature is timely as our main cashing locations, Ohio Lottery regional offices and Ohio's racinos, are closed due to the pandemic," he said, shortly after the April 20 launch. "The app has proven popular with customers."

Indeed, players were quick to take advantage of the new feature, with more than 3,500 claims in the first seven days. And as of May 26, the Ohio Lottery has processed more than 17,000 mobile cashing transactions.
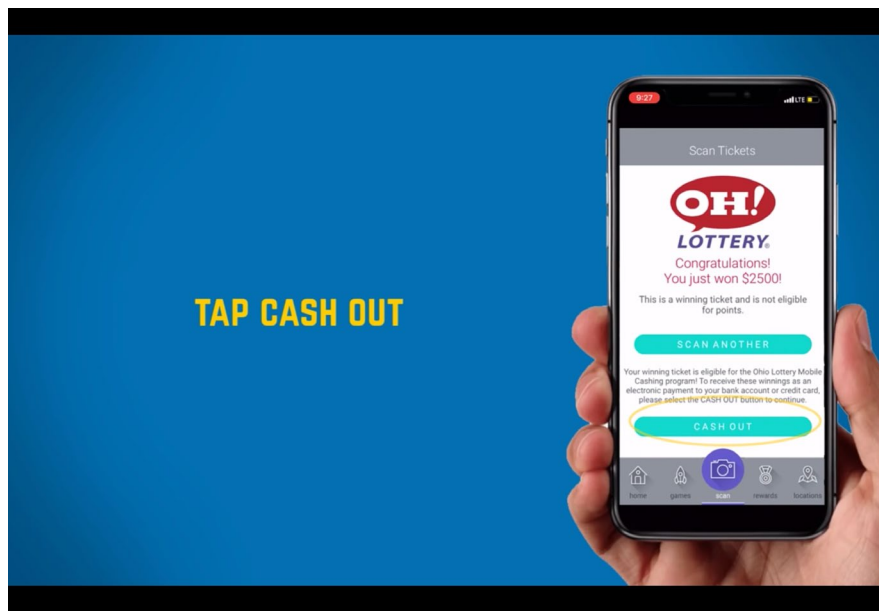
And so far, it's been smooth sailing. There have been no major technical or other issues since launch. For even further security, the Lottery pushed out a mobile app update a week after launch, adding dual verification of bank account and routing numbers, to reduce potential processing errors.

Mobile cashing has also been generally well-received, by both retailers and players.

"Our retailers have embraced the new cashing option because it, in some ways, helps with player throughput in their stores," said Ohio Lottery Project Manager Maureen Hall. "But they have shared some anticipated questions about the possible impact of cashless on their cashing bonuses."

In addition to the potential impact for retailers, another factor considered was the response from winners under the $600 mark. As opposed to prize collection at retail for these amounts – which do not have to be reported to the IRS – players collecting prizes through the mobile cashing app do not remain anonymous. However, it seems that winners across the board are welcoming the new option.

"More than half of the transactions that have been processed are low tier prizes," noted Frizzi-Babb.

"Overall, we have had a very positive response from the customers," she said. "We knew players would embrace the technology but have been pleasantly surprised at their willingness to express their acceptance."

And that's all good news for Ohio students. Last year, the Ohio Lottery gave more than a billion dollars toward education in the state – giving support to K-12, vocational schools and special education. ■

Business as
UNusual

This space is usually used to profile lottery industry employees who have done their part to make their organization a success, or who have made a greater impact on the community at large. In this special edition of Making a Difference, we acknowledge the hard work done by every employee during the public health crisis that is COVID-19, employees who had to shift gears, develop new policies and procedures and do things in new ways without looking back. Specific actions taken by individual lotteries in the early stages of the pandemic are highlighted in the shaded sections throughout this article.

Lotteries have a very specific mandate, as approved either by voters or by political leadership: they exist for the purpose of providing revenue for much-needed programs, such as education, the environment, economic development, senior services and more. In doing so, they provide a source of entertainment for the public, and offer a chance to win potentially large prizes for the small cost of a ticket.

Many lotteries thought they had a handle on crisis management and recovery, with documented procedures on exactly what to do in the case of natural disasters such as hurricanes, floods, tornadoes and earthquakes, plus other potential disasters like power or communications disruptions, structural problems with lottery buildings, etc.

Few, if any, were ready for a global pandemic. One that changed life as we know it, that will likely result in permanent changes to the way business – any business – is conducted moving forward. And in the meantime, while other entertainment and gaming businesses were shut down, lotteries continued to operate in some form or another. After all, never have their revenues been needed more than they are now, for good causes and even for the retailers that stayed open.

And that's where we begin here, honoring all the industry employees who have gone well above and beyond the call of duty – and not just for their own lotteries. In some jurisdictions, lottery staff were even borrowed by other agencies, helping with things such as processing an overwhelming number of unemployment claims and with COVID-19 contact tracing. They've done it all with a can-do attitude.

New York has been the hardest-hit state with respect to COVID-19 cases and fatalities, and the state is also home to the largest American lottery.

"When the NYS on PAUSE went into effect in mid-March, the Lottery's retail landscape transformed overnight," explained Gweneth Dean, Director, Division

"Within days, nearly a third of our retail base were no longer selling lottery tickets; retail, bars and restaurants were closed, and many licensees were unreachable."

– Gweneth Dean

of Lottery, New York State Gaming Commission. "Within days, nearly a third of our retail base were no longer selling lottery tickets; retail, bars and restaurants were closed, and many licensees were unreachable. Without any disruption in operations, New York Lottery staff pivoted to address evolving and unexpected retailer issues while re-imagining new business processes. Essential staff continue to support critical functions on-site, reporting to work daily, enduring long sessions, scheduling challenges, and shifting demands to continue our mission of supporting public K-12 education all while trying to ensure our own employees' health and safety. I have been amazed by the resolve, dedication and leadership exhibited by our employees, who have clearly shown they will meet the challenges of tomorrow's lottery. New Yorkers are tough, smart, disciplined, unified and

loving. These characteristics couldn't be more evident as we work through this crisis."

We know that similar messages would come from every lottery chief executive across North America.

Working Remotely

Many, if not most, employees in a number of industries suddenly began working remotely; lotteries were no exception as their offices were shut down or restricted to essential personnel only. In the process, information technology staff were the first to take action, to make sure everything went smoothly. They provided work-from-home solutions that included all necessary computer equipment, connectivity solutions, and setting up virtual meeting environments so business could continue no matter who was where. Indeed, they were key to making it all work, whether 30% or 100% of staff began working remotely. As the crisis went on, new solutions were implemented that allowed even more employees, initially needing to report to the office to complete their duties, to work from home.

- Rotating staff between remote and in-office work, so that on any given day, no more than one-third of staff is on-site.

- Rotating teams in essential on-site services such as draw staff, prize payments staff and accounting, to minimize infection in any one unit.

- Anyone who can work from home has been directed to do so. We are enabling remote access programs to increase the number of people who can work from home.

If what was perhaps an eerie bit of foresight, the Pennsylvania Lottery might have had a leg up on the whole concept of working remotely. For the past couple of years, employees have been required to work from home twice each month. The shift began when it was time to replace office computers – instead of desktop workstations, most staff received laptops and tablets.

"The original thought about tele-working came from the very real question of how we can get things done the next time we have a huge snow storm," explained Pennsylvania Lottery Executive Director Drew Svitko. "While it's been a while since we had one, the time to figure out how to get things done during a three-foot snowfall is NOT during a three-foot snowfall; it's in July."

Once the equipment was purchased, employees were able to work from home the required two days per month. "This allowed us to work through any technical challenges, but also learn, as a business, how to be productive with a team that wasn't together. The tele-work model also has a side benefit of

being good for employee morale. By allowing employees to pick their tele-work days, we were able to give them some flexibility."

Of course, no one knew then that tele-work would become the rule instead of the exception, but that desire to solve potential problems before they start actually impacting the business "was a huge factor in our preparedness for dealing with COVID-19," said Svitko.

Retail Management

The heart of every lottery is its retail network, and the relationships between a lottery's sales staff and its retailers are priceless, especially face-to-face relationships. Those all but came to an end in most jurisdictions. By the third week in March, lottery sales reps had been pulled from the field almost everywhere. Tele-calling was the new name of the game, and sales reps began contacting their retailers on a much more frequent basis, either by phone, email or other messaging. Emergency repairs and other on-site problem solving have been on an as-needed basis.

While some types of lottery retailers were shut down in many jurisdictions as "non-essential" (such as bars and restaurants, upon which many lotteries rely to sell

keno), most retailers of traditional products were kept open as essential businesses also supplying food and other goods. Selling lottery provides additional revenue opportunities for those essential businesses, although in a few cases, retailers decided to temporarily suspend lottery sales.

Many lotteries adjusted their settlement terms, billing procedures, returns and other policies to assist their retail partners in these and other circumstances.

- There are a few reasons we will still visit the retail location to ensure we are continuing to provide excellent customer service and meet our retailer needs during a unique time in retail.

- Without in-person visits, sales reps have ample technology to remain in contact with retailers, assess inventory levels, adjust orders, etc.

- Sales reps are calling their retailer accounts, evaluating needs, and making any requested deviations from automated orders. Any situations that may require an in-store visit are assessed on a case-by-case basis. Any in-person appointments would involve taking all necessary public health safeguards.

Drawings

While retailers are essential for lottery sales, a lottery's drawings are also essential. In most cases, the actual drawing production is one of the key lottery functions that cannot be done remotely. Lotteries established multiple draw teams, separating them either on different draw nights or setting up draws in different rooms. Changing the way

drawings are actually conducted was also on the table in some cases.

For example, the Kentucky Lottery was one that switched to RNG draws for its Pick 3, Pick 4 and Cash Ball 225 daily games. Beginning April 13, all three games, which had been drawn using traditional ball machines, began using a random number generator. In its press release announcing the change, the emphasis was on maintaining the safety of the draw staff by minimizing the time necessary to conduct the drawings. "Instead of taking an hour for the midday drawing and almost two hours for the evening drawing using the old method of balls and machines, we will now be able to complete this vital function in a matter of minutes," said Chip Polston, the Lottery's Senior Vice President of Communications, Public Relations and Social Responsibility. He noted that the Lottery had already been using an RNG for other games, such as 5 Card Cash. "By using this system, our drawings will be done in a much quicker manner with the same levels of security and integrity."

- We have reduced time in the office to only the draw window and are handling everything else remotely.

- We do have the ability to transition to RNG drawings to further limit the number of staff present during the drawings.

- Our continuity of operations plan includes contingency procedures for stacked draws should we be unable to conduct our drawings as scheduled. For draws, the drawing officials come in after hours and are therefore at a lower exposure than regular business hours.
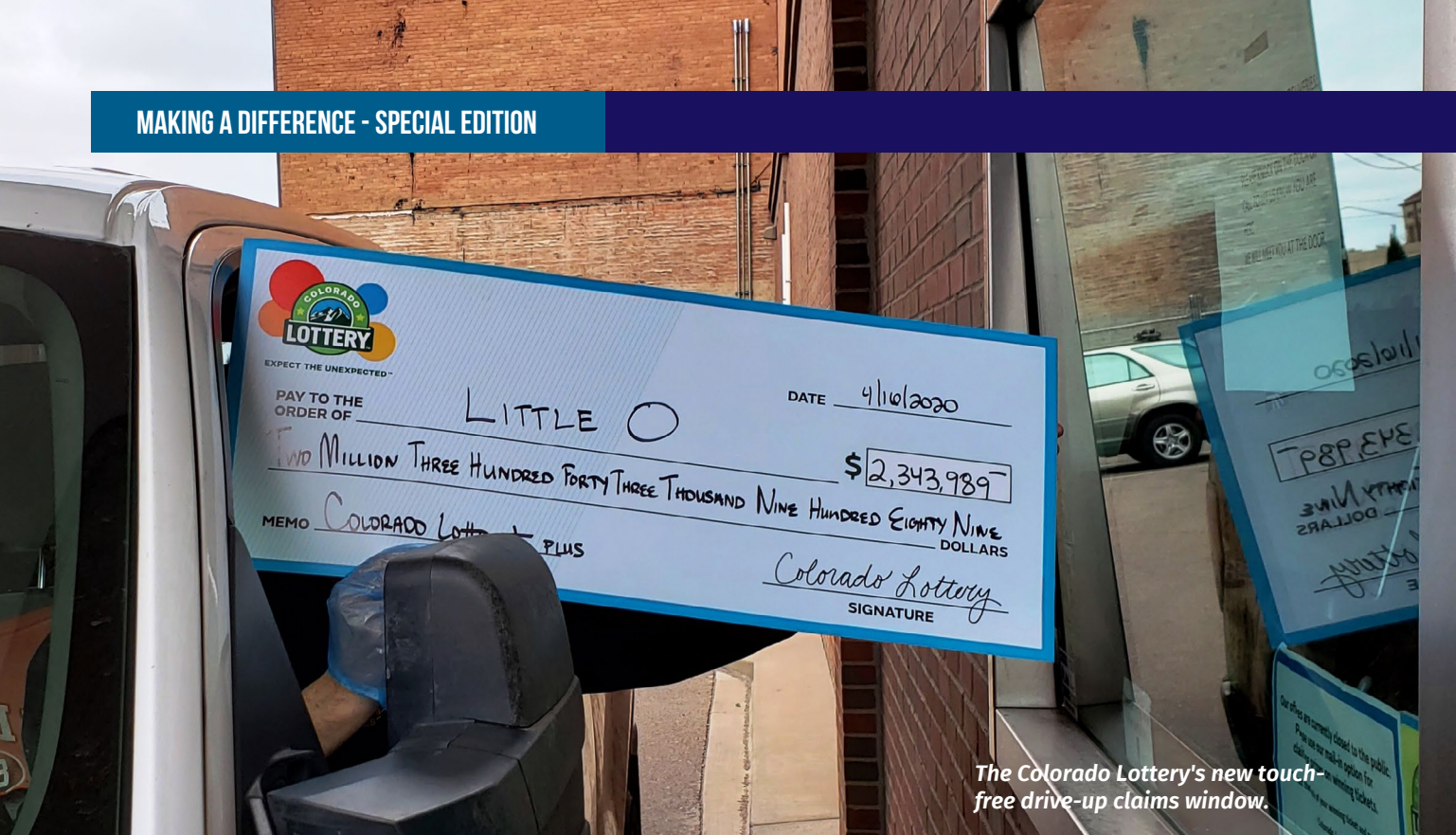
The Colorado Lottery's new touch-free drive-up claims window.

> *"Our draw staff have been exemplary throughout this public health crisis, and have modified their schedules and lifestyles to ensure that our draw operations continue on a daily basis."*
>
> **- J. Bret Toyne, MUSL**

In some cases where conducting drawings simply became impossible given restricted building access or other issues, in stepped the Multi-State Lottery Association, whose essential services to member lotteries include emergency draw services. For a period of several weeks through mid-May as the pandemic progressed, MUSL had performed 140 emergency drawings of jurisdictional lottery games under its Board-approved Draw Services Agreement. Additional member lotteries have contacted MUSL staff to set up arrangements for future emergency draw services should the need arise. And to protect the health of its essential staff, MUSL limited access to its main office to only authorized draw officials and auditors.

"The ability to perform drawings with integrity is the most vital service that MUSL can provide its member and licensee lotteries," MUSL Executive Director J. Bret Toyne said. "Our draw staff have been exemplary throughout this public health crisis, and have modified their schedules and lifestyles to ensure that our draw operations continue on a daily basis."

Claims

Of course, with drawings and ticket sales continuing, lotteries also had to find new ways to process winning tickets. In state after state, claims centers were closed to the public; others had limited hours or by-appointment-only options, sometimes only for prize claims above a certain threshold. Many lotteries also extended their claim periods to allow players with winning tickets to hold onto them until a later date.

Some new procedures included curbside or drive-up claims options, some of them touchless, which allowed lottery staff to quickly gather information and return with a check to the player in a matter of minutes.

A mail-in claims service was promoted by just about every lottery, but it was quickly realized that there were limitations to that option. If a lottery's headquarters were closed, for example, no one was able to pick up and process those mailed-in claims.

And not surprisingly, many players are uncomfortable with mailing a winning ticket worth thousands, or even hundreds of thousands and more, to collect their winnings. In response, some lotteries set up a secure dropbox at their headquarters, allowing players to deposit their valuable tickets directly.
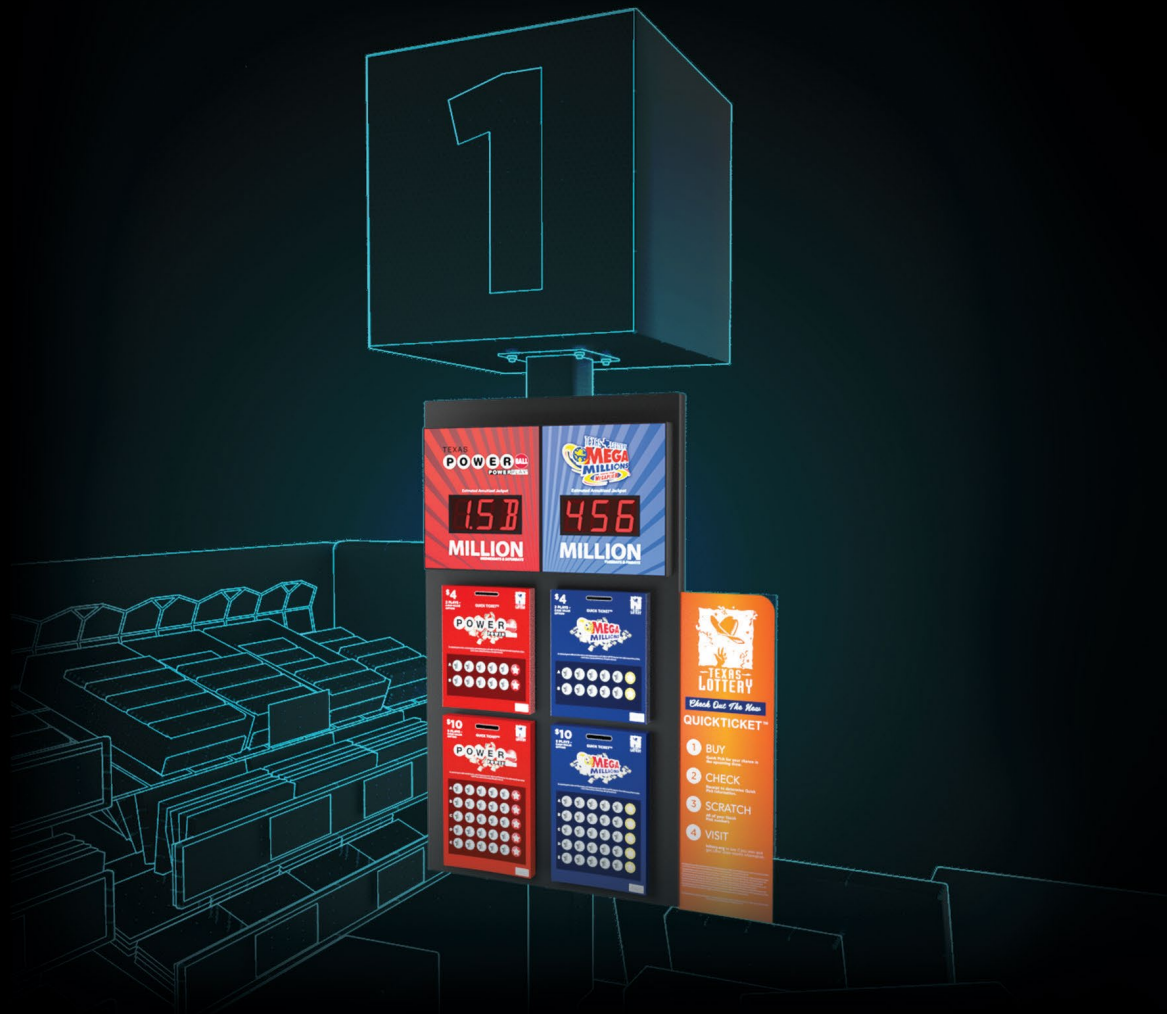
The In-Lane Wireless Jackpot Sign.

Ensure jackpot awareness, even in locations with no lottery terminal. *An essential part of a successful in-lane program.*

With more than 17,000 live In-Lane Jackpot Signs worldwide, *including the first in-lane lottery solution in the USA,* Carmanah Signs is your partner in reaching players at the point-of-sale.

carmanah signs   STRATACACHE

The Louisiana Lottery addressed the problem in another way, at least for tickets with prizes up to $5,000, by passing an emergency rule to allow players to mail in photocopies of winning tickets to claim their prize, effective May 1. "Our players have been extremely patient, holding on to large winning tickets while our offices have been closed," noted Lottery President Rose Hudson in a press release announcing the new rule. "We recognize that players with tickets winning large prizes have been hesitant to mail those in for fear they could be lost. We are so pleased that this rule change will allow them to be paid in a timelier manner and with peace of mind." Any prizes of more than $5,000, or for multi-state games, still need the original ticket, and players are required to make an appointment for those claims.

Any lottery still processing in-person claims, by appointment or otherwise, has implemented strict health policies, such as using gloves while handling documents, staying behind glass partitions and maintaining social distancing.

And the Rest

There hasn't been a single job at any lottery that hasn't been impacted by COVID-19. While those described above are some of the key aspects of lottery operations that have been impacted the most, other employees had to step up and alter the usual way of doing things.

Marketing and promotions teams had to postpone or cancel events and figure out what to do next. Advertising campaigns were scaled back or pulled entirely, and what did remain in media was generally shifted to a brand or proceeds focus, with an emphasis on beneficiaries instead of products. Lotteries kept their social media presence, but often with a shift towards keeping the

The NASPL staff began using Microsoft Teams for its meetings. While social distancing and proper face coverings aren't necessary for virtual meetings such as these, we thought we'd show off our adherence to pandemic guidelines!

public informed about beneficiary awareness and general information about lottery operations, including how to claim prizes by mail.

Those working on products, especially instant games, had to closely follow sales trends and inventories, and work with the sales team to determine if the regularly-scheduled game releases should continue, particularly with game launches typically supported by advertising.

Public relations staff had to tirelessly address the media, the players and other stakeholders with updates on what was happening. They had to realize that these are stressful times for everyone, nothing like anyone had ever seen before, and continue to represent their lottery in a professional and courteous manner.

For those lotteries that offer online sales, business has been robust in that channel. Everyone involved in that area of the business has to make sure the online platforms hold up to sharp increases in volume.

There are still more departments that must run smoothly to enable successful lottery operations. The legal team has to keep things going, reviewing contracts and negotiating agreements with vendors. Accounting and finance has to keep the bills paid and the invoices going out. Security has to accommodate situations in which employees are often remote, retailers are closed or struggling, claim centers are closed to the public ... the list goes on.

One of the biggest issues that surfaced for all the necessary administrative work it takes to run a lottery was that while remote work is certainly possible, lotteries typically rely on paper – documents and reports that are stored at headquarters and invoices that come by mail, for example. Being away from the office for an extended period time and not having access to critical documents was never part of any crisis management plans, and moving forward lotteries will be working to revisit all that reliance on paper.

It's all part of wondering what the "new normal" will be – but no matter how this ends, it's a safe bet that lottery employees will continue to make a difference and keep the revenues coming for good causes. ■

Engaging lottery players in a digital world.

Camelot Lottery Solutions change the game for communities.

We think for lotteries to grow responsibly, players need both a connection to the game, and a tie back to their communities. By making the lottery relevant to the modern player, we help lotteries drive new growth through player engagement. Because we win when lotteries and communities succeed.

Visit camelotls.com

Camelot
Lottery Solutions

After Record U.S. Lottery Revenues in 2019, What's Next?

Barry E. Goodstadt
Telecom, Utility & Regulatory Consulting, LLC

Sarah Fulton
SFA Research & Strategy

Alex Chew
The Harris Poll

According to the North American Association of State and Provincial Lotteries (NASPL), sales and revenue from U.S. lotteries reached an all-time high in fiscal year 2019. The data indicated that in 2019, industry sales of $91.3 billion exceeded 2018 results by 6.7%

It is evident that 2019 was a banner year for the industry, by almost any measure:

- Double-digit revenue growth in seven states.
- Sports betting increased by 142% (on a small base of $18.5 million).
- Instant games alone added $2.6 billion to total sales.

Due to these record results, the industry was initially faced with a question regarding whether significant growth can continue into the future, and if so, how. However, in light of the coronavirus pandemic that started in March 2020, the answer to the industry question has unfortunately been clearly answered: Such growth will not likely continue at this time.

Instead, because of COVID-19, the industry is faced with the question of how to recover. Casinos in virtually every state have been closed, and lottery retailers are finding that their sales have languished as state "stay at home" orders are put into effect

resulting in diminished foot and car traffic. To address these conditions, the industry must come to grips with an unprecedented challenge to its growth and sustainability. A number of state lotteries have closed their redemption offices and are redeeming winning tickets by mail and extending payoff deadlines. For some time, starting Powerball and Mega Millions lottery jackpots, and incremental growth, were guaranteed – this will no longer be the case since jackpot value is driven by lottery sales and those sales are now lagging.

As is the case in many other facets of our society in recent months, a lot of things have changed in the gaming space in at least the near and medium term. First, given new social (i.e. physical) distancing rules, the industry needs to move rapidly to determine how it can serve the gaming public while consumers are unable to readily visit casinos and/or lottery retailers. When they do arrive at casinos, gaming enthusiasts will need to keep their distance around gaming tables – but casinos were never designed to accommodate such physical distances between players.

Second, NASPL has noted that sports betting experienced substantial growth between 2018 and 2019 (primarily due to expansion). But, as

part of the societal response to the COVID-19 pandemic, sporting events have been largely curtailed, leaving little opportunity to place wagers on sporting outcomes.

Third, the pandemic has triggered an economic downturn which appears similar in scope to the 1930s Depression. In light of this development, the gaming industry will be faced with a potentially smaller group of players with more limited assets. Harris Poll data (May 2020) indicate that two in ten say they will visit a casino within the first month of the government providing information that the spread of the virus is flattening, nearly half (47%) of the public say it will be between 2-11 months, and a quarter (25%) say a year or longer. Nearly one in ten (7%) say they will never visit a casino again.

Findings from the April and May Harris Poll COVID-19 tracker also reveal six in ten Americans have been impacted financially in some way and more than half (55%) are concerned that they may lose their job due to the coronavirus outbreak. Nearly two in five (41%) think their income will be lower in 2020, 38% are seeking out additional sources of income, and 84% feel that the coronavirus will cause a global recession.

Cash-strapped Americans will be cautious investors, savvy

Figure 1
Current Newly Adopting (Past Two Years) Lottery and Casino Players (as of September 2019)
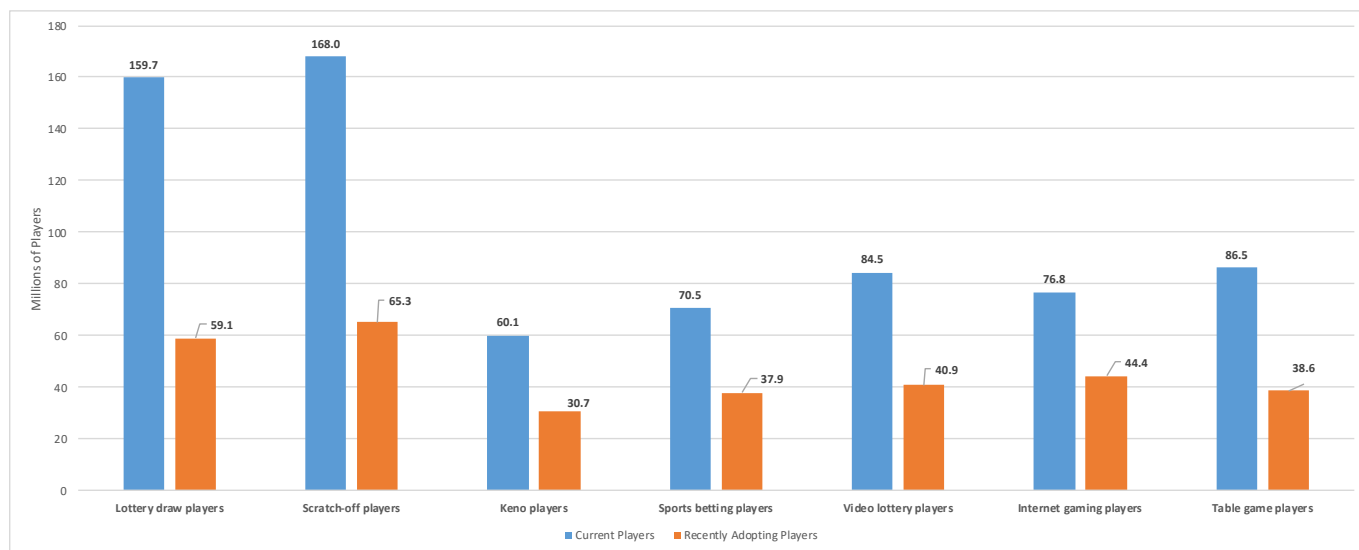
deal-seekers and more inventive and attentive in managing their household budgets. Financing plans, discounting and compassionate brand messaging will separate the opportunists from those who build long term affinity as consumers struggle to get back on their feet.

At the same time, there is a longer term threat to gaming. Industry speculation and research over the past few years has raised questions about the gaming participation of Gen Zers and Millennials as the role of Baby Boomers and members of the Silent Generation decline in the coming years. (See Suh, E., Alhaery, M., Abarbanel, B. and McKenna, A., "Examining millennials' online gambling behavior: A Comparison of generational differences." *Journal of Hospitality and Tourism Technology,* 2017, 8, 314-376.)

To assist in addressing these issues, our research team, which includes The Harris Poll, has undertaken two significant survey efforts focused on gaming activity by the general public. The first study was conducted by The Harris Poll in September 2019, and determined that Millennials and Generation Z consumers participate in gaming in ways that are different from that of previous generations. These differences suggest that the mix of gaming options provided by lotteries and casinos will need to evolve in the future to a form that is more customized, innovative and more mobile. The second survey effort was conducted at the beginning of March 2020, just prior to the significant onset of coronavirus in the U.S. This survey sought to explore the potential of internet-based state-sponsored lottery applications that would operate on mobile devices (iLottery) and examines how iLottery could make a major contribution to recovery of gaming in the post-COVID-19 era.

September 2019 Harris Poll Survey of Gaming

An online nationwide Harris Poll Survey was conducted among 2,032 adults aged 18 and older in September 2019 and focused on:

1. The extent of playing specific lotteries and casino games;
2. Whether playing activity was recently started (in the past two years); and
3. Generational differences in gaming activity.

Key Findings

Findings regarding near term growth. One of the most important findings from the survey is that it supports the fundamental results of the NASPL analysis in terms of the near-term growth in lottery and gaming revenue. That is, traditional lottery offerings generated an additional 6.9% greater revenue in FY2019 than in FY2018.

Findings regarding an increase in the number of gaming participants from the Harris Poll Survey are shown in Figure 1 and reveal a dramatic increase in the number of new players during the past two years. Thus, the number of "scratch-off" players has risen by more than 65 million to 168 million users during the past two years. Lottery players

increased by 59 million over the past two years to 160 million per year. While "scratch-off" games are lottery games, the authors attempted to differentiate between traditional lottery draw games (such as Mega Millions, Powerball, Pick 2, Pick 3, Pick 4, etc.) and "scratch-offs." Therefore, "lottery players" as defined in the survey include only draw games players.

While NASPL analyses show only modest growth in lottery-run gaming table revenue (2.7%), Figure 1 reveals that a substantial portion of current table game players have only recently begun to play those games (39 million) in the past two years. This suggests that prior to the coronavirus pandemic there was significant upside in casino revenues, but that growth in patronage has not yet translated into significant revenue growth. Perhaps, the new players are not yet spending as much as more experienced players.

NASPL findings suggest that revenue from lottery-operated sports betting is relatively small at this point in time ($45 million in FY2019). The findings from the Harris Poll indicate that over 70 million individuals were engaged in sports betting. However, it should be noted that "sports betting" was self-defined in the survey and could include sports betting activities through casinos or that are not currently sanctioned by states (e.g. fantasy sports leagues, esports wagers, wagering with bookies and so on).

Examination of the total population of gaming players suggests that large portions of the total U.S. population has engaged in gaming during the previous twelve months. The number of players of state lotteries and scratch-off lottery tickets are at or above 160 million players. Such player estimates indicate that gaming has very widespread appeal in the country; in fact, it is hard to think of many aspects of American society that are more popular.

At the same time, it will be important to understand the size of the

Figure 2
Generational Distribution of Adults 18+ in Harris Poll (Sample N=2,032, Weighted Data)
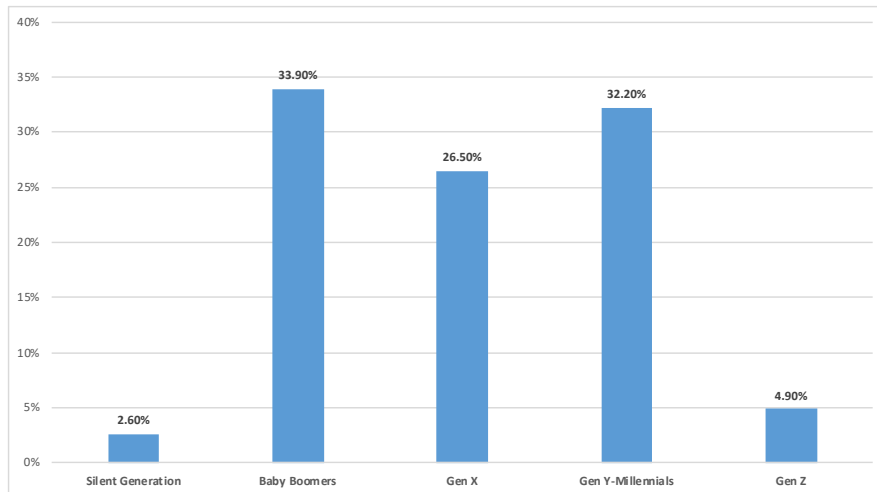
non-gaming population. This is the next question raised in this research.

What proportion of the population is not engaged in gaming? To estimate the size of the non-gaming population based on survey results, the survey analysis calculated the number of people who indicated that they have not played any lottery or casino games in the past 12 months. The analysis revealed that 20.7% of the adult population were not engaged in gaming activities during the prior 12 months. U.S. Census data from 2019 estimated that the population of adults 18 and older was 253.82 million. On that basis, it is estimated for the September 2019 survey that the number of non-players is approximately 52.54 million. This will

be an important component of the population to focus on for the future of the gaming industry.

Generational differences in gaming activity. In order to examine generational differences in gaming activity, one needs to define different generations in terms of their birth years. To do this, a standardized approach developed by the Pew Research Center was used. The Pew generational definition is shown in Table 1.

In the Harris Poll sample, these generations were estimated to be distributed in the population as shown in Figure 2.

The chart indicates that Baby Boomers, at this time, constitute 34% of the sample in this study, Gen Xers are just over 26% of the

Table 1
Birth Years For Different Generations

Generation Name	Birth Year Range
Silent Generation	1928-1945
Baby Boomers	1946-1964
Generation X	1965-1980
Millennials/Generation Y	1981-1996
Generation Z	1997-

Win Big with In-Lane Innovations

GOOD LUCK!

At InComm, we connect lotteries to consumers in new and exciting ways. Through innovative point-of-sale activation (POSA) technology and our vast network of over 60,000 retail partners, we're making in-lane lottery sales and redemption a reality.

Contact us to learn more about how we're broadening lottery's reach through new and existing retailers, increasing lottery brand awareness and growing the player base.

Visit InComm.com to learn more.

InComm®

sample, while the Millennial gen-eration is similar in size to that of the Baby Boomers – just over 32% of the sample. Gen Zers, over age 18, currently represent about 5% of the sample. Over time these proportions will shift due to aging, such that the proportion of surviv-ing Silent Generation members and Baby Boomers will decline while the proportion of Gen Xers, Millennials and Gen Zers will grow. At this time, a large number of Gen Zers (born in 1997 and later) have not yet reached the legal gaming age of 18 but will do so in the coming years.

To examine differences in gaming behavior, survey analysis focused on gaming activity patterns across dif-ferent generations. Considering the small number of Silent Generation members in the sample and prelim-inary analyses indicating that Silent Generation members act in similar fashion to Baby Boomers, these two generational categories were pooled into a category that is labeled Baby Boomers Plus. Since the survey asked respondents to indicate which gaming activities they have partici-pated in during the previous twelve months, the analysis focused on: 1) what proportion of each generation engaged in any gaming behavior in the past year, and 2) how the gener-ations varied in their participation in specific types of games.

Across-the-board differences in gaming participation. The data on whether survey respondents partic-ipated in any gaming activities in the previous twelve months is shown in Figure 3.

The chart shows that over 80% of Baby Boomer Plus and Gen Xers participated in some form of lottery or casino activity over the previous twelve months, while only 75% or so of Millennials and Gen Zers partici-pated in some types of lottery and/or casino-based games. These dif-ferences were statistically significant (Chi-Square=99.39, p<.001).

Figure 3
Participation in Any Gaming Activity During the Previous Twelve Months
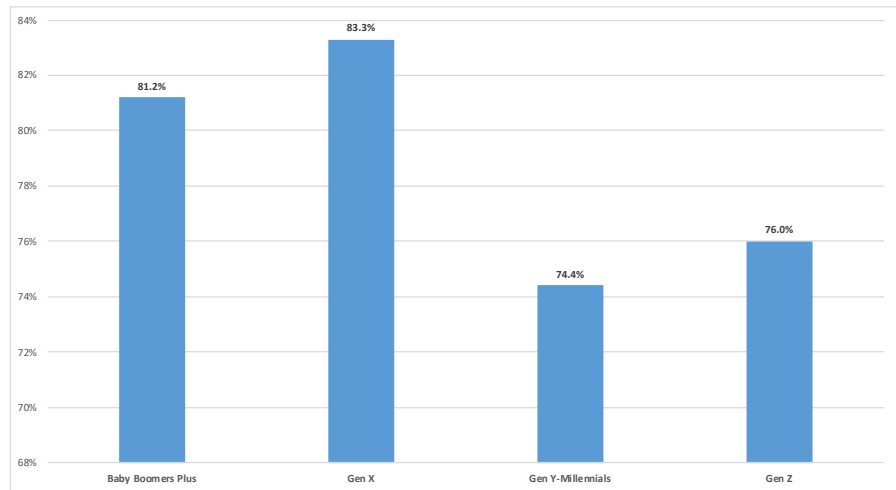
Turning to generational differ-ences in specific games, the survey examined participation in:

- State lotteries (draw games including Powerball and Mega Millions)
- Instant scratch-off games
- Keno games
- Sports betting (including sports picks and over/under picks)
- Video lottery machine at a casino
- Casino-type games played online
- Table games at a casino

The data suggested the following findings:

- Lottery participation by dif-ferent generations are roughly proportional to the size of each generation in the overall population.
- Baby Boomers Plus are the more prevalent players of scratch-off games while Millennials are under-represented as scratch-off players.
- Baby Boomers Plus dispropor-tionately participate in Keno games while Millennials are under-represented in the ranks of Keno players.

- Millennials and Gen Zers are disproportionately more likely to engage in sports betting while Baby Boomers Plus and Gen Xers appear less likely to participate in sports betting.
- Baby Boomers Plus and Gen Xers are disproportionately engaged in all forms of casino games includ-ing table games, video lottery and online games. Millennials and Gen Zers are less likely to actively par-ticipate in casino-based games.

These data suggest that, over time, as Baby Boomers Plus are replaced by younger gaming partic-ipants (such as Millennials and Gen Zers):

1. Draw games will not substan-tially be affected by generational change.
2. A number of games will expe-rience reduced activity and revenue including:
   - Keno
   - Scratch-off games
   - Casino-based games
3. Younger gaming participants will seek participation in different games that provide sports betting opportunities.

We're here, Oregon

Jackpocket helps make the lottery more accessible and convenient to play. Now accepting orders in Oregon with many new markets on the way in 2020!

Jackpocket

Colorado • Minnesota • New Hampshire
New Jersey • Oregon • Texas • Washington, DC.
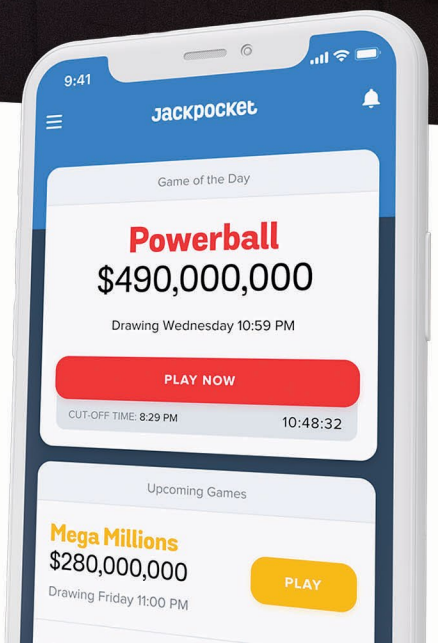
March 2020 Harris Poll Survey of Gaming With a Focus on iLotteries

With these findings in hand, the research team initiated a second Harris Poll survey on March 2-4, 2020. The second survey involved 2,011 respondents to explore the likely impact of iLottery programs offered by state lotteries. As of that date, eight U.S. lotteries offered iLottery with single-draw sales. These offerings enable gaming participants to play a variety of online lottery games using a desktop or laptop PC as well as various mobile devices including cellular phones and tablets, encompassing both Android and Apple devices. The games can only be played while the participant is physically located in the state that offers iLottery.

Key Findings

The findings from the March survey covered several key issues, including overall interest in iLottery and generational differences in iLottery opportunities.

Overall Interest in the iLottery Concept. In the survey we asked respondents to indicate how likely

Figure 5
Generational Differences Among Respondents in Likelihood of Signing Up for iLottery
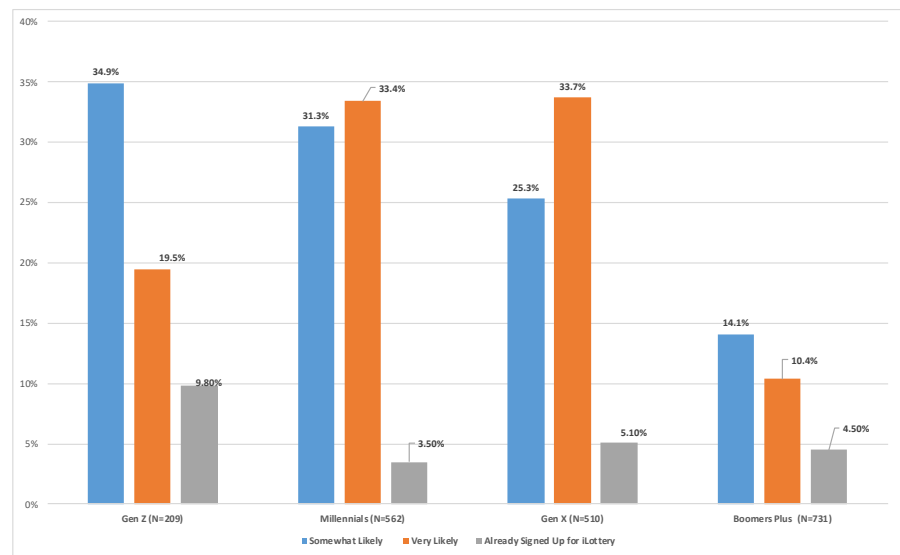
they would be to sign up for an iLottery service in their state. Figure 4 displays the results.

Those results indicate that 5% of respondents in the survey already subscribe to an iLottery offering. In addition, 49% indicated that they would be very likely (25.1%) or somewhat likely (23.9%) to sign up. These data suggest that there

is good upside potential for the iLottery concept among consumers. If one takes a conservative view of these data using an 80/20 rule (80% of "very likely to sign up" plus 20% of "somewhat likely" to sign up) then it might be anticipated that approximately 25% of the population will sign up for the iLottery service. This estimate should be supplemented to the proportion in the population (4.9%) indicating that they are already signed up for iLottery, which leads to a total estimated demand of 30%. This estimate suggests that iLottery can make a major contribution to recovery of gaming in the post-COVID-19 era.

Who Is Likely to Sign Up for iLottery Service? One of the keys to understanding the likely impact of iLottery on the gaming industry is to determine how likely different segments of the population are to sign up for iLottery as a mechanism to participate in state-sanctioned gaming. Considering the differences across generations in terms of gaming activity identified in the

Figure 4
Respondent Likelihood of Signing Up for iLottery

Why Chance It...
Think Jumbo!

Over 20 years of experience

$1bn tickets sold worldwide

75 Lottery clients worldwide

5 Star iLottery platform and services

ASX 200 listed company

In today's uncertain world, and with uncertainty being the new norm, there is no time to take chances with your iLottery program. This is why you should think Jumbo. We are a world leading iLottery platform and services business finding the right solutions for our customers worldwide. Jumbo is one of the biggest lottery resellers in the industry, with 75 customers and over $1bn in tickets sold.

At Jumbo we believe it is "not a time for novices" and with our proven iLottery platform, services and solutions, we have the experience to develop, manage and grow your iLottery potential. Alongside our proven experience is our financial strength and security. With many new entrants into the industry, and others who are struggling financially at this time, Jumbo has all the resources and credentials to invest in your iLottery program.

There is no time for novices. Why Chance It...

Think Jumbo!

jumbointeractive.com | partners@jumbointeractive.com

JUMBO

Table 2
Estimated Demand for iLottery Participation by Generation

Generation	80/20 Market Estimate	Already Signed Up for iLottery	Total Estimated Demand
Gen Z	22.58%	9.80%	32.38%
Millennials	32.98%	3.50%	36.48%
Gen X	32.02%	5.10%	37.12%
Boomers Plus	11.11%	4.50%	15.61%

September 2019 survey, the analysis was focused on differences in iLottery interest among Gen Zers, Millennials, Baby Boomers and Gen Xers.

The results from this analysis is shown in Figure 5.

The analysis entailed an 80/20 rule (80% of Very Likely plus 20% of Somewhat Likely) to develop an estimated demand level for iLottery by generation. Earlier it was noted that approximately 5% of respondents already participate in iLottery in their states. The level of existing participation was then added to the likelihood estimate to yield an overall estimate of demand by generation. These results by generation are summarized in Table 2.

The data reveal that demand for iLottery varies substantially by generation. Millennials and Gen Xers appear to be the most likely to adopt iLottery, at around 36%-37%. Gen Zers are also likely to adopt this new platform and, in fact, 10% appear to have already done so. Baby Boomers and their predecessors in the Silent Generation are only about half as likely to sign up for iLottery.

In some ways these results are not surprising since the younger generations are highly dependent upon mobile phones for much of their communication and entertainment.

Conclusions and Recommendations

In the face of challenges confronting the gaming industry over the next few years, it appears that iLottery can potentially provide a direction that the industry can pursue as it seeks to recover from the current coronavirus pandemic. Study findings suggest that iLottery offerings also provide a vehicle for addressing the coming challenge of generational change as Baby Boomers are succeeded by Millennials and by Gen Zers. Younger generations appear to be more interested in iLottery and this will be important for future sustainability of the industry.

Our team also recommends that lottery and casino operators develop programs for tracking changing preferences in gaming as a method of guiding efforts to recover from the COVID-19 downturn and to anticipate changing needs of younger generations. ■

GLI® GAMING
LABORATORIES
INTERNATIONAL®

NAVIGATING
THE FUTURE

of staying ahead of the game. At GLI, our team is committed to helping you mitigate risk by providing the valuable information and education needed to find your best path forward for lotteries and iLotteries. We're here to be your partner, offering over 30 years of expertise as you face today's new hurdles in the world

OF GAMING

Q&A With Gerry Aubin

Gerry Aubin took over as Director of the Rhode Island Lottery in 1996, and through this spring he was the longest-tenured lottery director at any one American lottery. He had announced his retirement in early March and expected to wrap things up not long thereafter. Then came the full impact of COVID-19, and he stayed on the job until the end of May, among other things seeing through plans to reopen the casinos in stages beginning June 8. He worked in the office most days as part of the Lottery team not working from home. *Insights* Editor Patricia McQueen caught up with him in early May for some perspective on the industry he served all these years.

When you took the job, did you think you'd still be there 24 years later?

Not a chance. I came in at a turbulent time in 1996 and I wasn't even looking for the job. I was running the state's Municipal Police Training Academy, having just retired from my position as Deputy Chief of Police in Providence. I knew the governor at the time, and his office called me in one day. I assumed it would be about the Academy budget, but they wanted to tell me I was on the list of possible directors of the Rhode Island Lottery. I was floored – I knew absolutely nothing about lottery. They told me not to worry, that it was a long list of candidates. The next day, they called me and said there was just one name left on the list – mine.

I told the governor I could only give a two-year commitment, because I didn't think I could possibly stay any longer than that in a job I knew nothing about. He told me not to worry, that I had been in government service for more than 20 years already, and that I knew the most important thing: integrity. That was what was sorely needed at the time, and they gave me one directive – to right the ship and get it moving in the right direction. Twenty-four years later, I'm still here! And ironically, now the challenge is to right the ship again, to see it through this unprecedented crisis and steady it for the smooth sailing that will eventually return.

So tell us how you coped with the fallout from COVID-19.

This is really something we never even considered in all our contingency plans. We've gone through major events with our casinos, like a bankruptcy and the indictment of a former general manager. We've even gone through a structural disaster, when the roof collapsed at our headquarters. But a public health crisis? Who could have foreseen that?

Perhaps the biggest thing is keeping our employees informed as best we can. We have daily conference calls, as I also have with other state leaders as this unfolded. That means I'm able to quickly inform them of any new policies and procedures, and make sure they have the necessary resources to safely do their jobs.

Based on guidance, we didn't shut down the claims center at our headquarters, but we don't have many people coming in. We encourage people to mail in claims, even with high-tier prizes. Our sales force was removed from the field. Many

employees are working at home, but others still work in the office. We have done things like closing our lunchroom and taking all extra chairs out of offices, to discourage people from visiting fellow employees too long.

Once the two casinos shut down on March 14, many of our 53 employees for that business segment started helping out with the state's Department of Labor and Training and the Department of Health, processing unemployment claims and helping with COVID-19 contact tracing, respectively. They could have stayed home and taken sick leave, but are choosing to come in and help the state.

All of this is why I never stopped reporting for work in our office – I'm not comfortable staying home when we have our staff members reporting for duty. It helps to give them guidance, given that policies are changing daily. I feel it's important for someone to be here in charge.

Is there a way back to where we were?

We hope so, but there are some major challenges ahead. Our leaders fully understand that lottery revenues will be extremely low this year, but lotteries aren't the only state

> ❝
> **We are certainly hoping to come back strong and continue producing much-needed revenue for the state.**

source of revenue that is hurting – sales tax is down and personal income taxes have been deferred. By constitution here in Rhode Island we have to have a balanced budget each year, and when the legislature returns they will have to address all of these issues. It is a tough pill to swallow, but we are all in this together.

Although bars and taverns have been closed, most of our regular retailers such as convenience and grocery stores have stayed open as essential businesses. So people are still going to stores and are still buying our games, but at a reduced level. Obviously we would like to reopen our casinos as soon as we can, and we've been working on a sensible plan to safely do so. We are certainly hoping to come back strong and continue producing much-needed revenue for the state.

You obviously liked what you were doing, staying 24 years instead of two.

There are always good days and bad days. If 90% of the days are good, then the job is great – and this is a great job. I think it's the best job in state government, and I've been fortunate that I've been in government going on 46 years now. I really enjoy serving the public, first as a

Jackpot signage used to only have two digits -- a cardboard "1" was installed when necessary on billboards in Rhode Island.

years. The VLT group came together with progressive games. So MUSL has also expanded, and has done a fantastic job.

I've had the honor of serving terms as President of both organizations, and on individual MUSL committees as well. It was fun to be directly associated with these groups – you have your chance to take the wheel and, hopefully, move it in the right direction.

How have you overcome challenges?

There are always rough spots, and you have to deal with the politics and the media. The media is probably more challenging than the politics, but you have to pay attention to both. We have the mission to raise as much money as possible in a responsible way, and that can be controversial. Especially when we wanted to expand our video lottery terminals and then add table games. But little by little, we were able to keep expanding, which we needed to do in order to have continued growth. We were fortunate to be allowed to introduce sports betting. I think that will continue to do well – it's never going to be the big money generator everyone thought it was going to be initially, but it does generate a good amount of income.

Through it all, the key is that this agency has to always maintain its integrity and honesty with the public. Philosophically, people may be opposed to gambling, but we need to be above that, to make sure that we are doing the best possible job we can and maintain that integrity. That's extremely important to me and it always has been. I always tell that to new employees – the agency is much bigger and much more important than any of us are individually.

police officer and then at the Lottery. It is all very rewarding.

I also have met some wonderful people and made some good friends. One thing I don't like about this industry is that you make good friends, and then they leave their jobs or retire, and you never see them again. Rhode Island is a small state, so in my previous work with city government, you would always see people, even after they retired.

It has also been rewarding to see lotteries expand throughout the country. There were a lot of states that didn't have lotteries when I started, so it was good to see more states understand the need for lotteries.

It has been wonderful seeing our key associations grow along with the industry. At NASPL, [Executive Director] David Gale has been around longer than I have, and early on they had a small staff and their main job was to run the annual conference. They have grown extensively, and the resources they provide to us have grown as well. That's a tribute to David and his staff, and also the leadership of the Executive Committee over the years. They've done an exceptional job.

Then there's the Multi-State Lottery Association (MUSL). Powerball was our main product back in the 1990s, but we've had other smaller or regional games over the

Speaking of sports betting, it was unthinkable that there would be no major-league sports in America. What are you doing in that regard?

We've been approving, through William Hill and the regulators in Nevada and New Jersey, some crazy sports here, like table tennis. Who would ever think we'd be betting on table tennis? And things from around the world like Bangkok basketball. We don't get a lot of activity, but we do get some – our players must go on the internet and study it before placing their wagers. We are seriously looking at e-sports, which is something that Nevada is offering. It's certainly very popular among young people.

Let's talk for a bit about games. What are your thoughts about the two big jackpot games?

I think there is opportunity there, and we've talked about additional drawings. But we really need to add population, perhaps looking at including Australia and/or Great Britain. I know some states wouldn't be able to do that as things currently stand, but we must move in that direction so hopefully that will change.

When I first came to the industry, we just had a small number of lotteries in Powerball and the Big Game [precursor to Mega Millions] had just started up. Back then, states were worried about their borders and were territorial. It produced some wild results.

I remember the early days of my tenure, long before cross-selling, when we would have people lined up at our Massachusetts border towns waiting to buy Powerball tickets for a $100 million jackpot. There was a retailer right on the state line that would print up stacks of $5 tickets before opening and have them ready to sell as cars came through the parking lot. The local police directed traffic. It was a frenzy like we'll never see again – I don't think people realize or understand how out of control it was back then; it

> ❝
> **Who would ever think we'd be betting on table tennis? And things from around the world like Bangkok basketball.**

was such a major story. Not even the two $1.5 billion jackpots came close to that environment back then. And now you can't get people to spend $2 for a $100 million jackpot. We'll never get back there, so the games do have to evolve. Cross-selling was the right thing to do for sure, and we've all benefited from that. But the big problem now is that it takes two years to make a change in these games, and right now there is nothing scheduled. We have to do something, because sales will continue to decline if we don't.

Will lotteries ever get that kind of attention again?

Not with our present products, but maybe something new and innovative will come along. Maybe we start wagering on some crazy events, like e-sports, or some other opportunities. But that's why we have to evolve from our present games. We are fortunate in that we have casinos in Rhode Island, but even those have to evolve. People are going to find

other means of play. Just what those other means are, I don't know – that's for the younger generation to find out.

You've just launched online lottery sales – e-instants and keno to start. As a very small state, what are your expectations for that?

I don't have high expectations right now for much revenue at all, but it's something we must do for the future. Over the years, revenue from iLottery will continue to rise, and eventually online sales will exceed traditional sales. It might be 10 or 15 years from now, or even more, but it will happen. It has to – all lotteries have to sell online eventually, or become extinct. I compare ourselves to newspapers. It seems like the demographics are very similar – the people who read the newspapers daily or buy lottery tickets daily or weekly. As people find other means of getting the news, so are people going to find other means of gambling. We must be the ones providing it to them.

You are nearing the late stages of a 20-year contract with IGT, and a similar contract is working its way through the legislature. What are your thoughts on that?

It has been a great relationship for us and for Rhode Island. Then known as GTECH, the company started in a small building in downtown Providence. As they have grown, they have become very important to the state's economy, providing more than 1,000 jobs in a state which has a population of just over one million. That is significant. For the Lottery, the long-term contracts provide very beneficial stability. Plus we are sometimes used as a "test lab" for new products, something I have supported. There may be failures among those, certainly, but we've also been the beneficiary of some successes. I've known [Chief Operating Officer, Lottery] Jay Gendron since he was

an account rep, and while we have had differences of opinion over the years, there is a high level of trust and faith in each other. That is extremely important in business.

There was a lot of media coverage about the latest contract negotiations, a lot of statements thrown out there without any merit. But cooler heads have come to the table and I think we have a very, very good deal. We are a small state, so that has to be taken into account. The potential new contract is better for us than the previous one (in which rates were set by the legislature), and there are some good guarantees for us at the Lottery, and for the state as well, to make sure we have the state-of-the-art equipment.

What are you most proud of during your tenure?

I pride myself in being able to treat lottery as a business, and in bringing in good people. I hired probably 85% of the people who now work here, and I know I'm leaving it in very good hands. There will be a learning curve for whoever takes over as Director, but there are great people who will support the new leadership, and I'm very proud of them.

While our return to the state has grown from about $96 million the year I came here to close to $400 million last year, we've done that without much of an increase in personnel, except for those hired when we expanded casino operations. So the talent is there. I take pride in the fact that we were able to hire good people, and groom them and let them grow. We're just one big family, although we do have our differences, like any family.

In fact, I've always been a people person. I've lived in Rhode Island all my life, and it's like we all know each other. The relationships we develop are extremely important, whether it be with politicians, the media or the public. So I've also always prided myself in trying to keep everyone

informed – and not only my own employees, but the legislature, the governor and the public. Making sure that they understand exactly what our mission is, and how we are going to accomplish it to keep us moving forward instead of stagnating. And doing so with the least public outcry as possible, because there are always some people who don't like the expansion of gaming or any changes in gaming.

> 66
>
> ## And while I'll miss many of my friends across the lottery industry, I dare say our paths may cross again.

Oh, and because I'm such a people person, one of the hardest things for me about this pandemic is that I very much miss regular interaction with people! Sitting alone in my office is not something I enjoy.

Any final thoughts about the future of lotteries?

It's easy for me to say that lotteries should do certain things – but lotteries don't have the free will to do them. I'm very fortunate in Rhode Island to have a legislature

and governors that always supported us. I've had to justify everything I wanted to do, to show how the state would benefit, but I know we are lucky. In some states, talking about doing something new is kind of like poking your head out of a foxhole – and nobody wants to get their head shot off.

Looking back, the one thing I wish would be different is how long it takes to effect change. We're doing a lot of things today in the same way that we were doing them in 1996, at least with traditional lottery products. It's a little disappointing that we have been so slow to change, but it's not because there isn't the will by lottery directors or lottery staff, it's that there are so many other variables beyond lotteries' control, so they are not able to pursue their dreams.

So what is next for you?

I was planning on leaving by the end of March, and now I'm not sure. I certainly couldn't walk out then – it would have been like abandoning the ship. We need to keep this ship steady, to keep it going through the pandemic to be prepared for the return to normal, even if it is a new normal. I'd like to see our casinos open up before I leave, or maybe even partially open; we've been developing a plan for that. I hope to be able to make my exit in June, but we'll see how things go.

This spring was going to be a good time to leave – I have my health and I'm looking forward to spending more time with my family, grandchildren and friends. Plus a lot of time on the golf course, and not being controlled by the phone! Maybe there will be opportunities to do something else, but I'm not quite sure yet. I'm going to miss many aspects of this job, especially the people. But again, it's Rhode Island, and if I want to see them, I'll see them. And while I'll miss many of my friends across the lottery industry, I dare say our paths may cross again. ■

The Rhode Island Lottery team will miss Gerry but wish him well. Deputy Director Peg Rose says it well:

First and foremost, Gerry will be remembered for his integrity, honesty, work ethic and kindness. Integrity and honesty are the foundation on which all business at the Lottery is conducted – there are no exceptions, and every employee knows that, loud and clear! Work ethic - there is no one at the Lottery who works harder, giving credit to staff for every accomplishment, but shouldering any criticism on his own. Just the fact that he has once again postponed his retirement date to be in the office every day during the COVID-19 crisis is testament to the support he always gives to his employees. Kindness is making sure he never misses sending birthday wishes to an employee, even if that birthday falls on a weekend, following up with a phone call to an employee who is out ill or dealing with a personal situation, sending handwritten thank you notes to staff for their hard work on a project, and being sure to stop into everyone's office or work station at least once a week to ask "how is everything going?"

Gerry is just such a great all-around person, mentor, and leader with zero ego! There is a quote from John Wooden that I think sums him up perfectly: "The most powerful leadership tool you have is your own personal example."

Needless to say, he will be missed!

Peg Rose, Rhode Island Lottery Deputy Director

REMEMBERING THE PAST – WINNERS, THAT IS!

IT'S RARELY EASY, BUT IT IS POSSIBLE TO FOLLOW UP ON BIG WINNERS TO PROVIDE GOOD EXAMPLES ABOUT WINNING IT BIG IN "THE LOTTERY."

BY PATRICIA MCQUEEN

Showcasing lottery winners is an important function of any lottery. By doing so lotteries provide evidence that lottery players, and winners, really are everyday people, representing all walks of life.

After all, surveys have shown time and time again that lottery players to a large degree mirror the general adult population in all the common demographics. And why not? Lotteries are widely accepted and widely played, far exceeding any other form of gambling activity.

It shouldn't be surprising that lottery winners, even big lottery winners, also mirror the population, and they might be first-time players, infrequent players, or regular players. It's also not surprising that there will be a small percentage of people who have trouble with sudden wealth, just like there is a small percentage of people who struggle managing their everyday finances no matter what their level of income. Mainstream media has, of course, found a few big jackpot winners who

have not done well, and those stories are replayed year after year, especially when jackpots get high.

Fortunately, good stories get published as well – local media are particularly likely to follow up when a lottery winner does something good for a community. Lottery winners have become elected officials, have launched their own charitable foundations, have supported their home communities in big ways, and have even responsibly enjoyed the ride. There are those who remain

intensely private, but when you consider the numbers, there is a very large field of big winners out there.

Just look at North America's big national games:

Powerball. From its inception in 1992 through May 22, Powerball has produced 380 jackpot winners. Since the second prize went to $1 million in January 2012, there have been 2,526 Match 5 winners (2,149 at $1 million plus 387 at $2 million with the Power Play option).

Mega Millions. Launched in 2002, the game has had 213 jackpot winners through May 26. Beginning with the change to a $1 million second prize in October 2013, there have been 946 Match 5 winners (135 of those with the optional Megaplier, for prizes up to $5 million).

Lotto 6/49. Through May 23, Canada's long-running game has produced 3,471 jackpot-winning tickets from its inception in 1982. Since the September 2013 addition of a guaranteed $1 million prize draw, there have been 748 prize-winning tickets at that level.

Lotto Max. Canada's largest game launched in 2009, and through May 26 has produced 161 jackpot-winning tickets. With its unique format offering MAXMILLIONS prizes after the jackpot gets to a certain level, there have also been 1,091 $1 million prizes won by 1,411 individual tickets.

That's an awful lot of big lottery winners, and that's only looking at the national games. Jurisdictional lotto games in the most-populated areas are still able to generate jackpots into the tens of millions, and most lotteries routinely award prizes of $1 million or more. Those are significant prizes for most people.

Lotteries know a little bit about many of these big winners. Browse through press releases and winners'

> **"I WOULD THINK THAT IF LOTTERIES DID REACH OUT TO THEIR WINNERS, THEY MIGHT BE PLEASANTLY SURPRISED BY THE RESPONSE THEY WOULD GET."**
>
> **- MARY NEUBAUER**

stories and you'll realize that most people are sensible about their sudden wealth and want to give back – with plans to support their favorite charities or any needs in their hometowns. Even as more winners decline publicity and anonymity laws spread, there are always exceptions, and it's up to lotteries to find them.

The Iowa Lottery has actually twice sent letters to past lottery winners, asking if they'd be willing to share their story since their big win. "Each time we have done it, we have found folks who are willing to tell their story, because they take pride in what they have done," explained Vice President of External Relations Mary Neubauer. "I would think that if lotteries did reach out to their winners, they might be pleasantly surprised by the response they would get."

After all, lotteries work hard to tell the story of the good they do for their jurisdictions, supporting important causes such as education, economic development, the environment, and programs for veterans and seniors. "Winners are amplifying these things that the lottery does," she added. "It has been well worth it to tell the stories and to find ways to weave the good that our winners are doing into our own

work and into our own stories."

Ontario Lottery and Gaming (OLG) is another that tries to reach out to past winners and has found willing participants for its Winners Around Every Corner campaign. At the time of an initial prize claim, OLG's Winners Experience Manager talks with every winner of at least $50,000 with the goal of finding the right stories and the right winners willing to tell those stories. Sometimes there's an immediate press release and story-telling, but it's often worth waiting for winners to digest their big win, which is typically a life-changing experience. Once they've had a chance to enjoy their new windfall, OLG has found that winners may be more open to telling their story.

Pursuing Stories in Iowa

Iowa has hit the jackpot, so to speak, with several great stories of winners in its history including those not shy of being in the public spotlight. Certainly the Lottery's efforts to reach out have helped, but in some cases Neubauer and her team were simply aware of what these winners were doing and following their stories accordingly. After all, when a lottery winner supports a local community, it's usually big news.

That was the case of Powerball winners Brian and Mary Lohse of Bondurant, Iowa. They won a $202 million prize in October 2012, and came through on their promises made at the time of their claim. They paid off their church mortgage, built a new sports stadium for their local high school, and built and opened a grocery store in their community, which had not had a grocery store in decades. To top it all off, Brian is now a member of the Iowa House of Representatives, having been elected in 2018; he's running for re-election this year.

Iowa Lottery's Letter Campaign

This is a sample of one of the letters that the Iowa Lottery has used in campaigns to find and receive updates on past lottery winners. These campaigns have borne fruit, finding winners who are proud of their accomplishments.

Hello again! It may have been a while since we've talked with some of you. After all, there have been a lot of winners during the Iowa Lottery's years in business.

It was back on May 15, 1985, that legislation was signed creating the lottery. The first tickets went on sale on Aug. 22 of that year at the Iowa State Fair. Were you there? Did you win that day?

We're celebrating our milestone with the Sweet 16 promotion under way right now that offers a top prize of $16,000 (net prize after withholding taxes) or electronic merchandise including big-screen televisions.

We also know now is a good time to remind people about the benefits the lottery has provided to the state. Did you know the lottery has awarded more than $1.45 billion in prizes and raised more than $731 million for state programs?

But we know there is more to the story. Lottery winners also have done a lot for the state – their stories just aren't as well known. Our birthday celebration gives us a chance to change that.

We want to tell your success stories. Have your winnings allowed you to help your community or your favorite charity? Did you start your own business? Have you been able to devote more of your time to a volunteer group? Have you helped out your family?

We want to feature some of your stories in TV ads we'll run over the next several months as the lottery's birthday celebration continues. We'll also write news releases about your "winning ways." We know you've got some great stories to tell and we can help!

Here's how it will work: Please take a few minutes to fill out the enclosed survey. We'll go through all the answers we get back and pick out the truly shining examples of lottery winners' help to the state. I say the truly shining examples because I know I'll like all your stories!

After that, I'll call you and likely get a few more details about your story. The Lottery also will start deciding which of our winners to feature in our advertising campaign.

This should give us all a chance to relive the fun we've had over the years and get the message out about the success of the Iowa Lottery.

Thanks for your time and help. We would like to receive your survey answers by Oct. 8. If you have any questions, please call me. Otherwise, I look forward to reading your surveys!

> **"IT'S MORE THAN JUST A GROCERY STORE FOR THIS COMMUNITY, IT'S AN OPPORTUNITY FOR OUR KIDS TO HAVE JOBS, FOR US TO GET TOGETHER AND MEET."**
>
> **- MAYOR KEITH RYAN**

When the couple opened the Brick Street Market and Café in 2014, the Iowa Lottery team was there, creating a video from the grand opening ceremony, which included Bondurant Chamber board member Jeff Meislahn and Mayor Keith Ryan. Narrated by Neubauer, the video explained how the Lohses understood from the beginning the responsibility that came with a big lottery prize. Mayor Ryan thanked the couple: "It's more than just a grocery store for this community, it's an opportunity for our kids to have jobs, for us to get together and meet."

Another Iowa Lottery winner ended up buying a golf course that was about to shut down. Wally Markham wasn't even thinking about that when he claimed his $7.5 million Hot Lotto prize in 2011, but later learned that the course was in danger. Having played there when he was young, he stepped in to purchase the La Porte City Golf Club, keeping it available for his community to provide a place for recreation and entertainment. And of course, the Lottery used that in another winner video for its advertising campaigns.

Why does Iowa make the effort to find these winners after the fact? "It's just the natural curiosity everyone has," explained Neubauer. "These people have this life-changing circumstance, so what happens to them afterwards? It's also a matter of civic pride to see that people have dreams that are much bigger than themselves. They truly want to do good with their winnings." That said, she knows they will buy the new cars, maybe a new house, or take fancy vacations, and that's perfectly reasonable. "But it's so interesting that people talk about doing things for their communities and then following through."

It's also important to counter the urban legends that lottery winners always go broke within a few years. "In these instances, that very clearly did not happen," said Neubauer of Lohse and Markham. "These folks are thriving and doing very well, and accomplishing great things. That's also a reason why I like to tell those stories. We have demonstrable evidence that these winners are experiencing huge positives in their lives."

Relationship Building in Ontario

OLG has done well with its Winners Around Every Corner campaign, the goal of which is to show that winners are everyday people. A key to finding winners willing to participate is time – often waiting for a big win to "sink in" and then taking plenty of time to build and steward a relationship with winners. That helps create the trust and comfort level that makes it more likely that those winners will tell their stories for future campaigns.

With every conversation between a winner and OLG's Winner Experience Manager, opportunities

"TO WIN AS VOLUNTEERS... IT WAS AMAZING."

are presented. Rather than focus on the personal situation of the winner, OLG tries to shift the focus to the winning experience. That often helps winners open up a little bit; any relevant personal information is used primarily to build context around the winner to help connect with the audience.

New winners are shown previous campaigns for examples of what might be possible, and sometimes a winner has to understand just how interesting their story actually is. In all cases, OLG is flexible. For

example, a winner might agree to a phone interview for a radio campaign but not a video or TV campaign. Winners always get a chance to review the advertising featuring them before it airs.

Stewardship is the real secret to success, emphasized the OLG team. The rapport has to be established from the beginning, from OLG's staff to the ad agency preparing the campaigns. While lotteries really want to tell a winner's story, they have to be sensitive to the wishes of the winners. If they can do that, they

will find grateful winners who want to share their stories.

A happy recent winner group was featured in OLG's Winners Around Every Corner campaign. While a $1 million win (a Lotto Max MAXMILLIONS prize) split among 50 friends won't make anyone wealthy, it was a great win for everyone concerned. OLG was able to show that everyday people actually play the lottery, even people who were united by a common cause. In this case, the group consisted of volunteers with "Operation Red Nose" – a designated driver ride program that operates around the winter holidays to give people safe rides home. For the group, participation in the campaign brought publicity to the cause they all believe in. That's an important element in this; a lottery winner passionate about a cause may very well end up wanting the extra publicity to help promote that cause.

Racing Action

Sometimes winners stay in the public eye with their own actions and lotteries don't even have to look very hard to find them, like the Lohses in Iowa. This author's interest in horse racing led to Mega Millions jackpot winners Harold and Helen Lerner.

They are great examples of people who not only have managed their winnings well and supported causes along the way, but whose new business ventures have had a positive effect on the economy. Horse racing happens to be one of the few sports and entertainment activities that remained operational through the pandemic, albeit in a very limited way, preserving much-needed jobs and providing a diversion for those stuck at home.

"Am I dreaming?" That's likely the first thought that comes to mind when somebody wins a big lottery

Harold Lerner at Saratoga with Eskimo Kisses.

"WE ARE PRETTY LEVEL-HEADED, THOUGH, AND WE'VE TRIED TO LIVE OUR LIFE LIKE NORMAL PEOPLE."

- HAROLD LERNER

jackpot. So it's not surprising that when the Lerners bought their first Thoroughbred at auction, they named the filly Are We Dreamin.

It most assuredly has not been a dream for the couple, although they still feel that way sometimes,

waiting for someone to tell them to wake up. On September 15, 2005, they were living a decent life in New Jersey, both working in sales. On September 16, they had the only winning ticket for a $258 million jackpot, which at the time was the second-largest Mega Millions prize ever awarded. Suddenly their life changed, but they have tried to maintain a sense of normalcy in the nearly 15 years since that good fortune.

It wasn't always easy. Winning the jackpot "didn't come with an owner's manual or a handbook, so you sort of work your way through it," explained Lerner, adding that it took them a while to wrap their arms around it all. "We are pretty level-headed, though, and we've tried to live our life like normal people."

ENGAGE WITH LOTTERY PLAYERS IN THE PURCHASE MINDSET, STEPS AWAY FROM THE C-STORE

GSTV

BELIEVE IN SOMETHING BIGGER
PLAY TODAY
Lottery

Reaching 1 in 3 American adults monthly, GSTV engages 95 million unique viewers monthly in 200+ DMAs with full sight, sound, and motion video across tens of thousands of fuel retailers — with higher ad recall than TV (+81%) and digital video (+44%).

8 — GSTV VIEWERS BUY AN AVERAGE OF 8 LOTTERY TICKETS PER MONTH

68% — OF GSTV VIEWERS WILL HEAD INTO THE C-STORE TODAY

+39% — REPORTED LOTTERY TICKET PURCHASES
(2018 ad effectiveness study for lotto client)

NICK YACOBUCCI

313.580.0600
NICK.YACOBUCCI@GSTV.COM

VISIT GSTV.COM/LOTTERY

GSTV IS A PROUD MEMBER OF NASPL

After all these years, they remain fairly low-key, helping out friends and family when needed and providing regular contributions to charities. "Being involved in certain charities gives us a sense of purpose," he said. "If we can make somebody happy from time to time, then we are doing a good job. If we can put a smile on a child's face (through Toys for Tots, for example), to me that's a big accomplishment."

You won't find fast cars or luxury boats among their assets, but there are fast horses. Harold has been enamored with horse racing since he was a teenager growing up in Brooklyn, surrounded by family members who loved betting on the sport. He followed suit in that regard, but he never thought he'd ever be able to have an ownership stake in any of the beautiful animals he loved watching and betting on. After their big win, Helen gave him the green light to build a small racing stable, and a little of their lottery luck has followed them over the years.

The first horse he ever owned,

Symmetron, was a winner in March 2006. The game suddenly seemed very easy! Lerner eventually started buying young horses at auction, but with strict limits, mostly looking for reasonably priced yearlings in the $75,000 to $150,000 price range that had the most potential to make a return on his investment.

Are We Dreamin didn't prove to be a big horse for the owner, who often races horses in partnership with others, but there have been several good ones along the way. He reached the pinnacle of the sport in 2018 as co-owner of a filly named Eskimo Kisses. She won one of racing's most prestigious events, the Alabama Stakes at Saratoga. About the only thing that would make him happier is to one day have a horse in the starting gate for the Kentucky Derby.

The Lerners currently have about 20 horses in training, and there is always hope for another future star. "We really have come a long way in this game, and really enjoy it. It's been a lot of fun for my wife and I, and my partners."

Finding Opportunities

While the Arkansas Scholarship Lottery has built "This is Winning!" into a brand that encompasses players, retailers and education, a good winner story is always welcome. In April 2017, Eliberto and Anita Cantu of Abernathy, Texas, won $177 million playing Mega Millions with a ticket purchased while Eliberto was working in Arkansas. When they claimed the prize from the Arkansas Scholarship Lottery, they said that helping out their hometown church was high on their list of priorities. And sure enough, later that year, the Bethel Baptist Church broke ground on a new building funded by the Cantus, who had also indicated a desire to rebuild a sister church in a nearby town.

Lottery winners often feel blessed by a higher power. That was the case with Chef Roberto Mendoza of Charlotte, N.C. He wasn't a big winner compared to others mentioned in these pages, but what he did with his money stands out and he's happy to promote the cause he

believes in. Mendoza has cooked for presidents Donald Trump, Barack Obama, George W. Bush and Bill Clinton, and catered major events like the Oscars. A native of El Salvador, he also uses his culinary talents to help feed the homeless.

Out of the blue one day in January 2019, he bought a $5 Scratch-off ticket at a gas station – he was not a regular lottery player but his visiting mother suggested he buy a ticket. The purchase came just a few days after he had a heart attack serious enough that his doctor thought he should be dead. Instead, he went on with his life as a chef and a director for the North Carolina region of Sysco Food Services – and purchased that lottery ticket, which ended up being a $250,000 winner.

His faith told him that the prize was his to share, not to waste. "This is not my money," he thought. Years before, he had established a charitable foundation, *The Chef Heaven's Kitchen*, whose primary project is feeding children in the Dominican Republic. Some of his lottery winnings went to help build a cafeteria there, which also serves as a hurricane shelter in a very poor community. The rest of the winnings went to support his ongoing homeless lunch program in North Carolina, and to similar projects in El Salvador and Honduras. His story drew national media coverage, proving that you don't need a 9- or 10-figure win to get attention.

Mendoza is a firm believer that to get something, you have to give something. "I tell people that when they want something, they can touch their hearts and help people. So when I won this money, I helped different people with it."

The charitable-minded Mendoza is just one of thousands of winners met by the public relations team at the North Carolina Education Lottery. Led by Director of Communications Van Denton, they know that most people who claim lottery prizes want to share their good fortune with others. "Unfailingly, winners share with us a good deed – some big, some small – that they plan to do with their prize money," said Denton. "If we found ways to cultivate a relationship with those folks then there could be a good payoff down the road."

With so many pressing things to do, it's hard to focus on that type of effort, especially when many winners will always remain private. But there are clearly examples of people whose activities keep them in the public light, by their own choice. So when a good follow-up story presents itself, why not take advantage?

Denton's team did just that when they saw a newspaper article a few years back, about a year after Frank Griffin won a $141.4 million Powerball jackpot in 2010. So they created a blog post for the Lottery's website based on the story in the *Asheville Citizen-Times* about Griffin Field.

When the Enka High School softball team in Candler, N.C., needed a place to practice and play, the Griffin family stepped in to build a state-of-the-art softball field. The opening of Griffin Field was a big local media event, attracting Olympic gold medalist Jennie Finch for the christening. She was quoted in the newspaper article: "It's facilities like this and people like the Griffin family who invest and inspire the future (players) to dream big." Quipped local TV reporter Frank Fraboni, "For Enka softball, it's a home run. The Powerball has snowballed into something special."

Something special. We couldn't have said it any other way. ■

Supporting the Games

Research of all kinds and the ability to use data to fine tune the customer experience are always important, but even more so as we navigate uncharted waters in 2020 and beyond.

By Patricia McQueen

R esearch guides results. Without at least some guidance, companies in any industry may not always understand what their customers want. And in today's society, what customers want is critical. Even if there is no direct substitute for a given product, when consumers aren't satisfied, they will cut back on purchases. They might even voice their concerns on social media, spreading their discontent. But if they know their needs are being met, that their interests mean something, they will be loyal customers.

"As a lottery matures, a strong research program becomes essential to guide its growth," said Mark Michalko, Executive Director of the North Carolina Education Lottery. "Good research will show you how you can continue to grow and then help ensure that the way you support that growth is not only efficient, but effective."

Just as market size and characteristics, along with product mix, are primary determinants of what sales level any given lottery will achieve, lotteries will vary in the levels of research they are able to conduct. A key factor is budgetary – some lotteries simply don't have the funds to conduct much in the way of formal research, while others are able to make such research a top priority. In addition, research is often conducted with a lottery's vendor partners as part of contracts, and those contracts also vary. But even lotteries with little to no formal research budget are able to gain valuable insights from its players through the use of online surveys and website polls, which may cost only the time spent evaluating the results and using them to make improvements in products, procedures or user experiences.

Technology has come a long way to help in this area – perhaps especially so for lotteries on the lower end of the scale in terms of research budgets. As you will see in the roundup that follows, online community panels are increasingly popular ways of conducting research, and they offer the additional benefit of providing very quick results. Intercept surveys, conducted by sales reps in the field using iPads, are another low-cost way to learn about players and non-players alike; the Louisiana Lottery is one that has had great success going this route.

Enter the Pandemic

Never has technology been more important than in 2020, when COVID-19 changed the way business is conducted – immediately and even for the long term. Suddenly, employees started working from home like never before. Suddenly, people had to find new ways to entertain themselves on the home front. And suddenly, shopping habits changed, with many lottery retail outlets closed and people shifting to online purchases of essentials. That helped lotteries that are allowed to offer sales online, but hurt those that aren't.

So there is good with the bad. In quantitative research, response rates ticked higher because more consumers were at home, already tied to their computers, laptops and tablets. Lotteries relying on qualitative research using in-person focus groups had to either shift that research to digital methods or postpone the projects. "Many clients who feel that specific objectives can be addressed by digital qualitative research have transitioned that face to face research to digital methodology," explained Paul Lauzon, a Senior Vice President with Ipsos, a global market research firm. "However, where clients, Ipsos, or both, felt that face to face is really the best way to get at certain things, things than cannot be captured digitally, then that is the qualitative research that has been paused."

"If it can be proven that online focus groups and in-depth interviews can be conducted successfully for qualitative research, more trials of this type of research will occur during this time of uncertainty."

– Simon Jaworski

Even with improvements in digital video systems that can capture facial expressions, other important components of qualitative research aren't so easy. "Body language is definitely missing, and the chemistry and synergy is much more difficult to simulate or replicate over digital mediums," added Lauzon.

As consumers rapidly adopted digital video solutions, however, it made them more comfortable with the medium. "We believe that because of the pandemic, digital acumen has increased, and players seem to be more comfortable than they ever were before to leverage digital collaboration tools such as Zoom, Skype and Microsoft Teams," noted Ryan Persaud, Director, Business Intelligence, for the British Columbia Lottery Corp.

Everyone agrees that eventually, traditional face to face qualitative research will resume. "Just like people are itching to get out of their shelters and want to get back to larger gatherings to experience those human connections (when it's safe to do so), I believe it will be the same for some in-person face to face research where that human connection is critical to understanding consumer behavior," said Lauzon. "So once it's safe to do so, face to face research will resume and it will likely always be with us to some extent."

In addition to providing researchers with valuable body language, regular focus groups also allow consumers to touch and feel actual objects. While that sensory aspect will always be important, recent experience might provide cost-effective alternatives going forward. "If it can be proven that online focus groups and in-depth interviews can be conducted successfully for qualitative research, more trials of this type of research will occur during this time of uncertainty," explained Simon Jaworski, President of Leger USA. "This will no doubt lead to an increase when the world returns to a more 'normal' day-to-day existence, if the quality is at least equal and the value is better."

As for quantitative research, Lauzon applauded lotteries that continued to run their regular tracking studies, but noted that questions were often added related to the impacts of COVID-19. "The data being collected during these times will help our clients better understand their customers and what they are going through. One hypothesis that we have is that the most vulnerable players from a potential drop out perspective are the light/occasional players. Although these players are not the bread and butter for lotteries, they likely make the difference annually in achieving revenue targets pending their engagement with lotteries when jackpots are high. To avoid having these types of players drop out permanently, it will be important for lotteries to understand them and thus adequately message and communicate to re-engage them with the lottery. For lotteries who do not conduct any type of regular monitoring or tracking, it's never too late to start."

Read On!

Speaking of quantitative research, be sure to digest some interesting data from the Harris Poll that appears in Research Corner beginning on page 20.

The rest of this special section offers a world of insights from all perspectives. First up is a roundup of what types of research lotteries are doing and how they perceive changes in the wake of COVID-19. As you read through this roundup, that difference in research budgets will become obvious – but don't let it discourage you. Lotteries make the most of what they have, and valuable insights can come from the most simple things.

After the roundup, you will find good advice from one of the leading research companies, followed by an inside look at the success the Illinois Lottery has had after private manager Camelot Illinois brought its customer and marketing databases together.

Then dive into the various ways data can be used to improve your lottery by fine tuning the customer experience, kindly provided by our primary industry vendors – Scientific Games, IGT, INTRALOT and Pollard Banknote. Your players will appreciate the effort! ◾

TAKE CHARGE OF YOUR LOTTERY.
ROLL WITH THE CREW.

We produce award-winning lottery and gaming content and have for years. Waymack And Crew knows the industry and understands the requirement to create content that produces RESULTS! Hit the jackpot with your creative and win big with Waymack And Crew.

Take a look at our work, and give us a call!
WAYMACKANDCREW.COM/LOTTERY

WAYMACK AND CREW

BENTONVILLE | CHICAGO
LITTLE ROCK | WEST PALM BEACH

1-800-WAYMACK
info@WaymackAndCrew.com
WAYMACKANDCREW.COM

Research Agendas

They may have been working remotely, but lotteries have been keeping busy on the research front! In mid-May, we reached out to our lottery members to summarize their research activities. We asked for a brief look at recent projects conducted over the past two years, plus ongoing and upcoming topics. We also asked them to highlight any of those projects that have provided the most value to their lottery. Next, we asked what methodologies are usually favored, at least before this spring. Finally, we requested thoughts on how COVID-19 has impacted their research.

As noted in the introduction, responses here will vary significantly based on a lottery's ability to conduct research within budget limitations. We thank those lotteries who participated; their edited responses follow.

Arizona Lottery

Recent research projects

The Arizona Lottery has maintained a steady research schedule for the past 24 months. This includes our quarterly brand tracking studies that record purchase behavior and sentiment; our instant ticket prize studies; emerging product line research as well as ad concept testing. The results of these studies help to inform our planning and execution as well as to identify opportunities for the Arizona Lottery to grow revenue. Because instant games account for more than 75% of our revenue, the prize studies have been particularly helpful to us.

Current, ongoing or planned research projects

Our quarterly brand tracking study includes consolidated reporting in both July and January. This is a quantitative study that is administered online. In the research queue we have several emerging product lines and a $2 prize study, and then we launch our quarterly brand tracker again in June.

How has the pandemic changed your research program?

Our research plan execution continued during the pandemic as planned. This included a $20 and $30 ticket study as well as new draw game testing. Both were quantitative studies. We will be relying more on quantitative and less on qualitative research methodologies for the foreseeable future.

Atlantic Lottery

Recent research projects

Atlantic Lottery conducts a wide variety of research on topics ranging from existing products and services to new concepts. We also conduct corporate reputational research quarterly to seek opinions on the corporation which informs business strategies. This reputational research is a measure on Atlantic Lottery's corporate scorecard. The work that has produced the most value for Atlantic Lottery is research about existing products and services, as it highlights areas for potential improvement.

Current, ongoing or planned research projects

We conduct a player tracking study of adult Atlantic Canadians every month with the intent to better understand our product market penetration and opinion of Atlantic Lottery and its products. As noted, our corporate reputational research is ongoing. Key focus areas coming up include concept testing for new and/or potential product enhancements and customer experience insight with a particular focus on digital.

Favored methodologies

Atlantic Lottery has used face to face interviews for deep dive types of research work and online surveys for broader research topics.

How has the pandemic changed your research program?

All research conducted since the start of the pandemic has been via online survey. The player tracking study has been put on hold temporarily. Atlantic Lottery continues to take the lead of public health officials as part of the ongoing efforts to prevent and contain the spread of COVID-19. Our research approaches will continue to be adapted as required depending on the COVID-19 situation.

British Columbia Lottery Corp.

Recent research projects

The research work that has been producing the most value to BCLC relates to the creation of "entertainment needs" states. BCLC's vision is to deliver exceptional entertainment across the province and, for the first time, we are looking at more than just traditional attitudes, motivations and barriers around our business and really focusing on what consumers are looking for from an entertainment perspective. We performed a quantitative study across B.C. that identified five key needs states. This research assessed what types of entertainment British Columbians are looking for: Are our players seeking entertainment that provides social engagement or solitary activity? Active or passive forms of entertainment? This research informs product, marketing and experience decisions about what truly matters to consumers from an entertainment perspective and focuses decisions that align with our corporate strategy.

One of the key studies that BCLC has produced for the last two years measures the PGSI (Problem Gambling Severity Index) across all of BCLC's product offerings. Rather than the traditional perspective of measuring those who may be struggling with problem gambling, this gives us a line of sight into the stated risk profiles of our players and helps us identify at-risk groups, which in turn helps support decision-making that supports the health of our players.

Current, ongoing or planned research projects

We have longitudinal studies that collect data on a weekly basis and reports on a monthly and quarterly perspective. The studies focus primarily on usage and attitudes, player health, and advertising and brand.

Many of our planned studies focus on understanding consumer values outside of entertainment and gambling, and on understanding how consumer values have shifted and changed due to COVID-19. BCLC is also focusing on understanding our players from an enterprise view across our casino, lottery and online gambling businesses.

Favored methodologies

We have preferred a mix of qualitative and quantitative research methods, both from a traditional and digital perspective, largely driven by the organization's business objectives and decision-making criteria.

How has the pandemic changed your research program?

Given COVID-19, BCLC initially put research on hold and executed a series of Omnibus studies to identify research risks around respondent behavior and reputational risks. Given that these were limited studies, we decided to continue with planned research to understand and track player behavior during the pandemic, including shifts in consumer preferences and what we can expect from reopening strategies for the future.

We also did a series of Zoom focus groups with players to understand the capability of executing qualitative research online and assessing player comfort. Interestingly, we learned that players and the general population were extremely comfortable with this type of engagement and, from a customer experience perspective, provided strong engagement towards BCLC. We already leveraged a variety of research methods, but we believe that some of the virtual qualitative methodologies are extremely efficient from a time perspective and we may leverage them more in the future.

Colorado Lottery

Recent research projects

This fiscal year we have completed focus groups for $20 and $50 instant games and for Colorado Lotto+, and also completed user experience research for our website. We use our online Two Cents community for research as well, and topics this year included problem and responsible gambling, our website and mobile app, instant products including a $20 game and game families, Colorado Lotto+, proceeds and tagline, and events and social media. Instant ticket product concepts (especially families and higher price point games and licensed property testing) are some of the most valuable research for us. We've also gotten some good feedback on advertising and beneficiary awareness, and attitudes toward the Colorado Lottery.

Current, ongoing or planned research projects

We do quarterly tracking studies, quarterly attitudes and usage (A&U) surveys, semi-monthly concept testing on our panels, an annual responsible gaming study, and a semi-annual image study. Coming up we will be looking at things like $50 game concepts, a "for life" family, keno (for both players and retailers), and casino theme concepts. We may potentially do a retailer panel survey on "Lottery and Retail in the Time of COVID-19."

Favored methodologies

Panels and focus groups.

How has the pandemic changed your research program?

We have continued to use the Two Cents panel for surveys but the topics have shifted from game concepts to COVID-19 related topics and A&U. We have also continued with our quarterly tracking studies.

Go Digital. Drive Results.

120+ Digital Customers | $26+ Billion in Digital Wagers*

IGT PlayDigital™ can get the job done for your lottery today. From retail solutions and full-on digital gaming with PlayLottery to the latest opportunities in sports betting, our solutions drive performance by delivering true convenience and exciting content. It's time to accelerate your growth with digital.

Contact your IGT representative today to learn more.

IGT ™
PlayDigital

Florida Lottery

Recent research projects

The Florida Lottery completed a special quantitative on-line study to research various games concepts in association with our Florida Lotto game. We have also completed a variety of player panel research regarding the impact and effectiveness of point of sale signage and ticket messaging, social media usage and preferences, website design, brand comparisons and game and promotion trial and awareness. While player research strongly influences the majority of our day-to-day decisions, we certainly value the insight gained from hearing the general public's perception of our organization, or non-players' opinions of our offerings and educational contributions.

Current, ongoing or planned research projects

We complete monthly and quarterly tracking studies and typically perform an annual Retailer Satisfaction Survey. Our next focus group topic, which will likely be conducted online rather than in person, will cover possible changes to the Fantasy 5 game; additionally, we plan to conduct a new market segmentation study.

Favored methodologies

Tracking study, focus groups, player panels, etc.

How has the pandemic changed your research program?

In person focus groups have been put on hold but we have continued player panels and the monthly/quarterly tracking reports online. Additionally, we have put our Retailer Satisfaction Survey on hold until such time that retailers have returned to normal operations. We have started looking into the feasibility of conducting our in person focus groups in an online forum should the need arise or until such time as we are able to safely meet in person.

Idaho Lottery

Recent research projects

The Idaho Lottery's move to Vision Critical two and a half years ago allowed us to really fine tune our research efforts. We have been more efficient and effective with our quarterly game testing and research as it relates to problem-solving and opportunity finding.

Current, ongoing or planned research projects

We conduct a gen-pop tracking study if not annually, at least every two years, to just get a barometer on key issues. We also annually test our Raffle participation, holiday scratch games and new seasonal InstaPlay games. In the coming months, we will be conducting research on new secondary draw games as well as looking at new add-on features to existing games.

Favored methodologies

The Idaho Lottery has been with Vision Critical for over two years now, which offers us the ability to do email surveys, forums (online focus groups) and quick polls. We have also used a combination of online and phone surveys for media and trackers every couple of years. A combination of qualitative and quantitative research is what we prefer.

How has the pandemic changed your research program?

Most of our research isn't done in person so going forward our research methods won't change. This actually has been a great time to do research as many of our players were at home with available time to do surveys. We just finalized our holiday game testing and are doing an awareness survey on our newest draw game, 5 Star Draw. Our most recent public relations campaign, Name That Scratch Game, where players submitted potential Scratch Game names, served as a great research tool in that we could identify current trends and themes in the marketplace.

Iowa Lottery

Recent research projects

In the past year we completed an in-market Retailer Customer Satisfaction Survey and learned what we are doing well and what we could improve upon.

Current, ongoing or planned research projects

We have a quick homepage website survey that runs two to three times per month; other research is done on an as needed basis. We are considering a survey of our VIP Club members based on learning their buying habits in the midst of the pandemic, how they have changed, and how they may look in the future.

Favored methodologies

We prefer a combination of online and face to face surveys.

How has the pandemic changed your research program?

The website surveys continue as normal; we didn't have anything else planned during this time. Going forward, we would envision a reduction in face to face surveys in favor of more electronic engagement.

Kentucky Lottery

Recent research projects

The Kentucky Lottery has conducted research on a number of topics over the past two years. We conducted Fun Club surveys and panel studies on our first ever $30 ticket (corresponding with the lottery's 30th anniversary in

Give Your Players a Chance at Everlasting Fun

Contact your Sales Rep for more information.

2019). We solicited feedback through NASPL on the usage of electronic draw documentation among peer lotteries. We targeted email surveys to the Evansville DMA specifically to inquire about media consumption in that area. We held focus groups and ran panel studies on player perceptions surrounding two new games we offered in 2019-2020 (Fast Play and Cash Pop). We conducted research on potential holiday Scratch-off tickets and support of ticket families. We even conducted in-person site intercept surveys for a horse-racing style lottery game.

One of our more valuable projects, though, was soliciting a phone-based retailer survey in 2019. A prior survey held in 2017 via online channels did not generate the same level of response. Communication from the field to the retailers was crucial and keeping the questionnaire short was important, but the response rate was great and we gained valuable and usable information.

Current, ongoing or planned research projects
We have had an ongoing tracking study since 2010. The tracker records approximately 1,000 responses per quarter and covers topics such as demographics, awareness, frequency of play, etc., for all Kentucky Lottery products and services. Questions are continually evaluated and ongoing feedback is provided. We recently changed providers of this service through an RFP in 2018, but the tracker continues to be one of the most important tools in our research toolbox.

Prior to COVID-19, we were planning to update our segmentation study, which was last conducted in 2013. We have decided to hold off on this study for the near future, but certainly will revisit once player habits return to "normal" or we determine there is a "new normal" post COVID-19. We recently completed a player Fun Club survey on the KY Lottery's response to COVID-19, which generated over 3,000 responses. We are also moving forward with a panel study to determine preferences regarding holiday 2020 Scratch-off offerings. Also, the Kentucky Lottery recently re-launched our digital app, and we will be wanting to solicit feedback in the near future.

Favored methodologies
Depending on the questions that need to be answered, and what audience we are desiring to hear from, we prefer to combine qualitative (focus groups) and quantitative (panel studies or surveys) when we have the time/opportunity.

How has the pandemic changed your research program?
We held focus groups with high price point Scratch-off players ($10 and up) just a few weeks before the pandemic necessitated the shutdown. The onset of COVID-19 has

required us to scale back in-person focus groups; however, we may be able to conduct online focus groups as an alternative. As noted, the only ongoing research that has been affected is the timing of the upcoming new segmentation study and an in-person focus group we planned to hold to discuss holiday Scratch-off offerings and families of games. We are still moving ahead with the qualitative portion of this research though.

Going forward, we have to be sensitive to the frequency, but surveys of our current Fun Club members have continued to be extremely helpful, and we're encouraged by their desire to respond (and at no charge to the organization). We do not offer an incentive for players to respond, and thus far they have been eager to give us their feedback. There will still be a need to do panels and focus groups, and to gather perspectives from non-players and lapsed players; however, the effectiveness of our response rate from this group certainly suggests that they will be a strong resource moving forward.

Loto-Québec

Recent research projects
We have realized a number of quantitative corporate-level studies on topics such as Loto-Québec's brand perception, penetration or origin, as well as qualitative studies using focus groups and Market Research Online Community (MROC) groups. These studies helped us deepen our understanding of our current and potential customers and develop a better customer journey, all of which has been of great value to our development process. We also performed UX tests to validate changes to our websites and online gaming products.

Current, ongoing or planned research projects
We perform a yearly corporate longitudinal survey looking into the Loto-Québec brand and those of its different business units. This survey is performed continually throughout the year. Additional yearly studies are also undertaken by the different business units measuring customer satisfaction and penetration of our products in our market. The brand study is ongoing, but other studies are rather limited due to the COVID-19 pandemic.

Favored methodologies
The type of methodology we use depends on the study's objectives. We like the flexibility and wealth of information obtained using MROCs. They enable us to reach a broader borderless market at different times of the day or the week while allowing for interactive contact with participants (videos, photos, etc.) This methodology also enables us to dig deeper in our discussions with follow-up questions over a period of days during the

Lottery Solution

Player-centric technology that shapes the future of online and offline gaming.

INTRALOT's new holistic and modular Lottery Solution is a best-of-breed ecosystem that will modernize your Lottery operation and thrill your players with seamless and exciting gaming experiences at every touchpoint.

intralot.com

intralot

group's existence. For instance, MROCs are useful to get a better handle on the customer experience and gain insights on specific projects or to validate test concepts. We are constantly looking at novel research mehodologies as they emerge.

How has the pandemic changed your research program?
In April, we joined a post-COVID-19 consumer study that had an online gaming component. We are using this time to take stock of our research needs in relation to the Corporation's future priorities. It is still too early to tell what the future holds, but one thing is sure: in the short- and mid-terms, our focus will be on the health and well being of our customers and this must be reflected in our qualitative studies. For example, we might need to rely even more on online methodologies such as online interviews, focus groups and online communities as opposed to more traditional methodologies.

Louisiana Lottery

Recent research projects
Within the last year, the Louisiana Lottery conducted several rounds of player intercept surveys via our sales representatives' iPads, as well as Club Lotteaux Players Club email surveys. The first dealt with player spending habits, retailer loyalty, and game preferences and cross-play. A second survey was designed to test player receptiveness to specific Lotto game matrix/feature change options. We also conducted benchmark research on online product bundling options.

There have been several surveys providing the most value. With Lotto, for example, we found that although changing the matrix and doubling the jackpot would drive trial, the facts that we were keeping the price point at $1 and that it was a strictly Louisiana game were the most prevalent reasons for continued purchase. With our product bundling survey, we found that options at the $5 price point were desirable in addition to our current offering of a complete product bundle for $8 that included our daily games. So, this summer we will introduce the new Lotto and additional bundle options to our draw portfolio.

Current, ongoing or planned research projects
We were in the planning process to engage in a full market segmentation study and player tracking study using a third party vendor, primarily for next fiscal year's first and second quarters, when the pandemic halted plans. Additionally, we were in the middle of developing a three- to five-year strategic plan for the organization and had to suspend finalization until we can complete last steps upon reentering our facilities.

So along with new strategic plan and possible overall market segmentation and tracking studies, we will continue with our internal intercept and email surveys of players and retailers. With the ability of our field sales staff to utilize iPads for intercept surveys and reaching our over 13,000 Club Lotteaux players through email, we can tailor our research to the most specific focal points. Some possible topics we may research next year include Powerball and Mega Millions options to increase sales, additional draw-style games to add to our product portfolio, or promotions. We are also launching our mobile app this summer, so that is another research topic in which we may engage.

Favored methodologies
Before this year, the Louisiana Lottery had not initialized any major research opportunities for at least a decade. Primarily, smaller, focused research projects were conducted internally. Some of these projects included satisfaction surveys, game research for both draw-style and instant games, promotional research, and industry research (i.e. other lotteries, NASPL, MUSL, etc.) concerning advertising agency relationships, public relations initiatives, and sales data.

Louisiana Lottery's sales reps often conduct in-store intercept surveys right on their iPads.

Louisiana's intercept surveys provide a wealth of information, often shared in the Lottery's retailer newsletters.
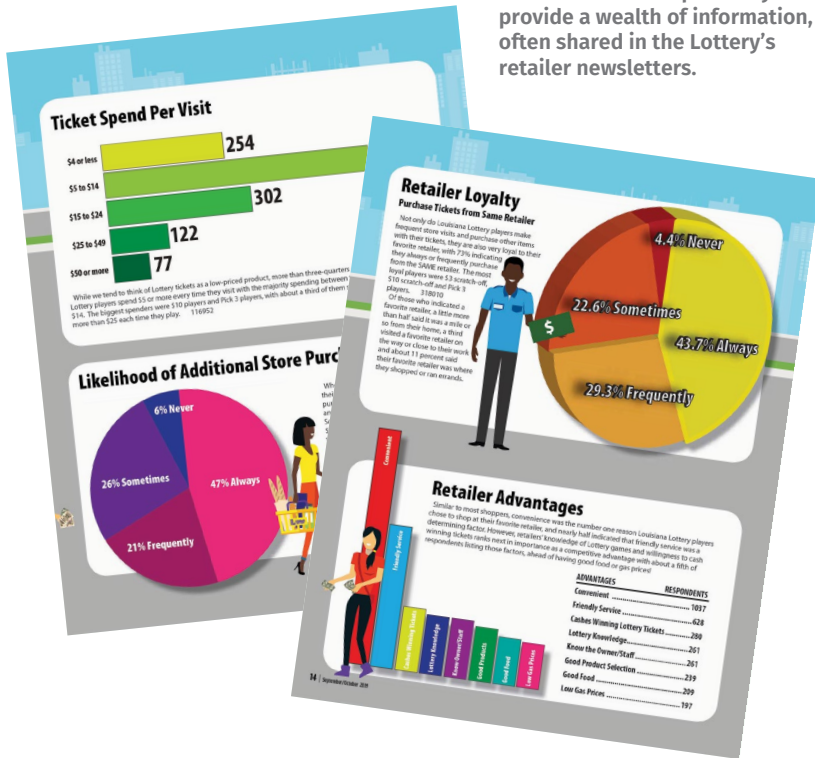
How has the pandemic changed your research program?
As mentioned, all research initiatives were put on hold due to the pandemic. Currently, no plans are in place to alter any research methodologies conducted. Protocols will continue to be in place for whatever manner of research we may conduct, and thoughtful planning will lead all research initiatives.

Massachusetts Lottery

Recent research projects
Over the last two years, we've conducted the following research: an annual baseline study; instant ticket and general gaming segmentation studies; instant ticket in-person focus groups; and new draw game and new monitor game research. All research has value in developing marketing plans and creating focused advertising.

Current, ongoing or planned research projects
We are currently finalizing the new draw game and new monitor game research, and we also have our annual baseline study.

Favored methodologies
We've utilized multiple types of quantitative and qualitative research over the last two years. Our preference varies depending on our research goals.

How has the pandemic changed your research program?
While we have postponed annual studies and instant ticket focus groups, we have still moved forward with the new draw game and new monitor game research. Focus groups were conducted online by video conference instead of in-person, and the quantitative questions referenced the respondents' historical spend or future spend rather than their spend at the moment.
Going forward, while some focus groups may move online, we anticipate a continued mix of quantitative and qualitative research.

Michigan Lottery

Recent research projects
Since 2018, we have conducted the following research initiatives: New retail instant game research (in-person focus groups followed by online survey); draw games promotion research; Club Keno research (potential game relaunch); Sentiment Study; Fast Cash $20 game research; Lotto 47/Fantasy 5 add-on game research (Double Play); Player Tracking Study; loyalty club research; customer satisfaction studies; and website UX research.

In terms of generating revenue, the instant game research has provided the most obvious value. Secondarily, the Double Play game has boosted sales of the in-state lotto category and is under consideration for adoption by Mega Millions and Powerball. Results of the Club Keno and draw games promotion research haven't yet been applied. Research conducted on the loyalty program has provided us with a direct guide for improving player retention and increasing engagement, which results in increased revenues, without incurring unnecessary development costs.

Finally, while slightly less direct, customer satisfaction studies and website user experience research allows us to focus on the best areas of opportunity to improve the users' digital experience to ensure they can find the products and information they are looking for via proper navigation, game display, and design. This research also has helped shape our current and future responsible gaming approach.

Current, ongoing or planned research projects
Our Player Tracking Study is executed every two years, but we are planning to increase the frequency to quarterly in calendar year 2020. The frequency of retail instant game research is driven by need but generally occurs quarterly. We also include a Customer Experience Measurement survey on our website year-round and use results to track player satisfaction scores of the Lottery's online platforms. Those results are compiled monthly to determine areas that may need improvement.

Other ongoing studies include: Customer Experience Strategic Analysis (CXSA, performed quarterly on a specific area of the online product to drive recommendations for improvements); Usability Audit Review (one to two times annually, we launch surveys to internally- and externally-sourced participants to detect UX best practices and determine designs of new online functionality); Post Game Launch Analysis (we routinely perform post launch surveys with players of new online games to track their satisfaction with design, play style, and theme); and Brand Awareness/Recognition (annually using the Google Network for participant recruitment.)

There are several other projects on the schedule. Retail instant game concept research is planned for July (online focus groups and online surveys). Also, continued online game surveys, Online Game Usability Audit Review (to better understand in-game user interaction elements such as menu options, splash screens, and gameplay toggles), Customer Service (CS) Usability Audit Review (to evaluate strategy with CS call, chat, email), and iOS Native App CXSA.

Favored methodologies
We have always used mixed methods dependent on the task and goal. For most new products, in-person focus groups and online surveys are preferred, while surveys, analysis and audits are most preferred for digital platform initiatives.

How has the pandemic changed your research program?
In the retail channel, we will move forward with the planned July instant game research but with an online panel rather than in-person focus groups. Club Keno prize structure research (online survey only) has been postponed and will be rescheduled once the "Stay Home, Stay Safe" Executive Order has expired. In the digital channel, no research initiatives have been delayed or canceled.

Going forward, in the short term we will be using online focus groups for retail instant game concept research rather than in-person focus groups. A permanent shift away from our typical methodologies is not contemplated at this time.

Missouri Lottery

Recent research projects
We completed a segmentation study in 2018, although our segments didn't change as much as anticipated. We have also conducted in-house product testing, both Scratchers concepts and some draw games add-ons. We get reliable results from testing players in our players club.

Current, ongoing or planned research projects
We have an ongoing tracking and advertising effectiveness study with data collected monthly. We also test our holiday ticket concepts annually. In addition, we conduct annual stakeholder satisfaction surveys with employees, players, vendors and retailers, which we use in our strategic planning process. We may potentially have more research on draw games add-ons.

Favored methodologies
Online surveys.

How has the pandemic changed your research program?
We conducted our recent holiday ticket testing during the pandemic using an online survey of our loyalty club members, so nothing has been put on hold from a research perspective. Going forward, we are looking for updated survey software and reporting tools. We also plan to expand our CRM toolset in exploring how our loyalty members interact with our club and how we can maximize that interaction.

Nebraska Lottery

Recent research projects
Ticket attribute and prize structure testing has been conducted in Nebraska since January 2015. Every Scratch price point from $1 to $20 has been tested, and we're revisiting this testing to find any changes in the results over time. The prize structure information is valuable as we are using it to optimize prizes for the Nebraska audience.

Current, ongoing or planned research projects
The Continuous Feedback Mechanism (CFM) provides a way for the Nebraska Lottery to stay informed about player attitudes on an ongoing basis. Similar to survey offers that print on retailer receipts, every Nebraska Lottery lotto ticket prints with the URL for the CFM survey. Players go to the site, enter their ticket information, and are presented with one of several active surveys covering a variety of topics. The Continuous Feedback Mechanism has been running since September 2009.

Another round of ticket attribute testing for $20 Scratch games is planned for the next few months. Additionally, we're working to offer short ad hoc surveys to get feedback quickly from a specific audience of interested players. Players would opt-in to participate in this research and would be notified by email when a new survey is available.

Favored methodologies
In general, we prefer to offer a combination of online research surveys through our MVP Club loyalty program and yearly focus groups.

How has the pandemic changed your research program?
Due to the pandemic, our planned May focus group sessions were replaced with an online survey on the same topics. It's difficult to say if our research efforts will be permanently altered due to the pandemic. Most of our activities are conducted online, and in-person research is limited. However, our recent online survey to replace this year's focus groups was successful, and this tactic could be used again in the future.

New Mexico Lottery

Recent research projects
In 2019, the New Mexico Lottery conducted a segmentation study to help understand player motivations, preferences and behaviors.

Current, ongoing or planned research projects
Due to a legislative mandated 30% return, our budget is extremely limited. We do not have funding for ongoing studies and don't have any projects scheduled in the near future.

Favored methodologies
We've held intercept studies, segmentation studies and usage and attitude studies. Given cost considerations, speed and successful response rate, we prefer segmentation studies.

How has the pandemic changed your research program?
The segmentation studies are socially distant – they are conducted via the internet, so we do not anticipate any shifts.

North Carolina Education Lottery

Recent research projects
The N.C. Education Lottery has made building a strong research program a top priority. We conduct research on new games, studying for example how a new game concept such as Fast Play will appeal to North Carolinians and the best marketing messages to launch it. We conduct studies on players, including a segmentation study looking at the different kind of gaming that people in our state do and why. We have conducted a demographic study on North Carolina lottery players. And we have ongoing brand tracking research to stay current on North Carolinians' awareness of the Lottery's brands and its mission, and perceptions surrounding the Lottery. Whether it is research for product development, marketing or problem gambling, research plays a critical role across the organization by providing the data and analysis necessary for data driven decision-making and continuous improvement

The segmentation study is ongoing but is proving to be of great value. The first phase, recently completed, helped to create segments of North Carolinians who enjoy all forms of gaming, understand their different motivations for playing games, and prepare to use the knowledge gained in producing new games and new marketing of those games. Most importantly, the study helps us see where the best opportunities for growth are.

The demographics study proved of great value too. The study showed that lottery players in North Carolina look pretty much like the state looks. It demonstrated how the lottery enjoys widespread and broad support in our state and provided a counter to misconceptions of who plays lottery games.

We also conduct numerous research studies to determine the best new game concepts as well as how to optimize our current games in the portfolio. Some examples of studies we have conducted in the past 12 months include licensed scratch-off game focus groups, Keno add-on concept testing, and a draw game portfolio TURF study to help determine which new draw game concept would have the most incremental impact. All of these research projects were instrumental in helping us determine the most appealing and impactful concepts, as well as the most effective way to position them.

Current, ongoing or planned research projects
With the support and collaboration of key partners, Scientific Games, IGT, and NeoPollard Interactive, we have a vigorous research program that goes on year-round.

Most importantly, the monthly brand tracker surveys help us stay in touch with how North Carolinians feel about the lottery. Quarterly reports provide guidance on awareness and perception of the brand. The lottery can include current topics it needs to know more about. For example, after launching a new branded responsible gaming program, Play Smart, in January, questions about Play Smart were added to the monthly survey.

The Product Development team created a Dreammaker Panel to help guide its work on new games. The new player panel allows us to get timely feedback from our most engaged players regarding new game or add-on concepts. It also allows us to do some game specific tracking studies to gauge changes to player behaviors and perception over time. The platform has been a great addition to our overall research program by allowing us to gain more ad hoc, time sensitive feedback that wouldn't necessarily warrant a full blown research project.

Over time, we will be updating our demographic study and its segmentation study. We are currently conducting research on a new product, Fast Play, to develop the most effective marketing and advertising message for the new game category when it launches in September.

Favored methodologies
The Education Lottery combines both quantitative and qualitative research methods depending on which method will provide the most reliable results to guide decisions. So in its research program, you will see a combination of surveys, both telephone and online, and focus groups. Sometimes you want to measure the appeal of something or how likely someone will engage with a product, which aligns well with online quantitative studies as they allow for large sample sizes to ensure results that are representative of the larger population of players. Other times you want to know why, what's the motivation behind the action of the consumer, which is where qualitative research (online or in-person) is necessary.

How has the pandemic changed your research program?
Research has continued. During the Stay At Home time, some qualitative work has shifted from in-person focus groups to online focus groups. Doing qualitative work online allowed it to move forward. In May, some qualitative work was conducted virtually with Zoom sessions. Screening is conducted to try and ensure that feelings generated by the COVID-19 pandemic aren't impacting the results.

Going forward, you would expect more research to move in online and virtual directions, but the methods and the goals will remain the same. The shift won't involve a change in methods, but how they are done.

Ohio Lottery

Recent research projects
From a research and analytics perspective, our biggest value derives from providing direct support to our sales department. In 2019 and 2020, we dedicated substantial research resources to assisting the sales department in identifying new potential Keno locations. This has involved engaging in data sharing agreements with our state's Department of Commerce, utilizing the Ohio Geographically Referenced Information Program (OGRIP) to batch geocode these potential locations, researching high-potential retail locations, and providing these locations to our Sales department's management for recruitment.

Current, ongoing or planned research projects
On an ongoing basis, we're reviewing our product catalog from a granular perspective to ensure that it

reflects player interests and meets profit expectations. We've worked with our marketing department to engage customers in satisfaction surveys and studied potential high-ROI strategies. We've also brought together senior management on a biweekly basis to discuss one existing lottery game per meeting, to ensure that our discussions are multi-disciplinary and of sufficient depth.

Once the flow of the economy return to semi-normal, we anticipate having a deficit of retailer partners compared to optimal levels. We will assist the sales department to bring those levels up once again.

Favored methodologies

With the impending affordability of analytical tools to state government (lower cost to house data, Power-BI, Tableau Server), recording quantitative information has become easier than ever. We've noticed that there's a distinct weakness in recording qualitative information for posterity, though. In other words, we keep falling back on the question of "why did we decide to do this or that, two, five or ten years ago?" We're launching an internal agency wiki to serve as a knowledge base and capture that information for future use. We're less than enamored with the current method of scouring Word documents and old emails for research clues.

How has the pandemic changed your research program?

Our Governor and Lieutenant Governor launched an ambitious data analytics program called InnovateOhio approximately a year ago. We have spent the last year loading the InnovateOhio platform with gaming data, validating it, and preparing to deploy analytics solutions to our staff. We are continuing work on the project, in spite of the crisis, as we believe that the results can be transformative.

A personal goal for Director of Product Innovation Michael Gonzalez is for the research function to move from an ad hoc, on-demand resource to an entity that will also provide consistent analytical value. This necessarily means continued investment in research infrastructure (continuing to bring in new data sources, promoting our data analytics tools, training staff to utilize our self-service tools, etc.), so long as the results generate net revenue in excess of the investment.

Pennsylvania Lottery

Recent, current, ongoing and planned research projects

We do about 12 Marketing Effectiveness Studies (MES) a year. They are generally online surveys that ask a series of questions related to awareness and performance of our Lottery television advertisements. Gus the Groundhog plays an important role as our iconic spokesman for Scratch-Off tickets in Pennsylvania. We typically go to focus groups twice a year and test new television concepts for Gus, and we test non-Gus television concepts as well in separate focus groups. We administer a Continuous Brand Monitor (CBM) survey throughout each fiscal year. The survey is distributed on a weekly basis and survey results are reported on an semi-annual basis. We find that the CBM is very useful for monitoring the health of the brand as well as serving as a starting point for formulating and maintaining many of our marketing initiatives. We participate in a semi-annual omnibus poll conducted by the Penn State Center for Survey Research, contributing a series of general gambling survey questions. The survey analysis helps us understand where the Lottery is positioned in the overall gambling landscape within the state of Pennsylvania.

We are now in our third year of housing an online community called palotteryinsiders. The community is a group of individuals with shared interests and experiences who have volunteered to take part in online research studies about various topics related to their common interests. We also use the insiders community to survey members on every monthly launch of our Scratch-Off and Fast Play products. We poll for ad awareness, likeability and likelihood to purchase. We then marry the response data with game sales data and track our game performance and marketing effectiveness in this manner. We recently used the community to test over 80 licensed properties in support of the Lottery's Products team.

We are also currently performing brand umbrella research. The results will help us formulate an over-arching PA Lottery brand identity. We continue to develop business intelligence dashboards that will serve up insightful and targeted analysis depending on the role of the viewer. And we recently completed a player segmentation. A customer journey mapping (CJM) element was included in this year's segmentation. The CJM will serve as an exploration and management tool to help marketing find the optimal media spend for each of our player segments. Coming up, we will also be doing some Scratch-Off advertising concept testing; product concept testing for New Cash 5 with Quick Cash and Football 2.0 monitor game; and additional product and marketing testing.

Favored methodologies

Our preference is to have the whole toolbox available to us. There is a need for both qualitative and quantitative analysis and a great deal of resources available. Where we may have preferred focus groups for some upcoming projects, we have been able to compensate by preparing online forums. The insiders community continues to be a great resource for both qualitative and quantitative

testing from our player base. We also have the option of loading general population respondent lists into the community as well, so that we can test stimuli for players and non-players alike.

How has the pandemic changed your research program?
Nothing has been put on hold. We have substituted for in-person research as needed, as described above. Going forward, research methodologies will adapt whether by necessity or because new or advanced methodologies become available. Our goal is to find the best available methodologies to accomplish our research without deletion or compromise.

South Dakota Lottery

Recent research projects
Our research is a major component in instant ticket selection. Throughout the past two years, this research has played an important role in consecutive record-setting years in terms of instant ticket sales. Through this research, we are able to gauge how interested our players are in new play styles, price points and ticket art. In the past, we have also conducted perception studies to measure the effectiveness of our Good Fun branding. These have been important resources in our marketing strategy.

Current, ongoing or planned research projects
While we don't have anything specific planned for the future at this time, we recently conducted research among our Players Club members to study how COVID-19 has affected their play. This was an online survey that was sent via email. We are still in the process of collecting the data. The same study also surveyed players on their playing preferences prior to the pandemic, and if they'd be open to trying new play styles. This will help us determine if we should conduct campaigns, such as marketing a new scratch ticket to players who typically prefer video lottery.

Favored methodologies
We prefer focus groups and quantitative research.

How has the pandemic changed your research program?
We didn't have anything specific planned for the immediate future prior to the pandemic. As noted, we did conduct an online survey with Players Club members so we could better understand how the pandemic affected their frequency of play.

Going forward, we don't know what the "new normal" might be. While this could create hurdles in conducting in-person focus groups, more respondents might be accustomed to using video conferencing technology, which may make these types of research more effective.

Wisconsin Lottery

Recent research projects
Our tracking study and annual Attitude and Usage study have proven quite useful; they have shed light on topics for further research which we have explored with focus groups or other ad hoc studies. Also, having a research panel for quick research topics has been helpful, although these are rather qualitative because the research panel is largely comprised of loyal players.

Current, ongoing or planned research projects
We are going to be doing some research to better understand scratch game player preferences, and also some qualitative research to explore a variety of topics. During this unusual time, traditional focus groups are not a viable option, so we are exploring virtual focus groups.

As noted, we have an ongoing tracking study where we complete just a few surveys each day, 1,400 annually. Our annual Attitude and Usage study provides deep-dive insights on a yearly basis. Every five years, we run a psychographic segmentation study, which is a very valuable tool for marketing, media and product development decisions.

Favored methodologies
Most of our work is web-based. We also found value in focus groups – to see the interaction and nuances of a group of players discussing a certain topic is very valuable.

How has the pandemic changed your research program?
Our tracking study has continued; this research is going to be critical to see how our population is responding to COVID-19 as it relates to lottery. We typically run focus groups in the spring, and that has been put on hold and will likely move forward in an online format.

Going forward, it will always be important to engage with our players and get insights from them. In-person methodologies might take some time to return to normal, but with technology it will remain easy to interact with our players and gain insights from them on how we can deliver products that are fun and entertaining. ■

Research Advice From a Pro

Leading marketing research and data analysis firm Leger is very active in the lottery industry, with offices throughout Canada and an American base in Philadelphia. Simon Jaworski, President of Leger USA, offers some advice in the areas of market research and scratch ticket research.

By Simon Jaworski, President, Leger USA

"Trust me, I'm a RESEARCHER."

Maximizing Value From Market Research

From Leger's perspective, the biggest issue lotteries run into with planning market research fall into one of three buckets: either the budget changes, the specifications and/or strategic goals change, or there is too much focus on the "now" rather than the "future."

However, the keys to preventing research procrastination are relatively simple, yet sometimes overlooked. So here is Leger's guide to solving the three key research mysteries.

1. Budgets. On "more than one occasion" over the past two decades, Leger has seen projects either canceled or postponed due to changing financial conditions, but that doesn't mean a project has to be canceled. If the initial budget was $50,000 and the budget gets halved, research companies have the solution: Simply change the specifications that are going to help the lottery team achieve the strategic information they require.

Numerous changes can be employed to solve the budget to quality research imbalance. Perhaps lowering the sample size would work, by simply talking to only a key strategic segment or two instead of "all players." Altering the scope of the questionnaire is another possibility, with a reduction in "nice to know" question sections, and more of a focus on "what we want to achieve" from these key consumer groups.

Even changing the methodology might work. When COVID-19 hit, one of the first sections of the market research industry to be hit was in-person qualitative research. Ipsos, a bastion of qualitative research, saw "during the first three weeks of April...the net order book was at 40% of what it was in the same weeks of 2019." Those free M&Ms in the back will probably be going moldy by the time we get back round to gauging the opinion of eight strangers in a room to make large tactical decisions, but in the interim, online focus groups and IDIs through Zoom, Skype and the like are all the rage, and generally a more cost effective way of

"Change is good. Change is our friend. *We embrace change.*"

– Don Dietrich

obtaining the necessary qualitative feedback.

Either that, or re-patch the research budget by renegotiating the advertising spend with the villains, sorry, ad agencies, that make Don Draper look like Mother Theresa.

2. Changing specifications. People change their minds, and in an increasingly uncertain marketplace, this issue is not going away soon. However, any reasonable researcher will tell you that until the moment you go into field (and even then field can be stopped for necessary alterations), research projects are easily adaptable to changes in specifications. You want more interviews with a certain demographic. Done. Two of the concepts have changed completely, and there is now a sixth concept that needs adding to the research. Changed. We need to ensure there is a Spanish language option. Muy bueno.

More often than not, once a questionnaire is in development, research projects evolve, and the best researchers are not only prepared for this (especially if they fully understand the industry they are dealing with), but they themselves will either guide or recommend changes that they feel the lottery client will benefit from, to ensure the output gives the lottery team maximum value for their efforts.

"Change is good. Change is our friend. We embrace change." The favorite phrase of my former mentor, and lottery research stalwart, Don Dietrich.

3. Forward facing and future thinking. This goes almost hand in hand with changing specifications, but has even more strategic implications in the mid-term. Frequently Leger's team is tasked with solving an issue with a quantitative research project that is imminent. This is almost always the case. However, Leger's first thought is to encourage our lottery clients to think past this issue, and to what may happen when that new branded instant ticket is launched, or the add-on to the Keno game is finalized. What else should the lottery be contemplating once these new games are launched? My favorite example of this centers around the use and implementation of consumer segmentations for state lotteries. In 2015 Leger was tasked with conducting a segmentation study, but during the questionnaire development, the lottery mentioned they had some ad campaigns they were potentially looking to test in a separate research study.

Leger's team recommended adding the campaigns to the segmentation research, so when the segments were created, the lottery could systematically select the optimal campaign for the segments they wished to reach. It sounds simple in theory, and in truth, it really is. All it took was a little forward thinking. Not only did the ticket launch hit the right segments, but the ad campaign itself won numerous Powers awards for its design and implementation.

I quote the great Dicky Fox, from "Jerry McGuire," who stated, "The key to this business is personal relationships." If you can trust an external research team to be a true partner, and let them into your lottery's future goals, everybody wins. The research is better, results are more forward thinking, and ultimately greater sales should…lead to more research!

Scratch the Research Itch

Evaluating a range of scratch tickets for any lottery is usually a simple task. Evaluate what has worked in the past. Do it again, perhaps with a slight variation. If Monopoly worked once and was a big success, chances are that Monopoly Gold is going to perform equally as well. However, from a researchers' perspective, it might only be part of the solution.

Can, or even should, one or two people evaluate a range of instant tickets, and decide, at face value, what to launch in the future? Or should research play a larger part in

helping lottery teams make better decisions, that ultimately might lead to broadening the player base by including new tickets that test well with those all-important light, lapsed and non-players? Leger has some ideas of how to conduct research to optimize the best range of scratch games for state lotteries.

There are three key techniques to test scratch tickets that should be in every lottery's arsenal.

The first is a simple concept test. Gauging consumer response to a ticket, or a small range of tickets (single digits), is a simple but effective way of finding out which one or two tickets may be optimal for the marketplace. Key attributes can look at purchase intent (most Fortune 500 companies still use "definitely purchase" and "probably purchase" as key measures when deciding on whether a product should be launched), likeability, originality and even specific design elements such as top prize or number of prizes. Conducted online, this type of survey method is also ideal when you have different designs for a lottery ticket. Leger used this technique in Maryland to help decide which of the four Willy Wonka designs would be optimal for the Maryland market. The design chosen through research became the best selling $5 ticket that year.

The second technique is a little more intricate. A MaxDiff solution is certainly more representative of the choices that lottery consumers make at point of purchase. The MaxDiff (or Maximum Differential technique), asks the consumer to select their favorite and least favorite (or most likely and least likely to purchase) from a range of tickets shown on screen. The respondents will see perhaps four or five tickets on each screen, and depending on how many tickets are being tested, will often see between ten to twenty screens.

However, the research output of the MaxDiff is infinitely better than the concept test, as it includes all of the concept test analysis, plus two other key metrics to help lotteries make more informed decisions. The results of the MaxDiff are placed on easy to comprehend quadrant maps, and these can also be recreated using any key breaks the lottery desires, such as player type (heavy, medium, light or non players), key demographics or even geographic boundaries. This analysis is easy to understand, as the dominant tickets fall into the top right quadrant, with other potential tickets falling into categories such as understudies or niche tickets.

On top of this, it is also important to run a TURF (Total Unduplicated Research and Frequency) analysis using the data collected. This TURF analysis allows a lottery to select the optimal range of tickets, to hopefully maximize the reach of the new tickets to the greatest number of potential consumers. Leger successfully utilized the MaxDiff technique for the Pennsylvania Lottery, to help select both games and tickets for the most successful iLottery launch in America to date.

MaxDiff and TURF results from the research, while often giving explicit and direct guidance on their own, should be combined with the lottery team's own knowledge to help make better decisions about the next tickets to launch.

The third and final technique is a mixture of the first two, a hybrid concept test and MaxDiff analysis, which can be used for helping decision making on potential branded tickets. Quite often lotteries are faced with a slew of brands that could be turned into scratch games. Leger recommends a two-step process in order for the lottery (and ultimately the consumer) to benefit from the best branded scratch tickets available.

Stage one is simply analyzing the brands themselves, utilizing key metrics such as likeability, awareness, and potential to be a scratch ticket themed game. Once again, MaxDiff (the choice model) can be used to allow differentiation between the brands that is often lacking from simple scale-based questions. Remember, consumers make choices all the time.

Stage two involves showing ticket versions of the brands chosen as the optimal brands from stage one, either as a concept test if there are only a few of them, or as a second MaxDiff (with a complementary TURF added), to ensure the range chosen again maximizes the branded tickets' chances of success (i.e. high sales), when launched. Leger's team is currently helping the Virginia Lottery evaluate branded tickets in such a study, with results pending.

These three techniques should be used by all lotteries in helping their scratch ticket teams make better decisions moving forward, but the research itself is only as good as the local knowledge, and category experience, that most lotteries have in abundance. If a lottery can grow its player base by just 1% with the launch of a range of tickets they know will appeal to harder-to-reach groups, or bring those critical lapsed players back, the research will pay for itself in less than a week. ■

Leger

Growth Through Tailored Communications

Every player is unique. By harnessing the power of connected player and marketing databases, lotteries can build segments that are as unique as their players are – and drive growth by giving the right message at the right time.

By Monika McMahon, Director of Digital, Camelot Illinois

Digital sales at the Illinois Lottery are up 40% year-over-year. How, even in a pre-coronavirus world, did the Illinois Lottery achieve such growth? The Lottery began by questioning the questions it had been asking.

What's the best way to get players who have "lapsed" to start engaging with the lottery again? Email campaigns? Push notifications? TV or radio advertising? And what's the best way to convert retail players, who have downloaded a Lottery app to scan a ticket, into digital players?

These are just some of the questions that keep lottery directors up at night, especially as the industry looks for growth in a new COVID-19 influenced economy.

However, the first question really is what do we mean by lapsed?

Many lotteries might say that a player who hasn't bought a lottery ticket in 180 days has lapsed. Sounds sensible. But what about all those of players who entered the large Powerball roll series in March 2019 when the jackpot surpassed $500 million, and haven't bought a ticket since? Are they lapsed? Or are they just waiting for another large jackpot to start playing again?

When you consider that the way a lottery would communicate with a lapsed player and a player motivated to play by large jackpots alone should be markedly different, it's a business critical issue to know the difference between player segments.

One Size Does Not Fit All

At the Illinois Lottery, we are fortunate to have a digital sales channel during the current climate of social distancing and in-state stay-at-home orders. However, just by giving consumers a new way to do something, like buy a lottery ticket online, doesn't mean they will simply flock to it and change their behavior. Anyone remember Google Glass?

Which is why having the ability to connect our player and marketing databases, through a holistic data and intelligence platform provided by Camelot Lottery Solutions, is so important. We can use our powerful connected databases to turn lapsed digital players, or
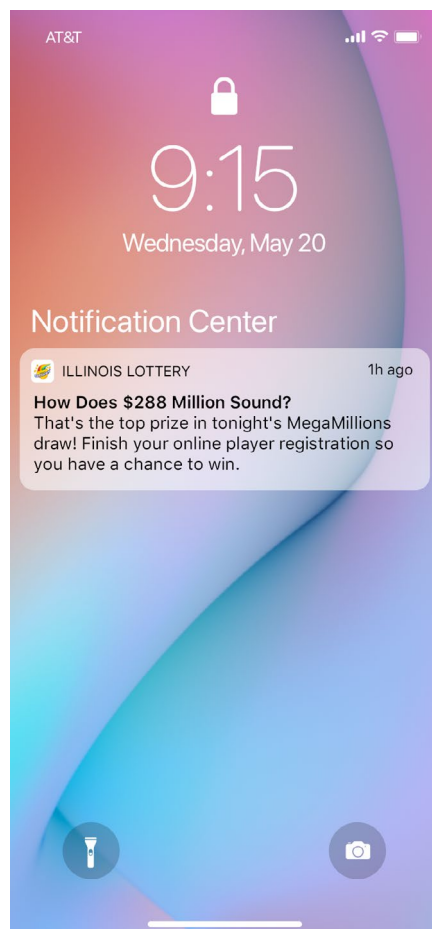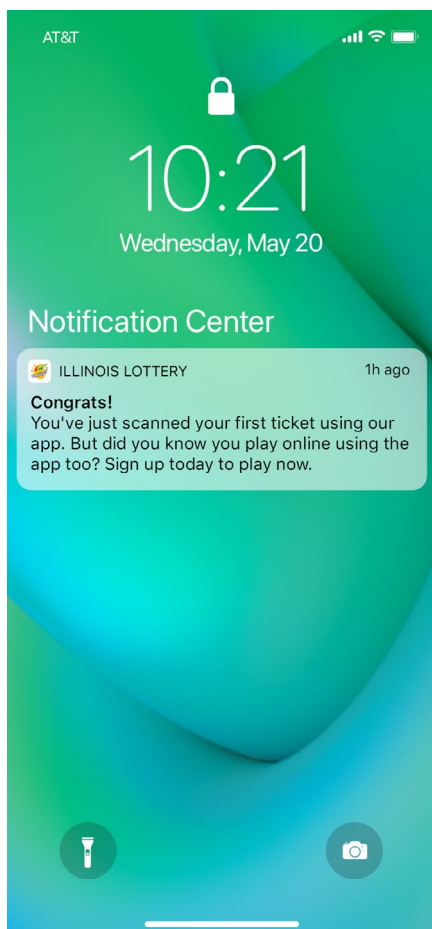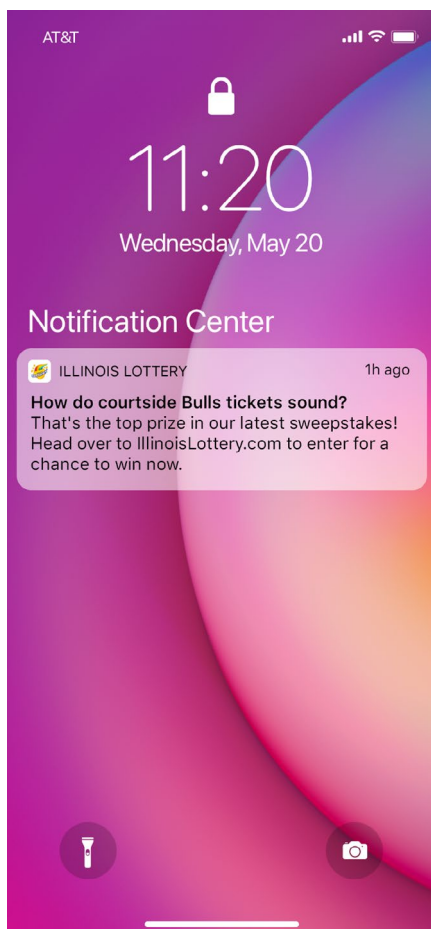
once-in-a-big-jackpot digital players, into regular digital players by drilling down into the data to determine the best way of communicating with precise player segments.

Players are unique. The more we can tailor our communications and marketing to individual behavior, the more we can drive ROI on marketing activities, sales growth and returns to good causes.

Precision Pays

To create more precise player segments, and to be able to market to those precise segments more effectively, the Illinois Lottery recently modeled a "days since last played" metric. In essence, the number of days that elapsed between one ticket purchase and the next were used to build a picture of every single player in the Illinois Lottery's database.

A typical example of three different players would be:

- Player A averaging seven days between ticket purchases;
- Player B averaging two days; and
- Player C averaging 70 days.

These are very different players, requiring very different communications, content and marketing approaches. The real value of having a clear picture of ticket purchase frequency and behavior of every player in our database is understanding when players are drifting from one segment to another – and being able to engage players before they become lapsed.

There are infinite segments you can build when you've got a clear picture of your players – for example, "players who use iPads every other Tuesday to buy Pick 4 tickets only." But to begin to make a real difference, we have found that having just four big buckets of players is a great starting point.

We have named our four buckets Active, Greenhouse, Sliding and Lapsed.

Players in the Active bucket, at the time of writing, account for about 37% of the Illinois Lottery database. Within that Active bucket, of course, there are a multitude of different types of players – those who play regularly, those who play once a month, those who only buy a ticket for a multi-state game when the jackpot hits a certain level, etc. They are all in the Active bucket

because our model says their own individual player behavior is consistent and they are engaged. For this bucket, the general goal is to keep these players active and engaged, as well as introduce new games and products through cross selling when appropriate.

Players in the Greenhouse bucket account for 42% of the Illinois Lottery database. This bucket is called Greenhouse because these players need nurturing. Many of them will be completely new to the Illinois Lottery's digital channels. Some might have downloaded the app and scanned a few retail tickets but haven't yet set up a full digital account. Others will have gone through some of the steps to set up an online account, but won't have added money to their wallet to allow them to purchase tickets. Whatever the individual situation, the goal is to understand why they haven't become Active players yet, and help engage and encourage them to do so. That might be through optimizing the registration funnel, or through app push notification, or through a targeted Facebook ad to remind them to buy a ticket online.

As you can imagine, the recent stay-at-home order in Illinois has seen a good number of regular retail players interact with the Lottery's digital channels for the first time, swelling the ranks in the Greenhouse.

A core focus of the digital team, even before Illinois' COVID-19 stay-at-home order, brought a rush of new players to our Greenhouse, was to optimize the registration funnel to give players the very best experience when they first begin interacting with the Lottery's digital channels.

To achieve the best results, we devised a comprehensive, automated "welcome series" of actions that players in the Greenhouse would receive based on their activity data. For example, sending a push notification to a player who has downloaded the app recently to remind them to finish setting up a full account. This might not sound like rocket science, but giving a player the right message, at the right time, using the right medium is incredibly powerful. Optimized by a test and learn approach, the welcome series helped to see the average spend during the first six weeks for a new digital player increase 21%.

The third bucket is named Sliding, as these players aren't quite yet fully lapsed, but are sliding in that direction. At present, they account for 9% of the Lottery database. This is an important bucket because, as we mentioned previously, players in the Lapsed bucket are exceptionally difficult to communicate with and to re-engage.

Players in our Sliding bucket, for example, might have bought their last ticket within the past 30 days, but if they previously played every other day then our model will tell us the time to engage them is now and not wait until they become fully lapsed. To engage the Sliding group, we might encourage them to enter a sweepstakes, or offer them a promotion online or with an in-store retail partner.

And finally we have the Lapsed bucket, which is 12% of the Lottery's online player base. We are implementing a lapsed promotions campaign that has the potential to be very effective in engaging players.

As an example of the targetable base of players in this scenario, we might look at the group of players that scanned retail tickets within a 60-day period before the stay-at-home order was issued in Illinois, but who haven't scanned a ticket since – not an insignificant number of players. As a lite registration process is required, we know a fair bit about our players who are scanning retail tickets through the Lottery's app. We would then encourage that group of players to complete a full registration and digital play through a promotion for a free Mega Millions line upon the completion of a registration and wallet deposit.

The Power of Connection

Connecting the Lottery's player and marketing databases through a data and intelligence platform creates the ability for incredibly powerful one-to-one marketing, which greatly boosts ROI on spending too.

For example, when the Illinois Lottery buys media on social media platforms such as Facebook, we are able to buy that media against "lookalike" audiences which very closely mimic existing players. The effect of this greatly increases ROI and makes our player interactions with the Lottery meaningful and impactful.

But we can go deeper than that. We can buy media with specific tailored content and target it at specific groups. So for those players in our Greenhouse who haven't finished setting up an online account yet, we could advertise a short how-to video to them on Facebook. The possibilities are endless.

None of this is possible without using the power of connected databases through a robust data and intelligence platform.

Before the recent stay-at-home order in Illinois due to COVID-19, the digital share of Illinois Lottery sales increased to 8% from just 3.5% just a year ago through using marketing techniques and tactics tailored to individual players.

The connection of databases gives us many more tools in our toolbox to engage players. It also ensures our players receive communications and content that is relevant to their behavior and interests.

This creates a much better experience for players than a broadcast message approach to marketing, and a significantly better bottom line for it. ■

WORLD LOTTERY SUMMIT 2022 VANCOUVER

**LEADING THE.
JOURNEY
INSPIRING THE
FUTURE.**

To be safe, we're putting a little distance in our schedule.

The World Lottery Summit is an opportunity to learn, engage and, most importantly, connect as an industry. And we want to keep it that way.

To ensure we can safely deliver a world-class event and give you the opportunity to experience the beauty and excitement (and restaurants!) of Vancouver, we've decided to postpone WLS 2020 to 2022 due to concerns with COVID-19.

We'll keep you informed as we continue to plan and adapt, and we look forward to seeing you in Vancouver for WLS 2022.

WLA
WORLD LOTTERY ASSOCIATION

NASPL

bclc

Data and Insights in Times of Crisis

Actively integrating and mining data for meaningful insights is an important business function at any time. But during times of crisis, it becomes absolutely critical. Lotteries that have been proactive on this front and have created an infrastructure for gathering and interpreting consumer insights are best equipped to endure times of crisis and emerge with new metrics and strategies to drive their business in the future. As an industry, we are getting a first-hand look at how the tools we have in place today are getting us the data and information we need to do business during a crisis and what changes we may want to consider going forward.

The COVID-19 pandemic is significantly impacting businesses across the globe, including lotteries and their retail partners. Daily shifts in consumers' ability to engage

in healthy play make it difficult to anticipate current needs and to anticipate what lies ahead. This makes the disciplines of consumer insights and data analytics more important than ever. Ideally during this time, lotteries should have – or have access to – the following foundational elements as a means of gathering data to generate insights that can guide business decisions:

- A means for gathering primary insights to shed light on consumer behavior and sentiment.
- A robust portfolio of digital engagement tools including loyalty clubs and second chance promotions as a means for gathering information and communicating with players.
- A business intelligence platform for gathering performance data and monitoring sales.

Scientific Games has been fully utilizing data and insights from each of the above to help our customers navigate these unprecedented times and help them make the best business decisions possible. In the following pages we share some of what we have learned to date.

Consumer Behavior and Sentiment

"Lotteries that are able to track changes in consumer sentiment and player behavior using established data sources are at an advantage," noted Tim Menzia, Director of Consumer Insights at Scientific Games. "To this end, online survey platforms are a great option right now." As more jurisdictions implemented restrictions on consumer activity in an effort to flatten the COVID-19 curve, online survey

LEVEL OF CONCERN

	NOT CONCERNED (%0-4)	CONCERNED (%8-10)
Entering a long-term recession	30%	45%
Health of your community	29%	42%
Your family's health	30%	42%
Banks negatively affected for long term	37%	36%
Your own health	37%	36%
Not being able to provide for family	45%	32%
Not being able to pay bills	51%	28%
Losing your job	61%	23%
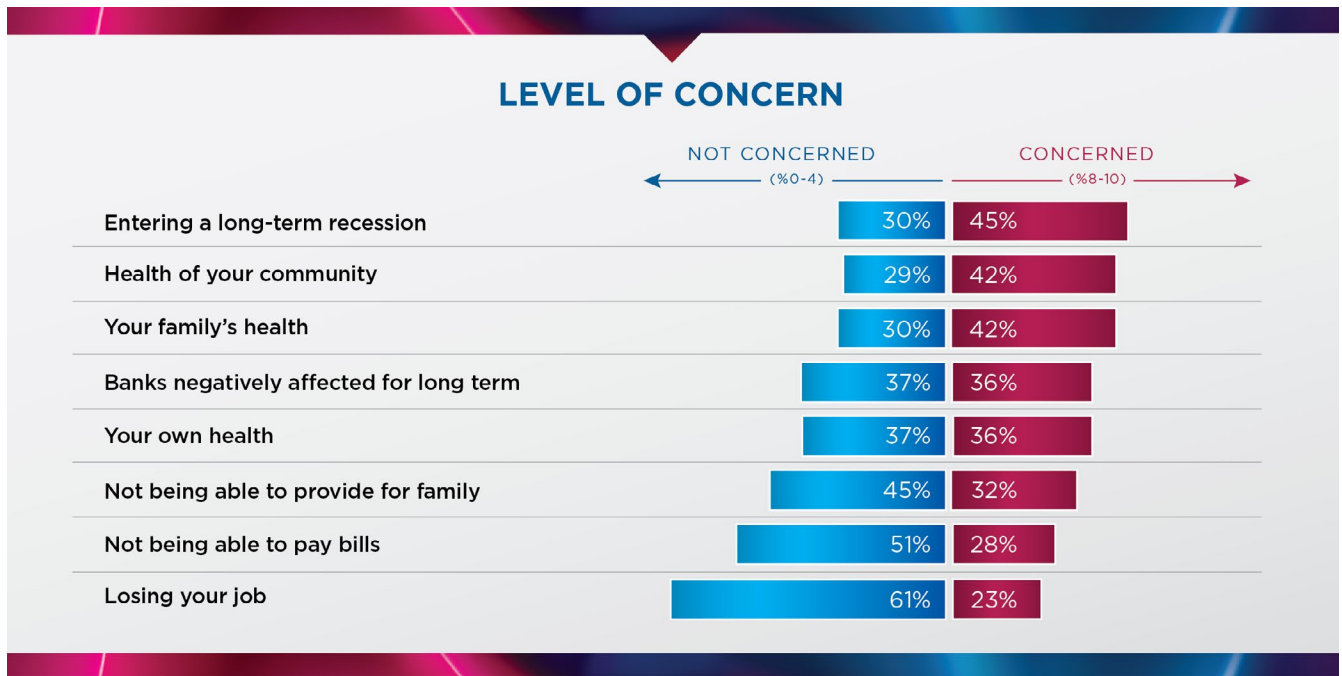
Figure 1

providers experienced an uptick in available and active respondents. In some cases, online surveys work as a good surrogate for concept testing, especially when the concepts are fairly straight forward and don't require much explanation. It is important, however, that the concepts being tested take in to account the sensitivity of consumers. "For obvious reasons, consumers have a number of concerns that they normally don't have to the degree that they do now," Menzia continues. "Research that we recently conducted using our ONEVoice™ national panel provides some insight on these concerns." See Figure 1.

If the objective of the study is to gain feedback on products or marketing activities that will be implemented several months from now, it is important to ask if the input you receive might be different at another point in time. If so, it may be worth putting off the research until

Has the recent Coronavirus affected your shopping activities?

	Quick Poll March 4	Survey March 22-31	%△
No Change - My shopping Activities Haven't Changed	70%	18%	↓ -74%
My Purchases Are Made With Fewer Trips	29%	73%	↑ 152%
My Purchases Are Made With More Trips	2%	9%	↑ 350%

Other ways shopping has been affected include:

I stock up whenever I go to the store.	27%
I go to the same stores but at off times, when the stores are not crowded.	22%
I've found that I stop at fewer places overall.	20%
I'm buying more from Online/Home Delivery companies.	18%

Figure 2

things have normalized. For example, research conducted on March 4, March 22, and April 8 found that people changed their shopping routines dramatically in only one month.

As Figure 2 shows, several daily routines have been interrupted (Simmons Fall 2019 NHCS Adult Study, 2-Year) and lottery play is no exception. This is especially true if these purchases were made going to/from work. Before the coronavirus pandemic, 21% of those who play instant scratch tickets purchased a scratch ticket to/from work at least 50% of the time. See Figure 3.

In 10 trips to & from work, on average how often did you stop and purchase instant scratch lottery tickets?

less than 5 out of 10 trips	52%
5 out of 10 trips or more	21%
none of the above	27%
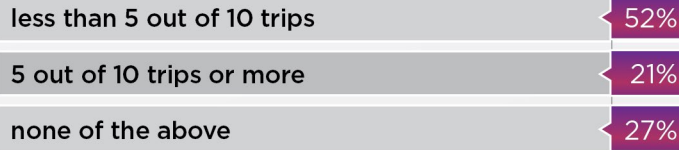
Figure 3

Ongoing Tracking/ A&U Studies

Lotteries with consistent tracking studies in place have the advantage of being able to ask their research vendors to provide meaningful analysis of current behavior against a previously established benchmark. These studies provide accurate and relevant information based upon market trends across differing levels of play behavior, as well as demographics such as gender, age, income, education, employment, ethnicity and regionality. Ideally, playership and spending is also being tracked, including frequency (e.g., recent, lapsed, non player) and games played. When lotteries know which of their player segments are being impacted the most, strategies and tactics can be created to help. But – and this is key – lotteries that do not have a tracking tool in place should not start one now. This is not the time, with all the uncertainty and shifts in behavior, to establish a benchmark.

Menzia offers this additional caveat when looking for ways to engage players during these uncertain times: "While some methodologies, like surveys and tracking studies, are ideal for the current circumstances, other methodologies, like traditional focus groups, are not viable options. If qualitative information is desired, consider using online focus group platforms instead. Scientific Games, for example, has a partnership with Invoke® which offers a hybrid approach that provides quantitative numbers with moderated discussions. Concepts are able to be conveyed using a simple platform, with high quality digital graphics, and consumers are able to participate from the comfort of their own home."

Digital Engagement – More Important Than Ever

Digital engagement programs such as loyalty clubs and digital promotions attract a strong following across all lottery player segments. Some lotteries have hundreds of thousands of registered users, with tens of thousands active on a monthly basis. This resource is incredibly data rich – not only do lotteries have a means of communicating to these members, but they also have a means of tracking their behavior through the crisis.

Any surveying capabilities that a lottery's digital engagement program might have can be used to derive great insights. Surveying members is an opportunity to understand their sentiment and how they are affected by the current crisis. How has COVID-19 affected their experience or ability to play lottery products?

Are they more or less likely to buy certain games? Are they now more interested in alternative or creative solutions to playing, such as lottery delivery services, or iLottery? Are there certain digital experiences they had access to but aren't currently available? Now is the time for lotteries to listen to their consumers and react with creative solutions.

Performance Data and Sales Tracking

In addition to keeping a pulse on consumer behavior and using digital engagement tools to keep the lines of communication open with players, it is important to step back and examine the impact that these shifts in behaviors have on various aspects of our economy in general and on our industry specifically.

The United States, for example, has been rocked with record unemployment statistics – staggering numbers that have not been seen in modern recorded history. As of mid-April, over 22 million U.S. workers ("Coronavirus Unemployment Claims," *New York Times*, April 16, 2020.) had filed for unemployment benefits. This is an absolutely

> **Any surveying capabilities that a lottery's digital engagement program might have can be used to derive great insights.**

staggering number that is expected to rise further. Consumers are cash strapped and discretionary income is without question at its lowest point in modern times.

Cameron Garrett, Scientific Games' Vice President of Analytics & Insights, on the impact this is expected to have on the lottery industry: "We know that the entire service industry has been decimated, which has a direct effect on the lottery industry. Over 10 million adults work in the accommodation and food services industry, and this group is 6% more likely to play instant products than average. With most of these people out of jobs, this represents a direct hit to lottery sales, with little that we can do to responsibly offset that impact. An additional 15 million people work in wholesale and retail trade, and this group is 25% more likely to play instant products than average. We know that retail is struggling across multiple sectors, so there is likely a negative impact coming from the losses of jobs and wages in this category."

Lottery retailers, for example, are struggling. Monitor game sales are down substantially, with most bars and restaurant establishments being forced to move to "takeout only" mode. The "East North Central" Census division, which includes states like Michigan and Ohio, is down nearly 50%. Overall, the U.S. industry is down 35% (at this writing).

Bloc Lotto is already seeing record low performance and is down over 66% year-over-year, when compared to the most recent four-week period. Recent performance lags pre COVID-19 by over 12% and will be further reduced with unprecedented rules changes, affecting both Powerball and Mega Millions to keep these products solvent. As these changes are made, jackpots will be resetting to the lowest levels not seen in years. Jackpots will also likely grow at the slowest pace possible, leaving these products in a rut that will be difficult to climb out of.

///////////////////////////////////////

> ### This is the time to show your players that you are listening to them, that you hear them, and – above all – that you value them.

///////////////////////////////////////

Instant product sales also reeling across the United States. The effect is negatively mixed: the overall year-over-year effect is a conservative 8%, but we expect this will worsen. Some large population states with substantial shelter in place rules are seeing year-over-year drops exceeding 20%, and in some cases over 30%. It's worth noting that the true demand for instant products is difficult to measure based on the nature of how varied "sales" are accounted for. Pack movement leaves a lot to be desired, particularly when accounting rule changes are being put in place in some lottery jurisdictions to ease retailers' financials. Are validation-based sales as trustworthy when consumer's retail patterns have been disturbed? Can we trust vending sales as a proxy for what's happening, when people are presumably afraid to touch a machine that a lot of other people are also touching?

In those jurisdictions that have installed SCiQ™, our instant game ecosystem that provides unit-level visibility of ticket sales in real time, we can see the true demand patterns at retail for instant products. In nine of those jurisdictions there was an

interesting trend: while sales growth was down, we see this is largely caused by a decrease in transaction frequency, where the average number of weekly transactions had declined. However, this was being offset by an increase in the average transaction size. This suggests that consumers are shopping less often for lottery, but when they do shop, they are then spending more on average. This increase unfortunately does not close the gap in performance, although it does offset it. One Southeastern jurisdiction was down 10% in sales, a whopping 20% in transaction frequency, but up nearly 12% in average transaction size. In two large jurisdictions this behavior in average transaction size has not changed, meaning the decline in transaction frequency has drastically affected sales.

Where We Go From Here

The current crisis has made it incredibly clear how critical it is that lotteries assess their data and insights infrastructure when times are stable and "normal" so that this infrastructure is in place during times of crisis.

Regardless of one's level of preparation for today's reality, being aware of the challenges facing those that buy and enjoy our products is key to keeping them engaged and our products top-of-mind. This is the time to show your players that you are listening to them, that you hear them, and – above all – that you value them. And in the meantime, the data that you're gathering at this crucial time will help you to better understand your players moving forward. ■

Using AI to Deliver a Better Player Experience

Now more than ever, lotteries can put data to powerful use in reinvigorating and growing the player base.

By Srini Nedunuri, Vice President IGT PlayDigital™ Platform

As the lottery industry looks ahead to recovery from recent global events, there are untapped opportunities that can help to restore and grow playership along with much-needed revenues to beneficiaries. Since the stay-at-home and social distancing restrictions have been implemented across many jurisdictions globally as a result of the COVID-19 pandemic, lotteries that offer products digitally are experiencing significant growth in this area. It is expected that the implications from the pandemic will result in more lotteries looking to work with their regulators to offer all forms of digital lottery. Using artificial intelligence (AI) capabilities, lotteries can harness their data to better understand individual player needs and requirements. Armed with those insights, operators are better equipped to make decisions and take actions to attract, engage and retain players.

Personalization Is Everything

Data without insights is meaningless. Insights without action are pointless.

Across industries, "data" has been hailed as a great game-changer that

Personalization Based on Data Profile

gives rise to invaluable products, services, and progress. This may be true, but even with the ability to crunch huge amounts of data, often we still need human expertise to translate that data into insights - and a willingness to act on those insights.

With the right data in the right format, lotteries can harness AI to enhance many aspects of the player experience, from purchasing and marketing, to game and customer service optimization. And, as in other

industries, personalization is the key. Research published on Forbes.com shows that 74% of consumers get frustrated when the content they are offered has nothing to do with what they like.

Moreover, a research survey from Accenture Interactive found that "nearly all consumers (91%) are still more likely to shop with brands who recognize, remember, and provide them with relevant offers and recommendations." Today,

countless companies around the globe have generated billions in revenue through customer retention by using data to continually refine user profiles and offer seamless personalization and recommendations.

Here is where AI can help lottery operators excel. Using captured data, AI can create a player profile that is continually refined over time. Starting with the first tracked transactions, which might identify basic benchmarks such as the date and time of play, to detail about what kind of games a player chooses, AI can review and organize mountains of data. And, by sorting and matching this data, AI software produces a useful profile that lotteries can use to make decisions and take actions, often in real time, to improve the player experience. Even AI is not perfect, and every responsible system includes monitoring and constant evaluation to ensure AI decisions and the underlying data are inclusive and do not carry forward human bias.

For AI to impact the consumer experience, insights need to be

conveyed in the moment through the individual's chosen touchpoint. This means that lottery's ability to integrate with player touchpoints is the key to personalization and in-the-moment engagement.

The Benefits of AI to Players and Lotteries

Both players and lotteries stand to benefit significantly from the use of AI to improve the player experience.

For Players
- Personalized content that is truly interesting to them.
- Offered relevant promotions at the right time.
- Prioritized app and site information based on history.
- Seamless and helpful service based on needs and preferences.
- Accessible responsible gaming tool to personally manage their gaming.

What Is Artificial Intelligence?

Simply put, AI is a collection of technologies that, when brought together, allow computers to compile and analyze data, and make automated decisions or provide insights that previously only human intelligence could perform.

Today, the lottery industry relies on human experts to analyze data and produce meaningful insights. AI harnesses technology to automate this process for massive amounts of data. AI can do it faster and more efficiently and can recognize and highlight correlations that humans might not be able to find.

Overcoming the Challenges

To realize the significant, sustainable advantages of AI, lotteries need to overcome challenges such as legacy systems that do not allow for aggregation of customer data into a single player view. This capability enables lotteries to access and aggregate the powerful information available to them to make more informed business decisions and to tailor specific games, promotions and featured content to individual players.

This type of data aggregation means unifying all your customer data from potentially disperse systems and sources, into one that offers a single view, typically managed at the platform level. There is a lot more data related to players, games and sales dispersed in different systems that, when taken together, can enable lotteries to offer an entirely new customer experience and enable lotteries to personalize content.

IGT welcomes the opportunity to share information and partner with our lottery customers to overcome these hurdles and take advantage of a purpose-built, field-tested AI platform.

Where Is Lottery Data Collected?

Terminals
Core Lottery
Games Played
Mobile & Web
Player Account
Back Office

IGT PlayDigital

For Lotteries
- Increased customer loyalty and advocacy.
- Improved responsible gaming efforts.
- Keep players engaged with relevant, customized content.
- More effective and personalized customer communication.
- Valuable customer insights generate increased upsell and cross-sell opportunity.
- Increased customer lifetime value.

Where Lottery Data Lives

An important consideration in implementing AI is where and how to collect the data you need. Fortunately, data is already being generated through every part of a lottery operation:

- Terminals – where customers buy their lottery tickets from local vendors or POS.
- Mobile or websites – which offer a lot of analytics and user-journey insights.
- Core lottery central systems – which offer insight on every draw-based game.
- Player accounts – can provide key data on customer habits and preferences, including details about usage, geographical location, purchase activity and games, plus with player approvals and opt-in

sharing, external information such as professional details, social network profile, grocery purchase and restaurant details, and chosen forms of entertainment.
- Instant win games – provide information on what games are played, when they are played, what the customer likes and doesn't like.
- Back office systems – which offer information about the entire business.
- Games – the key content accessed by every player. There are different kinds of players and different game themes. These can be categorized in many ways, depending on the lottery. As players interact with different themes, more granular insight is captured. It is crucial to capture, retain, and continuously update game data to aid in player retention.

With digital play, data accessibility is much easier, as the electronic fingerprint is easily tracked. The key to understanding the player journey is to leverage data on where players came from, what content they accessed, what promotions they liked, what games they like, why and when they decided to register, or why they didn't like the experience and exited.

Each lottery touchpoint can yield mountains of data. But to make good business decisions, the information

needs to be combined. Just looking at one set of data provides only a limited perspective on a single player's journey. The key is to successfully combine the data so it can be used and analyzed together. The goal is to implement AI with data that is:

- Unique – brings additional value to the market.
- Continuously captured – to identify even small changes.
- Well-structured – filtered, cleaned and organized in a data warehouse.
- Easily accessible – efficiently available for API requests, analysis and data enrichments.

Simplifying a Complex Process

Even with rich data available, the steps to an AI implementation are not simple. They include:

1. Defining objectives. What decisions do you want AI to help you make, and why?

2. Ensuring that the right data is available in the right format to enable AI to learn from it. It is often necessary to organize data from multiple sources and different purposes.

3. Analyzing, labeling and preparing your data for the defined objectives. You also need to store and protect the growing data sets.

4. Building and testing algorithms with enough accuracy and efficiency to inform good business decisions.

5. Integrating the AI dashboards with web applications, core platforms, etc.

The IGT data science team has found that each algorithmic model works best when sufficient time is taken to create the models based on real data and is thoroughly tested.

This is an important point, because having the right algorithms that work efficiently and accurately is critical. Running your very specific lottery data through prebuilt models and standard AI software can seem advantageous but may not deliver the performance promised because it was built for a different industry with different data sets.

IGT's AI products are designed to help customers gain deeper insights into player preferences and behaviors and answer questions such as: how players react to the content offered, how frequently they play, why they play, and how to personalize offerings to them while maintaining a responsible and safe gaming environment. AI can also play a central role in improving responsible gaming efforts, as well as security and fraud protections.

IGT has worked to remove the complexity for lotteries by providing a purpose-built AI platform called Play.AI, which has been live in the market for more than three years. This field-tested solution processes vast amounts of data in minutes and relays easy-to-understand reports that help operators determine how to retain and prioritize players, to identify which games to promote, and more.

The tech giant Microsoft forecasts that, by 2025, "as many as 95% of all customer interactions will be through channels supported by AI Technology." In our industry, the data is there. The challenge for lotteries is to quickly identify and consolidate the data, and then in real time, convert those insights to actions.

It is akin to the difference between an unorganized office and an organized one. When you can find what you need, the results are faster and better. Even if a lottery were to access as little as 10% of its existing data and create a consolidated view of its players, the application of AI can drive significant business results. ■

Putting Data into Action

Across industries, leading businesses are using their vast amounts of available data combined with AI to not only improve their offerings but also to drive superior financial performance:

Netflix. With more than 167 million paid memberships, the world's leading streaming entertainment service provides seamless personalization and recommendations by using data and AI to continually build individual customer profiles.

Walmart. The world's biggest retailer is building a state-of-the-art analytics hub located within its Bentonville, Arkansas, headquarters to process the 2.5 petabytes of data it collects every hour in a private computing cloud. The project has one key objective: to cut the time it takes to make the right commercial decisions. What once took weeks can now be done in a matter of minutes.

Macy's. According to a *Forbes* article, the retail giant Macy's is using AI to improve the in-store experience by providing tailored answers for each individual store. When customers enter one of the Macy's department stores, they can open an app to help them while shopping. The app can provide directions to find a specific item, check inventory to see if it is available, and even call a clerk when the app determines that the shopper is potentially becoming frustrated and need human assistance.

The Correlation Between Data and Performance Across Multiple Jurisdictions

Applying big data analytics to key performance indicators helps refine comparisons across jurisdictions in order to maximize opportunities for growth.

By Mark Mitchell, Senior Manager BI & Analytics, INTRALOT USA

intralot

Technology has been playing a significant role in the transformation of the lottery industry over the last decade. It has helped to better understand lottery operations and performance, identify revenue opportunities and craft best practices.

Every lottery collects large amounts of data and the ability to navigate through them and to determine insight is very important to the growth of our industry. A primary goal is to be able to identify a good portion of the data that will provide our teams the proper knowledge to make informed, data-driven business decisions. Some of the biggest challenges specific to the lottery industry include comparing sales while also accounting for multiple variables such as elevated jackpots, marketing, new product launches, promotions, seasonality, player

Current Lottery Network

> Retailer
> Terminal
> Sales

Prospective Product Location

> Retailer
> Terminal
> Products Offered

Cumulative Projections

> By POS
> Overall
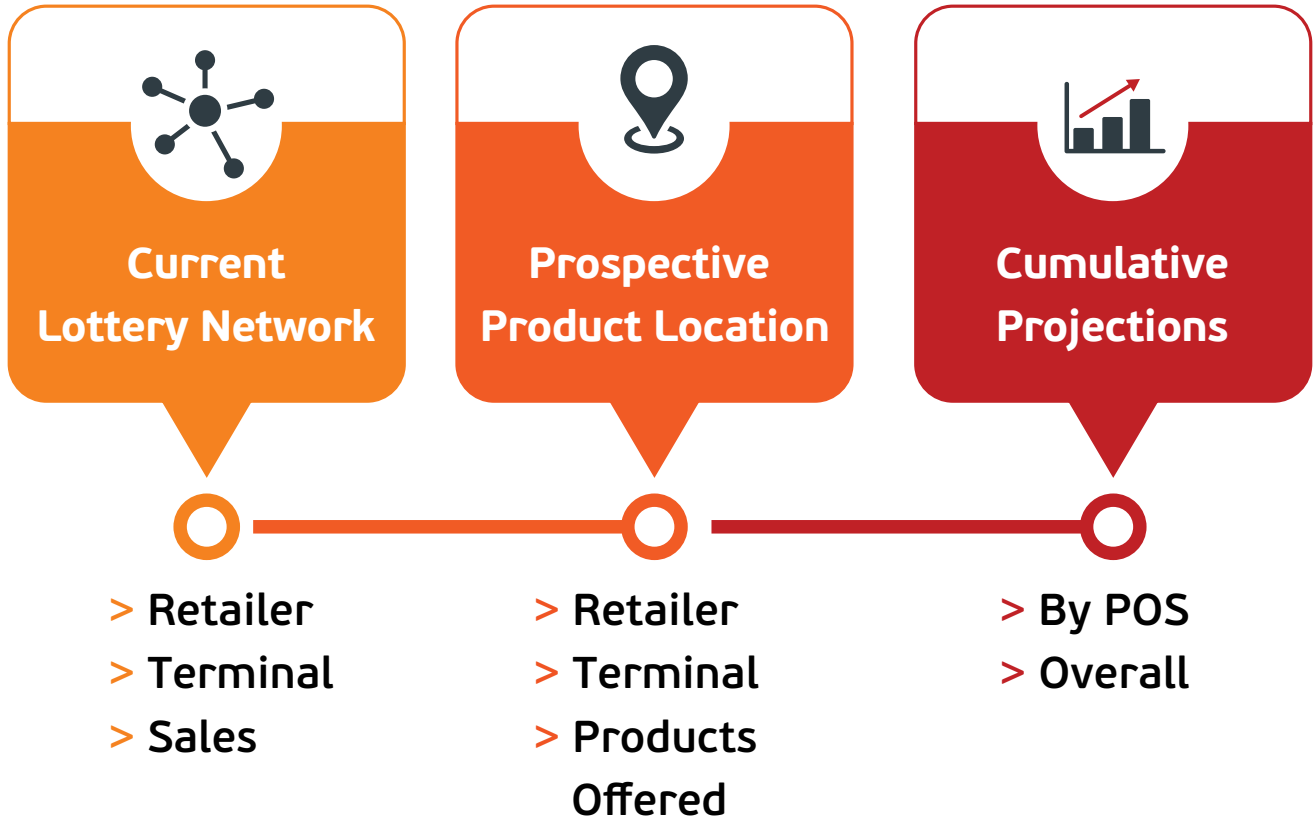
profiles and unforeseen economic impact. Additionally, being able to apply a successful case of a product offering in one jurisdiction to another jurisdiction can be difficult without understanding the necessary supporting data.

When comparing game performance across multiple jurisdictions, the standard data point utilized has been per capita sales, but that does not accurately illustrate the available market. Per capita data is used as an equalizer for sales comparisons, but jurisdictions can have similar population and a significant variance in the types of businesses where lottery products are offered or vice versa. The best exercise is to first evaluate the overall profile of the current game portfolio, retailer and terminal network, and player profiles within the jurisdiction. Doing so will help identify the parallels and differences between one or more lotteries and assist in creating a solid starting
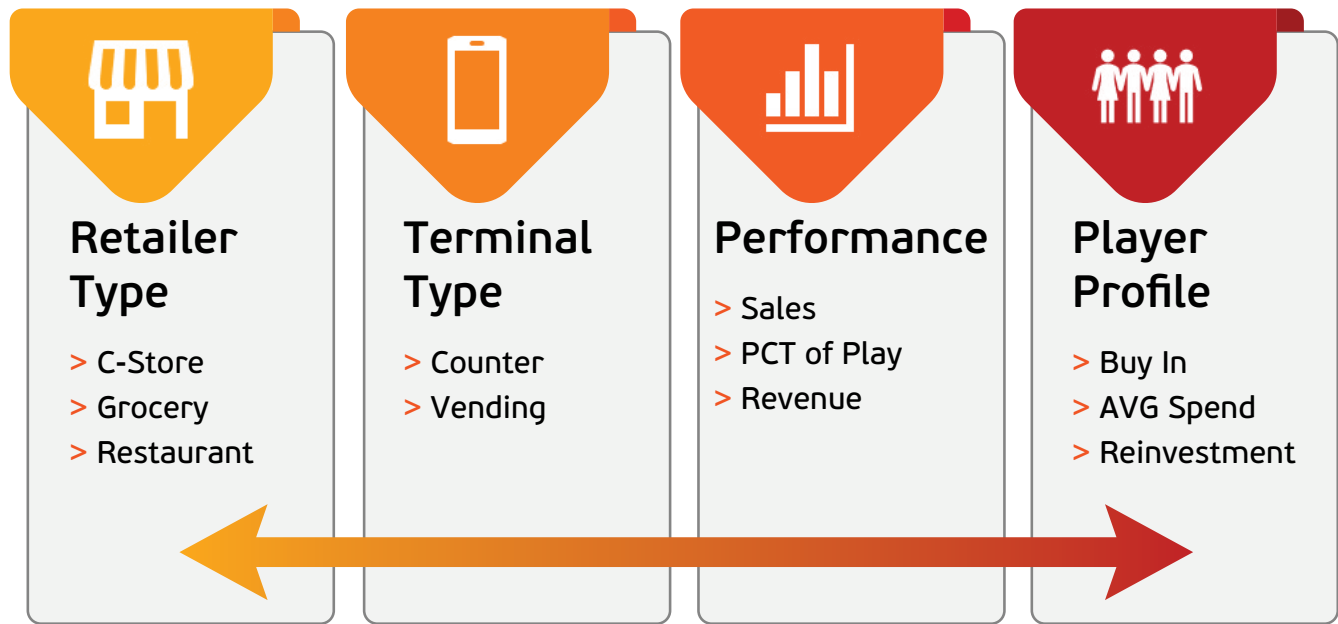
point. From there, initial projections can be established based on current parameters, determining where potential obstacles or opportunities for growth exist.

Whether you are reviewing current product performance or projecting new product launches across multiple jurisdictions, the count of retailers and terminals by business type should be a starting point. Within those counts, determining the average daily sales per retailer and terminal would begin to establish a base for performance metrics. Percentage of sales by game based on retailer and terminal type would provide the overall lottery landscape of the jurisdiction. Once the data is compiled, the overall lottery comparison and future projections would be more detailed and thorough.

Player profiles are also an important part of the equation. Using data collected through player surveys

and lottery loyalty programs, we can identify player profiles and spending habits. These player demographics are key drivers to help determine possible promotions, product offerings or game enhancements.

One example of utilizing this methodology is when a successful product exists in one jurisdiction and the opportunity to explore the potential success of this same product is available in another jurisdiction. The current product is successful overall but demonstrates varying levels of sales across multiple terminal types within different retailer channels. Knowing the data specific to each retailer and terminal type as well as percentage of play by game, we can apply these metrics to the prospective product location, based on actual terminal counts and locations. Therefore, our overall product projections are calculated based on the combined sales data from each point of sale. Per capita

Retailer Type

> C-Store
> Grocery
> Restaurant

Terminal Type

> Counter
> Vending

Performance

> Sales
> PCT of Play
> Revenue

Player Profile

> Buy In
> AVG Spend
> Reinvestment

numbers would have given a ballpark projection, but there is a need for in-depth projections. The ability to apply sales projections specific to the business and terminal type results in a more accurate forecasting model.

Applying Projections Based on Performance Metrics

The preparation, establishment and implementation of proper reports is essential to monitoring the overall success of the project. Proper methodology and Key Performance Indicators (KPI) are needed to provide effective data analysis. KPI that can be utilized across jurisdictions include but are not limited to the following:

Products – price points, jackpots, odds, payouts, themes, frequency of draws

Retailers/Terminals – games offered, payment options, percentage of network vs. available business locations

Player Profile – auto pick vs. manual, bet card vs. verbal, average

spend per ticket, game participation based on jackpot level, return to player vs. reinvestment

Understanding which data points are significant to evaluating the product portfolio ensures that your data is focused in order to capitalize on the available opportunities. This reporting process will require constant refining, ensuring efficient monitoring of the overall success of our partners in the lottery industry. Showcasing the data to explain and easily identify trends while creating report templates is something that can be utilized with future projects in mind.

One final step in the overall process that may be overlooked is an evaluation after the conclusion of a project. The tendency to move on to the next objective instead of reviewing what went right or wrong within the project would ignore valuable insight. Instead, determining which elements of the project were beneficial, versus aspects that prohibited the ability to provide essential information, would result in critical feedback. Based on the evaluation, adjustments can be made

to ensure that future projects would be tracked effectively.

Product Performance Metrics

The rise of big data and increasing number of Internet of Things (IoT) devices has significantly changed the face of retail. At INTRALOT, we apply big data analytics to every stage of the retail process to discover patterns of players' habits, preferences, trends, forecast demand, and process optimization, ultimately delivering a more personalized service to players. Through customer engagement via smart devices, we can collect extensive amounts of data and produce comprehensive analysis of the lottery landscape. This enables us to have a better understanding of overall lottery performance, identify revenue opportunities and provide concrete information that will be used for future product enhancements. ■

Lottery Insider

lotteryinsider.com

The Daily News Service
Lottery & Gaming Professionals
Log onto Everyday

Classifieds • Daily News • Events Calender • Feature Articles • Internet Gaming • Links
Lottery Guide • Lottery Scams • Multistate Games • Patents • Products • Search
Statistics • Vendor Directory • Video Lottery • Weekly Editions • Who's Who
Wireless Gaming • Casino News • Sports Betting

NASPL Members Covered By Corporate Subscription

Make Us Your Homepage Today

lotteryinsider.com

The BIG Impact of Small Data

POLLARD
banknote limited

Small Data is invaluable. In fact, it has been stated that approximately 60 to 65 percent of the top 100 innovations of our time are based on Small Data, underscoring its undeniable contribution to the world as we know it. While Big Data has in recent years become a consideration for organizations seeking to learn more about customer patterns, identify new opportunities, or predict the next big trend, we cannot lose sight of Small Data and its continued ability to drive our industry forward.

Make no mistake, Big Data has value. Very recently, we have seen firsthand how helpful Big Data can be when it is collected, managed, and used correctly. For example, Big Data has helped to enhance our understanding of COVID-19, including its spread and prevention; assisted in the monumental task of contact

tracing; and provided the data to fuel the modeling upon which governments have relied to make impactful decisions. Big Data has demonstrated that it has a place and purpose in our technologically-advanced, data-saturated world.

However, it is difficult for Big Data to provide actionable insights on pace with today's business needs. It requires the centralization of information far away from its source, which introduces implications for our privacy and security, as well as more resources – including time, energy and money – that are scarce in today's business world, not to mention the highly specialized knowledge that is required to maintain and analyze the data, let alone distill any valuable insights. As described in a recent article in *The Economist*, Big Data has spurred a decentralizing counter-movement that is already underway, which favors processing data at the "edge" or closer to where it is collected – reminiscent of the approach traditionally taken with Small Data. For some organizations, the substantial costs, both tangible and intangible, that accompany Big Data outweigh the potential benefits that could result. In our rush to embrace the next frontier of data, we shouldn't discard the business intelligence that is readily available to us via Small Data.

The good news is that, particularly for lotteries that are not able or prepared to make the major investments that Big Data requires, Small Data is available to analyze and learn from now. This immediacy is critical for any lottery striving to meet and exceed transfer payment goals to the worthy causes they support.

Small Data versus Big Data

First, we should define the term "Small Data," as it would be a mistake to equate "small" with insignificant. The common definition of Small Data is data which can be easily accessed,

analyzed and understood. Whereas Big Data demands complex analytics and curation in order to make sense of the large amount of information that is constantly generated, Small Data can be managed with more conventional analytical tools that are widely available.

Small Data is more relevant today than ever before, because it quickly allows us to identify meaningful insights that impact the important decisions facing a lottery: From selecting the games that compose this year's launch plan, to developing next month's planogram for the retail network, the Small Data that is readily available to us is incredibly important to the strategic and tactical choices lotteries make on a daily basis in an effort to grow sales and engage players.

Advanced Tools Harness the Power of Small Data

Small Data facilitates decision making at both the strategic and tactical levels, which is critical in our industry. An abundance of information readily available at our fingertips in the form of Small Data, coupled with advanced industry tools including analytical and digital engagement platforms, means that lotteries can benefit from valuable insights without the need for resource-draining Big Data structures.

For example, lotteries have at their disposal analytical tools such as Pollard Banknote's SMART™, the market research and analytics platform that allows our Sales & Marketing professionals, Market Research & Insights team, and lottery clients to access a plethora of sales and instant game data, as well as other pertinent information. SMART harnesses the power of Small Data, in the form of millions of data points, to provide comprehensive and informed analyses to lotteries.

Tools such as SMART allow us to find, very quickly, successful

tickets and the characteristics that have made them so, including price point, prize structure, print characteristics, and launch timing, to name only a few. With the ability to quickly and easily filter results, modify parameters, and drill down to a granular level, we can utilize the tremendous power of Small Data to provide us with useful and insightful recommendations immediately and without the need for expensive and time-consuming Big Data curation.

Digital games are also a robust source of Small Data for lotteries. In addition to a range of play-related statistics that inform game popularity, such as play duration and frequency, using Google Analytics we can easily gain insight into demographic information (including age, gender, location), system preferences (mobile, tablet, PC, iOS, Android), and other aspects of player behavior that are influential to the development of a lottery's online game portfolio.

Lotteries have many other advanced tools available to them to assist in the collection and analysis of Small Data, resulting in unprecedented access into player behavior and preferences, thus rendering player anonymity a distant memory. Lotteries that have implemented digital engagement platforms, such as Pollard Banknote's playON® player engagement solution and gameON™ second chance solution, know firsthand the virtual treasure trove of Small Data these platforms can generate. For example, many lotteries have chosen to include a permanent survey within their loyalty program that asks players about their preferences on a range of items, including purchase decisions, game styles, price points and themes. The Small Data generated by players' survey responses help a lottery to make decisions during the game design process that can have a significant impact on retail sales later. The survey can be revised at

any time, allowing the lottery the flexibility to ask additional or alternate questions to further refine their understanding of player behavior and preferences.

Lotteries also leverage their online engagement platforms to inquire about the attractiveness of specific prizes, or better yet, to generate prize ideas from players. Similarly, short questions that inquire about the attractiveness of different types of loyalty rewards can help guide the lottery to choose the rewards that are most valued by players, which has larger ramifications beyond the mechanics of the program. The Small Data collected with these seemingly simple questions yields incredibly valuable insights that will ultimately influence how popular the platform is in the market, an important aspect to any lottery that has made the investment in such a program.

In addition to surveys and ad hoc questions, lotteries stand to learn more than ever before about the interconnections between their online and retail presence. For example, a lottery can track the types of tickets entered into the ticket checking feature on the lottery's app and use the data to create niche campaigns focused on specific price points or game types. By using promo codes generated via the online platform that are linked to specific retailers, a lottery can learn more about its retailer network traffic and refine its in-store marketing strategies accordingly.

Digital engagement platforms generate Small Data every time a player interacts with the programs. In addition to the learnings noted above, lotteries gain insight into how much time a player spends on the site (whether that is a lottery's loyalty
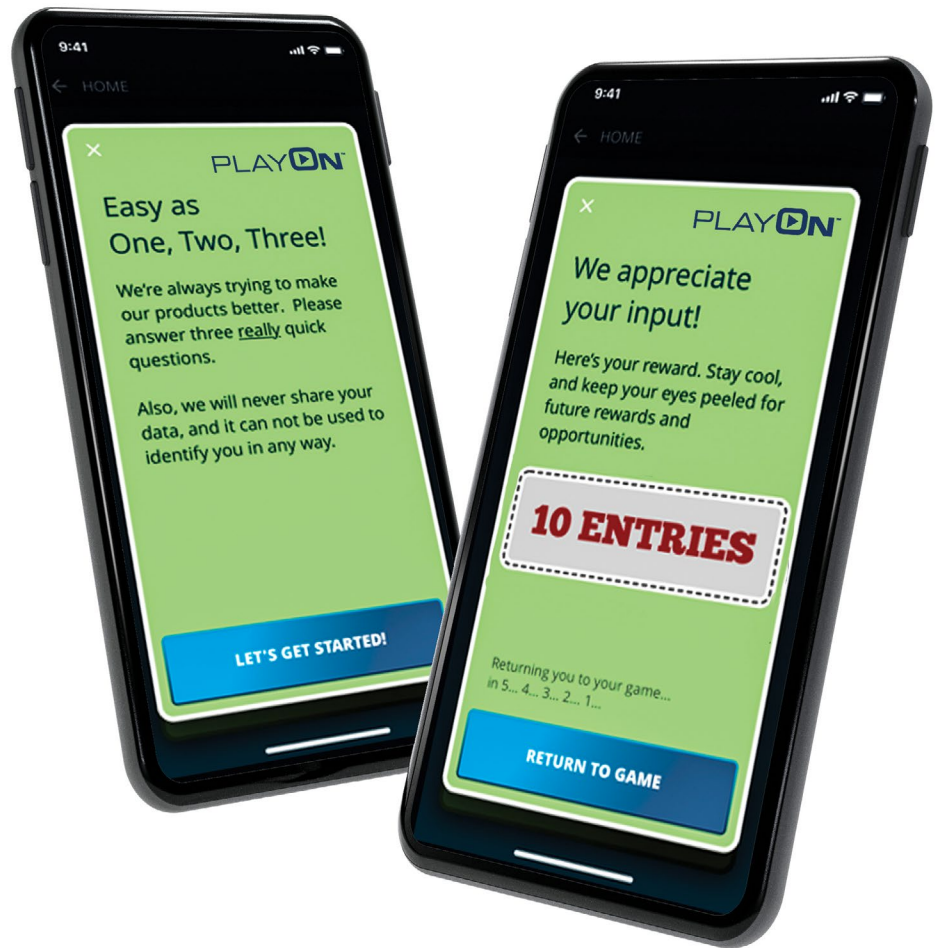
program, second chance platform, or interactive games) and how they engage with various aspects of the site to leverage their online programs to build more comprehensive player profiles. This intelligence is crucial to allowing a lottery to communicate to their players in a personalized, timely, and relevant way – ultimately elevating the player experience.

Small Data, Unlimited Possibilities

Big Data has proven indispensable – for some organizations. The resources that it demands, however, can place unreasonable pressures on a company to not only efficiently house

such data, but to effectively generate insights from it in real-time. Without skilled and purposeful management of the data, it becomes inherently less valuable; without timely analysis of the data, it can quickly lose relevance.

For lotteries, the Small Data that is available today provides a wealth of intelligence that supports the strategic decisions that impact sales growth, player engagement and product innovation. While the lure of Big Data may overshadow the information we are accustomed to seeing, by leveraging the tools available to us, Small Data remains a source of unlimited actionable insights, ultimately benefiting the worthy beneficiaries that rely on lottery success. ■

NASPL
DESKCON 2020
LIVE FROM YOUR OFFICE

NASPL

Presented by NASPL

It's not business as usual. But we're still taking care of business. NASPL is bringing our educational and networking opportunities straight to your desk. Join us live from your ofice!

OCTOBER 26-30
NASPL DESK CON 2020

More information coming soon!

NASPL

The health and safety of the wonderful people who work in the lottery industry remain of utmost importance. All in-person NASPL events have been canceled this year, but other conferences may still be scheduled. Please visit the events calendar on the NASPL website for a list of currently scheduled events.

. . . .

We have launched a series of NASPL webinars and online meetings as we continue providing educational opportunities for our membership.

INSIGHTS ▶
Direct

Upcoming Webinars and Educational Events

June 16, 2020
Live webinar 11:00am - 1:00pm ET
Accounting & Audit – Practical Ethics

June 30, 2020
Live Webinar
Public Relations Panel

July 14, 2020
Live webinar 11:00am - 1:00pm ET
**Business Succession Planning
& Crisis Management**

July 21, 2020
Live webinar 1:00-2:30pm ET
**Accounting & Audit - Disclosure of
Declines in Sales and Beneficiary
Payments**

July 29, 2020
Live webinar 11:30am - 12:30pm ET
**Pandemic, Inc.: Eight Forces Driving
Business Failure or Fortune in the
Post-COVID-19 Economy**

August 18, 2020
Live Webinar
Ohio Lottery Mobile Pay

Click here to register!

Not a Matrix user yet? Just reach out to Jake Coy at jcoy@nasplhq.org.

Episodes will be available to view on the NASPL Matrix following the conclusion
of the live presentations. Other sessions are still being added to the schedule,
so keep an eye on your inbox for details!

At IGT we are working around the clock to ensure our employees remain safe and connected, and that our customers have what they need during this difficult time.

Across the world, please stay safe and healthy.