

FOCUS ON: RETAIL TECHNOLOGY

THE OFFICIAL PUBLICATION OF THE NORTH AMERICAN ASSOCIATION OF STATE & PROVINCIAL LOTTERIES

INSIGHTS

JULY/AUGUST 2021

Forty Years of Giving Back

A look at Arizona Lottery's cutting-edge sales and product development and its positive impact on the community.





Future Forward

Results Driven

With 55 features, IGT's market-leading **mobile lottery app** offers more than any other to deliver the experiences players desire and put lotteries on the leading edge of the in-store digital revolution.

- Biometrics for intuitive face and fingerprint sign-in
- Check and store winning numbers
- Redeem prizes
- Enter second-chance drawings and more



The IGT mobile lottery app drove a 127% uplift in mobile monthly sessions and a 107% increase in monthly active U.S. users last year.

Learn why more U.S. lotteries choose the IGT mobile app over any other. Visit [IGT.com/FutureForward](https://www.igt.com/futureforward).





Tim O'Reilly, the "Oracle of Silicon Valley," once stated: "What new technology does is create new opportunities to do a job that customers want done." Over the past year and a half, more than ever, we've been faced with the reality of just how much we rely on technology as we've adjusted to new ways of work and life. From the way that we communicate and entertain ourselves to how we shop, learn, work and conduct business, our personal and professional technology needs have surged.

In this issue of *Insights*, we delve into evolving and emerging retailer technology with the latest developments regarding in-lane sales, including instant ticket solutions, and also look at how some lotteries have successfully integrated with retailers' mobile apps.

Our industry has always been forward thinking with an emphasis on technology. Recent global events have presented us with challenges that we are converting into opportunities, as we work to do the job that our customers want done.

Although today's consumers are turning more and more to smartphones and other technological devices to purchase products, our traditional, brick and mortar retailers continue to generate the bulk of our sales and remain a top priority for each of us.

While we introduce and expand iLottery throughout our jurisdictions, we have to stay keenly focused on technology and innovations that modernize transactions at retail.

In Georgia, we are closely exploring all in-lane options that are currently available and under development. We participated in an early pilot program and continue to look for an option that will work best for the majority of our retailers. We're also rolling out new self-service vending machines and looking to introduce other technologies that will streamline the purchasing process and provide greater convenience to new and existing customers.

Our players – and retailers – want the lottery experience to be easy, convenient, quick and fun. We must continue to meet the expectations of those buying and selling tickets.

I am so proud of our lotteries and vendor partners for continuing to transform our industry as we work to provide important funding for the public benefit initiatives that we support.

Sending my best,

Gretchen Corbin

President and CEO,
Georgia Lottery Corporation
NASPL President



NASPL STAFF

Executive Director
DAVID B. GALE

VP of Operations
ANDREW WHITE

Director of Program Planning
TAMIKA LIGON

Graphic Designer
JOHN KOENIG

Accounting
NATALIE ROSS NORRIS

Editor
PATRICIA MCQUEEN

Vendor Relations
JAKE COY

I.T. / Software Development
PAUL COREY

Communications Coordinator
MACKENZIE WHITACRE

EXECUTIVE COMMITTEE

President
GRETCHEN CORBIN

First Vice President
SARAH TAYLOR

Second Vice President
CINDY POLZIN

Treasurer
MARCUS GLASPER

Secretary
KEVIN HALL

Immediate Past President
CHARLIE MCINTYRE

Pres. Interprovincial Lotteries
ISABELLE JEAN

Region I Director
JAMES CAREY

Region II Director
REBECCA PAUL HARGROVE

Region III Director
BRIAN ROCKEY

Region IV Director
BARRY PACK

CIRCULATION:

Insights ISSN 1528-123X,
July/August 2021,
Volume No. Twenty One, Issue Four.
Published bi-monthly by NASPL
(North American Association of State
and Provincial Lotteries)

7757 Auburn Road Unit #7
Concord, OH 44077

© 2021 All rights reserved.

NASPL Email:
info@nasplhq.org

Websites:
www.naspl.org / www.nasplmatrix.org
p (440) 361-7962
f (440) 867-2327



Driving

Lottery Digital Transformation

with flexible, reliable, secure solutions and systems.

intralot

Certified by WLA for its Responsible Gaming program, INTRALOT is committed to the principles of responsible gaming incorporating them at its best-in-class product solutions and global operations.

CONTENTS

8 Up Front
Industry news and updates.

10 Making a Difference:
Luis Rodriguez
Claims Manager, Illinois Lottery

14 Research Corner:
The Good, The Bad, and the COVID
Lottery play is down, but spend is up. The facts and myths of COVID-19, and how to get the casual player back.
By Simon Jaworski, President, Leger USA

22 Prioritizing Player Health in a Digital World
By Marlene Warner, Executive Director, Massachusetts Council on Gaming and Health

24 All About NASPL
NASPL welcomes new lottery chief executives, and we include a refresher course on the services we provide our members.

30 Forty Years of Giving Back
An inside look at what drives the Arizona Lottery to the cutting edge of sales and product development.

40 Progress Report: Sports Betting
Lotteries are doing their part to contribute to an industry that has generated nearly \$44 billion in handle outside of Nevada since June 2018.
By Patricia McQueen

44 A Field of Possibilities
Just as one size doesn't fit all in lottery operations, one size doesn't fit all politically or operationally for lotteries' involvement in sports betting. What are some key aspects for lotteries to consider?



44

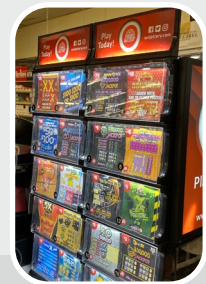
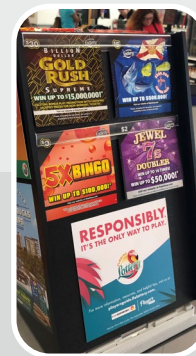
Focus On:
Retail Technology

46 Building the Retail Presence
With a little help from technology, lotteries are making inroads into new retailers and new trade styles, and enhancing their presence in existing locations.
By Patricia McQueen

56 Tackling Challenges in British Columbia

60 Digital Interactions in Virginia

62 Rewarding Partnerships
A number of lotteries are tapping into the tremendous customer base of retailers' loyalty programs for mutual benefits.
By Patricia McQueen



Embrace innovation Don't get left behind

Abacus is doing just that. By integrating into the cash register we are embracing the way retailers sell today through in-lane, self-service and self-checkout, scan and go, digital and BOPIS.

**Control the lottery category
Increase sales**



abacus: bridging the gap
between lottery and retail

w: www.lotteryeverywhere.com
e: info@abacuslottery.com



Spectacular Early Results for Lotteries in FY21!

While our full review of FY21 results for North American lotteries won't be published until later this year after all lotteries complete their fiscal years, early reports by a number of lotteries indicate it will be a strong year indeed.

There's a common theme in lotteries' initial announcements about their sales and/or transfers to beneficiaries: Words and phrases like "historic," "record-breaking," and "best-ever" dominate the press releases.

But unlike some previous record-shattering sales years, these terms are applying to both sales and transfers in FY21. That's because the drivers of sales growth during the year were not only the continuing incredible performance of instant games, but big jackpot runs in the profitable games of Mega Millions and Powerball.

Mega Millions reached \$1.05 billion in January, the first time since October 2018 that either game hit that magic level. For most of that long run, the two games were rising together, with Powerball getting past \$700 million until it hit just before Mega Millions. The "dueling jackpots" theme was therefore in full play. A smaller Mega Millions run got past \$500 million in late May, with combined jackpots at that time surpassing \$700 million.

In contrast, during all of FY20, the top jackpots in either game could barely get to \$400 million, which sadly doesn't attract much media or consumer attention these days.

The accompanying list indicates some of the most impressive numbers for FY21 that were reported through early August, with gains of 20% or more in either sales or profits (transfers).

These are very preliminary numbers and will most likely change. A full analysis of FY21 results will be presented in the November/December issue of *Insights*. ●

Arizona Lottery:

Sales up 31%; transfers up 15%

Florida Lottery:

Sales up 21%; transfers up 15%

Georgia Lottery:

Transfers up 25%

Idaho Lottery:

Sales up 34%, transfers up 31%

Iowa Lottery:

Sales up 22%, transfers up 25%

Kentucky Lottery:

Sales up 32%, transfers up 27%

Mississippi Lottery:

Sales up 50%, transfers up 96% (new draw games marked the Lottery's second full year of operation)

North Carolina Education Lottery:

Sales up 26%, transfers up 28%

Ohio Lottery:

Sales up 28%, transfers up 21% (including VLTs)

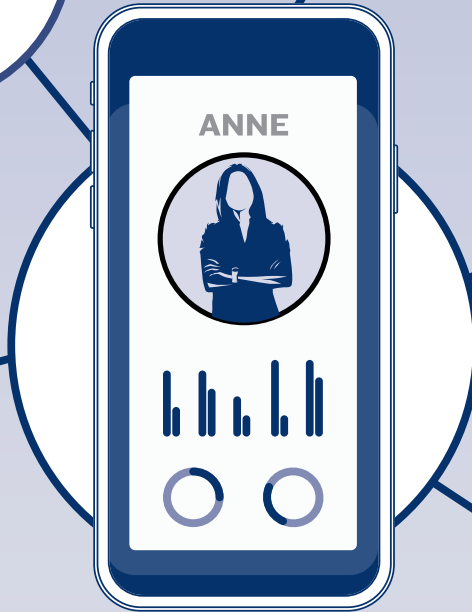
South Carolina Education Lottery:

Transfers up 27%

Virginia Lottery:

Sales up 52%, transfers up 29%

POLLARD
banknote limited



Every Lottery's Digital Journey is Unique

Pollard Banknote's innovative solutions support lottery modernization.



Outstanding Games.
Retail Excellence.
Digital Innovation.



mkodo

DiamondGame

Compliant Gaming

Schafer Systems

Fastrak
RETAIL



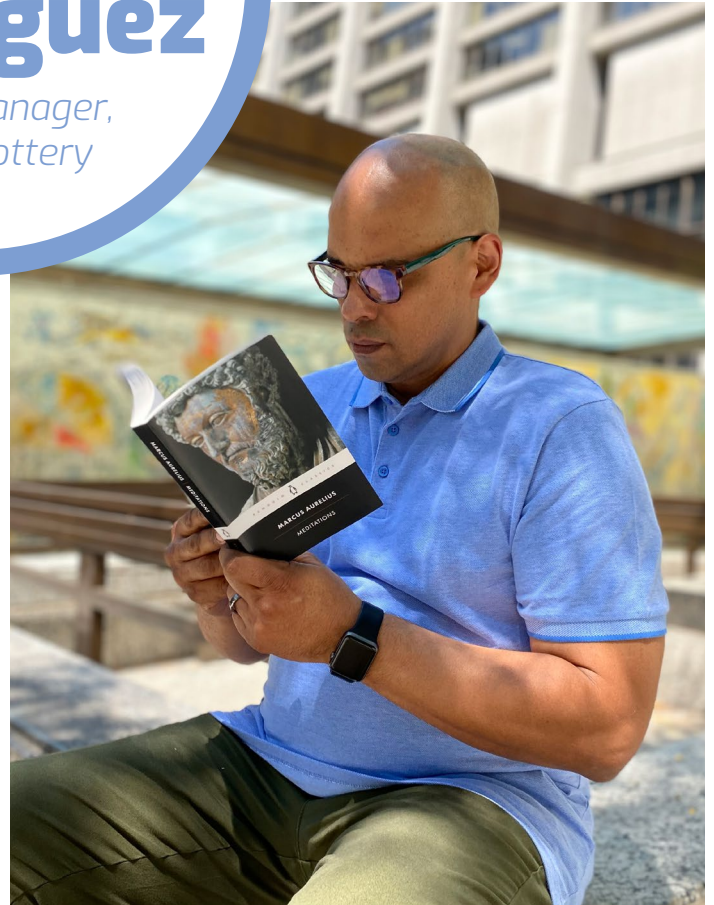
NEOPOLLARD
INTERACTIVE



Making A Difference

Luis Rodriguez

*Claims Manager,
Illinois Lottery*



“He inspires others and makes sure our players have a positive and memorable experience when they engage with us. He is also a good person, and that goodness resonates in everything he does.”

-Harold Mays

Throughout his career in customer service, Luis Rodriguez acquired a reputation as a “fixer.” He has a knack for extinguishing the fires created when customers become upset or when they are particularly difficult to deal with. He also knows what it takes to provide customers with the best possible experience even when things don’t go wrong. These gifts, perhaps a rarity in today’s crazy world, are not lost on the Illinois Lottery, where Rodriguez was recently promoted. After a four-year stint as a Chicago regional claims supervisor, he became the Lottery’s Claims Manager on July 1.

“We are proud to have Luis on our team,” said Acting Director Harold Mays. “He’s a born leader and manager who has customer service in his heart. He inspires others and makes sure our players have a positive and memorable experience when they engage with us. He is also a good person, and that goodness resonates in everything he does.”

Rodriguez joined the Illinois Lottery in August 2017, after almost three years working for the Illinois Department of Labor, first as an office associate and then as a wage claims specialist. A veteran in customer service across industries, he jumped at the chance to join the Lottery’s claims team. “The opportunity to change peoples’ lives in an instant

was too much to pass up,” he said.

He started out his career with ten years in the Air Force, serving at Wilford Hall Air Force Medical Center initially as a patient representative and then as a supervisor, establishing himself as an expert in patient experience matters, even responding to Congressional inquiries on the subject. Rodriguez returned to the medical field a few years later, serving ten years with the University of Illinois Medical Center, where he advanced from patient services to Manager and then Assistant Director of the Center’s Patient and Guest Experience Office. That medical experience is really where he learned how to deal with unhappy customers. “That’s kind of my bread and butter. Most of the time it was just that people felt information was being hidden from them. So I kept the lines of communication open.”

While he sees a lot of happy lottery winners, there are those players – even winners – who are disgruntled enough that he’s brought in to talk them off the ledge. A player might be upset about tax withholding, for example, and it’s usually just a matter of explaining the process in a better way. “The whole concept of getting the customer to understand how things work is the same everywhere.”

Rodriguez is fluent in Spanish, which has served him well

throughout his career, and thanks to his interest in Asian language and culture he is gaining expertise in speaking and reading Japanese and Korean as well. But that’s not all – true to his customer service focus, he can offer greetings (hello, goodbye, thank you and you’re welcome) in at least 20 different languages. And he makes sure if he meets an incoming winner speaking something other than a language in which he is fluent (or nearly so), he tries his best to be able to say “congratulations” in their native language on their way out. “It’s all about exceeding customer expectations,” he said.

Aside from continually expanding his language repertoire, Rodriguez has an eclectic group of interests. He’s a self-described nerd who loves pop culture – think “Star Wars,” “Lord of the Rings,” “Marvel and DC comics. An avid reader, he especially enjoys these franchises in written form, plus Stephen King’s work and the novels featuring Harry Potter and Jack Reacher. Ancient philosophy is a new favorite, so he’s currently reading Marcus Aurelius’ “Meditations.” “It’s really good,” he says of the 2,000 year old work. “I like all kinds of weird stuff.”

Rodriguez shares his life with his wife Aimee and a 12-year-old pit bull terrier named Bella. He also has an adult daughter from a previous marriage.



You've been working with the public in a number of capacities for more than three decades. How have consumer expectations changed regarding their interactions with businesses?

In the 1980s, customers were interested in “customer service” that meant that businesses were only required to provide them with what they specifically came for (e.g. making sure their food was well cooked, or just to write the check in the case of a lottery). Around the early 2000s, customers became more interested in the “customer experience.” They want to remember their encounter with the business for more than just the provision of a product or service. That’s why you go to Disney World, Medieval Times, etc. Lottery customers are no different – they want to be wowed from the moment they buy the tickets to after they walk out of our offices with their checks. It’s up to us to adapt and provide the “lottery experience” they want and deserve.

Big lottery winners increasingly don't want any publicity, so how do you reconcile that with providing a great lottery experience?

Prior to the pandemic, Illinois passed a law allowing winners to maintain their name and municipality of residence confidential if they won more than \$250,000. This led to most customers asking to be anonymous and to decline photos. We have found that the pandemic exacerbated their reluctance to go public. We are taking measures to bring back winners’ interest in sharing their stories; the challenge continues but we will keep researching ways to bring the razzle dazzle back into the experience. It always has to start with impressing a player from the moment they come into the claims center. From the security guard that opens the door to the other lottery employees involved in the process, we have to be all smiles, welcoming them in and offering congratulations. We start the small talk in an effort to really make them comfortable so they enjoy the experience. Of course, we want them to agree to a photo, and sometimes they will when we point out that we just want to show that real people DO win the lottery! Things we’ve done to help move the needle include setting up a photo booth allowing customers to wear masks and

costumes when taking their pictures, providing premium lottery swag to customers who agree to share their story, and allowing winners to share their stories without having to take a photo. It’s still very difficult, but we are always brainstorming ways that we can get more publicity from our winners, while giving them a great experience at the same time.

The pandemic changed a lot of things. From your perspective, what was a big positive impact on the Illinois Lottery?

It definitely improved our claims process. Prior to the pandemic, winners would visit our prize centers on a walk-in basis. If a popularly-played number came up, this meant we’d have long lines for days or even weeks. Customers had to wait inordinate amounts of time to get their checks. Then last summer when we tried to reopen our claims centers after the initial closure from the pandemic, we had hundreds of people lined up outside our Chicago center in 98 degree temperatures. After that, we closed up again to find a new solution, so COVID-19 actually caused us to rethink how customers could be assisted in a safe and orderly manner.

We developed a scheduling system that allows customers to make an appointment to claim their prizes within a few days. It works so well that it is a permanent addition to our process. In developing this system, my hospital experience really helped. One of my specialities is efficiency, and I’m certified with Lean Six Sigma, which has to do with efficiencies in moving customers. Oddly enough, our claims centers would often look like an emergency room – it was a “hurry up and wait” atmosphere. Players could be waiting all day for their turn to claim a prize, and it was a terrible experience for everyone. In our Chicago claims center, we determined that we could process anywhere from 105 to 120 claims per

day, and set up the appointment system accordingly. As it turns out, we are now able to see 154 people in that center every day. Instead of winners rushing to get in line first thing in the morning, now they can reserve a spot (we assign people in 30-minute intervals), show up in that time frame, and typically be in and out in no more than 15 minutes. No lines, no hours of waiting.

It might seem a little counterintuitive, to limit claims by appointment only, but it actually works better for everyone. It helps us manage our resources, and because we can give players the service they deserve, they love it too!

Tell us about your most memorable lottery winner.

It would have to be the \$393 million Mega Millions jackpot winner in August 2017, right after I started here. It was the largest lottery win in the state's history and the story still sticks with me. The winner had never played before and won on the first ticket she ever bought. It just goes to show you that anyone has a chance to win. I asked our team, "does this happen very often?" They replied, "it's never happened - this is the first time someone won this much in Illinois." So that was really cool. All the news stations were there, along with someone from the governor's office. It was a really big deal!

What do you enjoy most about working at the Illinois Lottery?

That's easy - it's the chance to change peoples' lives every day! There are few more satisfying feelings than seeing the joy and excitement in winners' faces when they receive their prizes. I always remind our team of how fortunate we are, as lottery employees, to be part of peoples' pivotal moments.

I also have to say that this is the most supportive environment that I've ever worked in. It almost didn't



feel right when I first started at the Lottery - everything was so great that I kept waiting for the other shoe to drop. But it never did! And we can thank the leadership at the top for

promoting a great working environment, one that has us all focused on our mission to raise money for good causes. ●

The Good, the Bad, and the COVID

Lottery play is down, but spend is up. The facts and myths of COVID-19, and how to get the casual player back.

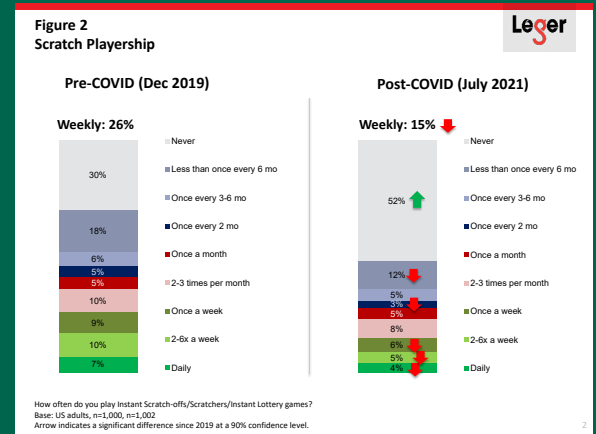
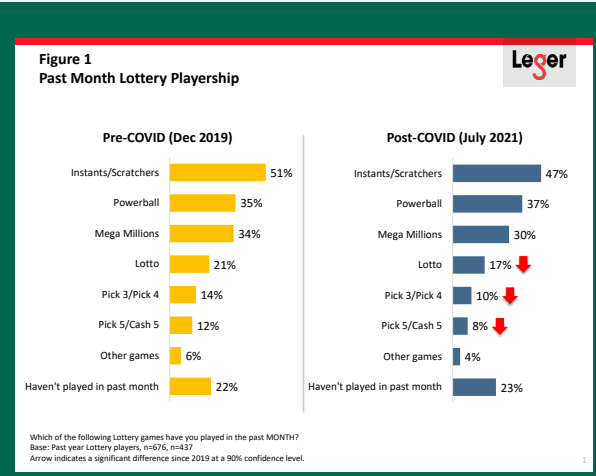


By Simon Jaworski, President, Leger USA

It may seem like a dichotomy, but despite losing past month players across the board, lottery sales in the U.S., driven by an explosion in instant ticket sales, have been off the charts in the financial year July 2020 – June 2021. In contrast, core games such as the daily Pick 3/Pick 4 type of games have suffered more than most from COVID-19, at least to a certain extent driven by players’ fewer trips to their favorite lottery retailers.

Among those surveyed, “past year lottery play” peaked in December 2019 at 68%. In Leger’s latest national U.S. Omnibus in July 2021, this number has fallen to 44%. This is a strong underlying change, and it cannot be stressed strongly enough that those players who are now deemed “lapsed” lottery players should be encouraged back into the fold.

Within the group of past year players, “past month game play” for those who have remained loyal highlights the one fact that has remained solid throughout the past 18 months: Lottery players are creatures of habit (Figure 1). Fifty-one percent of them had played instant tickets in December 2019, and the proportion has not changed significantly (47%) by July 2021. Both national jackpot games have also seen no significant change in play, with Powerball going from 35% to 37%, and Mega Millions down marginally from 34% to 30%. We have seen dips in other games, but as mentioned earlier, this is simply a function of fewer trips to lottery retailers.





Let the gaming resume!

It might look a little different, but it's time to pick up where we left off. Lotteries and gaming operations have adapted well to changes, and though things might not be the same, the future is bright, and we are ready.

We can help you prepare for new technologies and manage and develop the controls you need to keep you secure, compliant, and ready for whatever comes next. Lotteries and gaming are what we do and know.

We provide the industry expertise to keep you moving forward with:

- SOC exams
- Information security reviews
- Risk management
- Technology consulting
- Change management
- Business process improvement
- Sports betting and iGaming controls

Gain an experienced partner by your side who has **proudly served lotteries and the gaming industry for 25 years.**

berrydunn.com/lotteries

Scratch play is easily the most perplexing situation of all. Weekly scratch play (the number of Americans buying instant tickets) is down significantly in the past year and a half, from 26% to 15%, which under normal circumstances would send any business spiraling into panic mode (Figure 2). Thankfully, a number of key factors have come to the fore for instants during COVID-19. As you will see, the combination of an increasing use of lottery vending machines, a move to higher price points, and above all, an unprecedented increase in spend per play, appear to have driven instant sales to record levels.

Let's examine these factors one at a time, starting with the strong and significant increase in spend. Based on Leger's Omnibus tracking in both the U.S. and Canada, it appears the strong increase in spend on lottery is prevalent on both sides of the border, with Canada's increase in lottery spend coming from a larger proportion of their population (11%) when compared to the U.S. (6%) (Figure 3).

Comparatively, both the U.S. and Canada have seen more than 5% of their populations increase their spend on online gambling, and both of these gaming increases, online gambling and lottery, could well be linked to the fact that 14% of both Canadians and Americans claim to have seen their disposable income increase during the COVID-19 pandemic.

However, the spend among U.S. players has increased significantly when compared to their Canadian counterparts, with spend on lottery (among the 6% who increased their spend) up \$45 per week on average compared to 18 months ago. Canadian lottery spend is up \$30 over the same time period, and while that is not quite to the extent of the U.S., the increase comes from a wider base of players (Figure 4).

In terms of instant ticket play by price point, Leger's information shows no significant movements among the percentage of Americans who are playing, with only the \$20 and \$30 tickets increasing their playership percentage since December 2019, albeit not to a significant level (Figure 5).

However, in terms of popularity, one notable trend has arisen during COVID-19, and that is that the \$5 ticket has overtaken both the \$1 and \$2 tickets in terms of popularity. Twenty-nine percent of instant ticket players in the U.S. now have the \$5 as their favorite price point (Figure 6), which underscores the value of ensuring each state lottery has the correct balance of \$5 tickets to ensure they are not losing out of any potential players.

There are a number of other key changes within the industry due to COVID-19, but not all may be apparent

Figure 3
Changes in Behaviors (Canada vs. United States)

The table below shows the percentage of respondents who said the indicated behavior/circumstances increased since the beginning of the pandemic in March 2020.
Base: All respondents

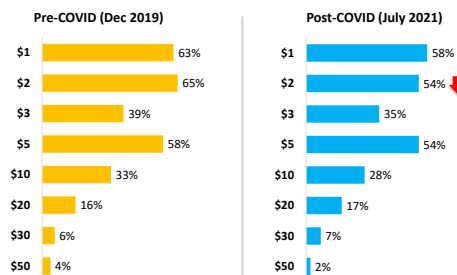
	TOTAL CANADA	TOTAL USA	Gap
Weighted n =	1,542	1,001	
My spending to play lottery tickets like "lotto draws and scratch n' wins" (Canada) or "Mega Millions, Powerball, lotto and scratch-offs" (U.S.)	+11%	+6%	5
My spending on online gambling like sports betting or casino games	+6%	+5%	1
My disposable income in a month	+14%	+14%	-

Figure 4
Increase in Certain Behaviors (Canada vs. United States)

Question: Approximately how much more ...
Base: Respondents who reported an increase in this behavior

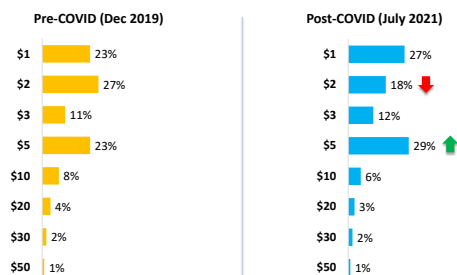
	TOTAL CANADA	TOTAL USA	Gap
...alcohol did you consume? (extra serving per week)	6.3	5.9	0.4
...cannabis did you consume? (extra time per week)	5.6	5.8	0.2
...have you spent gambling online? (additional spending per week)	\$75	\$52	\$23
...have you spent playing the lottery? (additional spending per week)	\$30	\$45	\$15
...weight have you gained? (pounds gained)	16	18.3	2.3
...hours are you exercising? (additional hours per week)	5	6.2	1.2
...disposable income do you have? (extra disposable income per month)	\$262.5	\$203.4	\$59.1

Figure 5
Instant Ticket Price Point Purchase Behavior – Past Year



Which of the following price points for Instant Scratch-off tickets have you played in the past year?
Base: Past year instant players, n=464, n=276
Arrow indicates a significant difference since 2019 at a 90% confidence level.

Figure 6
Favorite Instant Ticket Price Point



Which of the following is your favorite ticket price point?
Base: Past year instant players, n=464, n=276
Arrow indicates a significant difference since 2019 at a 90% confidence level.



BRANDED SCRATCH GAMES | LOYALTY REWARDS | DRAW PROMOTIONS

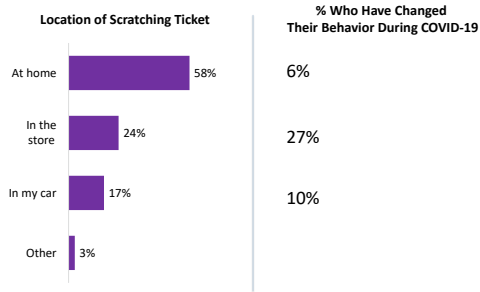
**STUBHUB PRIZES ARE YOUR PLAYERS' TICKET OUT...
BECAUSE NEW MEMORIES DON'T MAKE THEMSELVES!**



ALCHEMY₃

www.alchemy3.com • 770 442-6993

Figure 7
Instant Scratch-off Ticket "Scratching Location"



Where do you usually scratch off your Scratch tickets? Have you changed that normal location since COVID-19 started?
Base: Past year Instant players, n=303

7

on the surface. One very interesting change is the fact that more than a quarter of instant ticket players who previously scratched their ticket in the store have changed their behavior during the pandemic, and have been scratching their tickets elsewhere. This is particularly noteworthy for both the lottery and convenience store industries, who may often benefit from players "reinvesting" their winnings whilst in the store itself, either on other lottery products or combined with other goods within the store (Figure 7).

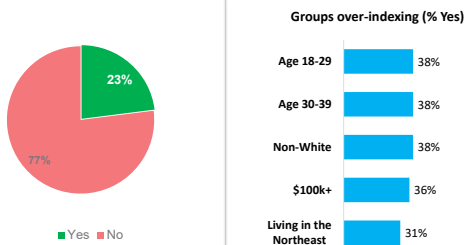
Within Leger's tracking studies across the lottery industry, one trend has become abundantly clear over the past five years – lottery players who utilize lottery vending machines spend approximately 20% more than players who use the store clerk. During COVID-19, Leger has also kept track of the proportion of players using lottery vending machines, and to nobody's surprise, usage rates are up. With less human-to-human contact being encouraged, especially at retail stores (the now defunct yet still infamous "6ft gap" signs on the floors of stores remain in most locations even today), players have turned to vending machines as a source of security and ease.

Perhaps the biggest movement during the pandemic has been the fact that 23% of past year lottery players are now using lottery vending machines more than their pre-COVID use (Figure 8). And the 23% increase doesn't begin to tell the story, as underneath the total, three core groups are really driving vending machine play up – younger players (18-39) at a 38% increase, non-white players, again a 38% increase, and higher income players (\$100k households and up), at 36%.

The only exceptions to the growth in use of lottery vending machines have come in weeks with large national jackpots (Figure 9). During two weeks in particular (Weeks 31, Week 42), we see a bump of around 5% additional Americans purchasing from the store clerk. This leads to a logical conclusion that these are the more casual/lapsed players, who no doubt still have barriers to using the vending machine (intimidation of the machines, holding up a line of players when they have little experience using the machines), and instead default to what they know – that the store clerk will help them buy their lottery tickets.

This finding alone illustrates one way the lottery industry, in partnership with lottery retailers, could potentially reach those casual or lapsed players – through the trusted lottery clerk – as COVID restrictions are relaxed (and most stores were getting back to normal business at the time of writing in mid-July). Could there be renewed training for store clerks, or promotions run to ensure lottery is mentioned more frequently by the store clerks on a daily basis?

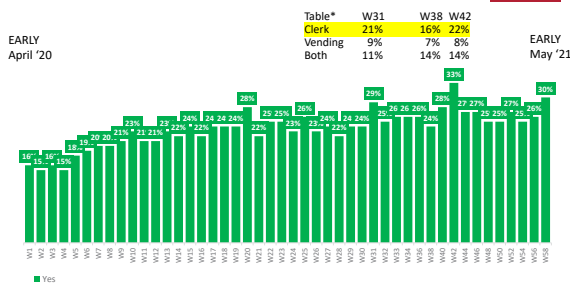
Figure 8
Are you using the lottery vending machines more now than before COVID-19?



Base: Past year lottery players, n=455

8

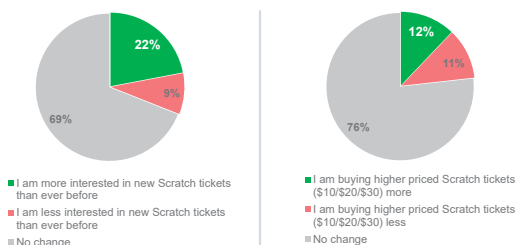
Figure 9
Store Visitation and Store Clerk/Vending Play



Are you planning on visiting your local store to buy lottery tickets during the pandemic? (Chart)
*During the crisis, will you buy lottery tickets from the store clerk, the vending machine or both? (Table)

9

Figure 10
Interest in New Instant Tickets / Higher Price Points



Thinking about your Lottery Scratch play before COVID, and your Lottery Scratch play now, how has it changed?
Base: Past year Instant players, n=303

10

LETTER FROM THE CEO

To all our clients and partners around the world,

The pandemic has been difficult for all of us in the gaming, lottery, and hospitality industries, compelling us to reinvent our businesses overnight, while dealing with the loss of loved ones and battling the emotional hardships that will leave a lasting impact on us and our families.

Though 2020 was one of the most challenging times for our industry and the world, I'm excited that we have been able to take the steps necessary to return to a more normal life. Personally, I've taken this time to reflect on our business, ensuring that our global team of 1,200+ advisers, testing personnel and security team members continue to serve you and your shifting needs. Since our founding in 1989, GLI has always focused on helping our clients thrive, no matter the circumstances. Working with you to solve difficult problems and create growth and success is what drives us; it's in our DNA.

During the pandemic, we recognized that clients needed not only a trusted testing lab, but a strategic adviser to help them evaluate and capitalize on new opportunities across the globe. We were quietly ready to help. We helped clients transition to cashless technologies and pivot into new global iGaming and digital markets at an accelerated pace. As global cybersecurity threats reached an epic level, Bulletproof, a GLI company, worked tirelessly to provide security services to clients including security and penetration testing, security audits, end-to-end network security, and 24/7/365 monitoring. As an industry, we've learned a lot and should be proud of our collective agility.

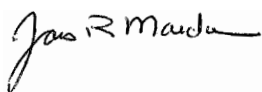
As we emerge from the pandemic and shutdowns, we are ready to expertly help our 480+ regulatory and lottery clients, as well as operators and suppliers to understand new legislation, regulations and cybersecurity requirements. We've reinvigorated our end-to-end compliance and testing road map to better accommodate all your needs, from the earliest quality assurance tests and user acceptance testing, straight through to final compliance certification. We've also reshaped our leadership team for the GLI of tomorrow with an even greater focus on client partnership, world-class service delivery, and team member growth and engagement.

Our global team of advisers and testing personnel has been hard at work preparing for what's next. We can leverage decades of experience to help you achieve your goals—no matter how big or small, or how unique the challenge. At GLI, this has always been our core mission, and as we look toward the future, it will remain our ongoing promise to you.

Simply put, we're ready whenever you're ready.

I cannot thank our clients and partners enough for your continued collaboration and trust as our industry returns stronger than ever.

Sincerely,



James Maida

Retail notwithstanding, two more interesting data points offer potential lottery-driven solutions to help instant ticket sales remain buoyant in FY22 (Figure 10). Twenty-two percent of instant players are “more” interested in new scratch tickets than ever before, compared to only 9% who expressed “less” interest. It appears imperative that lotteries ensure that new scratch tickets enter the marketplace on a more frequent basis, and when they are launched, that as many players as possible are made aware. The second fact is that 12% of scratch players are playing more higher priced tickets (\$10, \$20 and \$30) than ever before. Is there a case to be made for more tickets within these ranges, at the higher \$50 level, and even at (don’t say it, Simon...) the triple-digit scratch ticket level?

Ultimately the lottery industry is in the healthiest state it has ever been in terms of revenue, particularly

in the instant ticket realm, but the real test will be over the next twelve months. Based on Leger’s research in the past year, the following four questions are the ones that appear most urgent in answering in order to help guide continued success for the lottery industry:

1. Can state lotteries and their vendor partners woo back the casual/lapsed players, to widen the base?
2. Will the higher-spending scratch players move more of their disposable income back to other forms of entertainment as COVID restrictions are relaxed across the country, and what can lotteries do to prevent this happening?
3. Can iLottery become another revenue stream sooner rather
4. What can the lottery industry do as a whole to innovate with new products, to ensure the next generation of players are excited to venture into lottery products on a regular basis?

If U.S. and Canadian lotteries can utilize their research budgets correctly, and ensure their key analytics answer the four questions above, the boom year that lotteries experienced in 2021 may continue well into the future.

Trust me, I’m a researcher. ●

THE NASPL ANNUAL CONFERENCE

Coming this October

Live from your Desk!

www.naspldeskcon.com

NASPL
DESKCON21





TO OUR LIVE SPORTS DRAW GAMES
Draw games featuring the most iconic brands in sports today.



TO OUR INTEGRATION HUB
Save time & money on 3rd party integrations.

EQL GAMES

GET CONNECTED.

For more information on our offerings, visit www.EQLGames.com.



TO OUR SECONDARY DRAW SYSTEMS
Develop & implement draw games more efficiently than ever



TO OUR MOBILE APP PLATFORMS
Enhance your players' live sports lottery experience.

Prioritizing Player Health in a Digital World

By Marlene Warner, Executive Director, Massachusetts Council on Gaming and Health

Whether your lottery is determining how to go cashless, how to incorporate a digital interface with traditional products, or how to analyze demographic data to best utilize geofencing to draw current and potential customers into lottery sales, there is no denying that the future of the lottery is through a screen.

What has been less clear is what this changing landscape means for customer service and the health and well-being of players when screens replace people in this technological reality.

Here are some important considerations in the attempt to square up the customer experience with the digital environment in traditional retail locations:

Know Your Customer (KYC). One of the hardest things to do is to know exactly who is buying your products and why. However, that is an important aspect not only for future marketing, but for providing appropriate guardrails for lottery products and retailers. Steps to offer customized and appropriate experiences should be taken. These include, but are not limited to, things like: reminding players that gambling on more than two types of games can be high risk; that they should take breaks and set spend, time and win limits; and that they should balance gambling with other leisure activities. It is important to tailor the messaging to specific population groups and that this be based on the most current research. We know from research that people of color, young men, and veterans are all at higher risk. There are many ways lotteries can reach their players, such as VIP clubs, player advertising displays at the point of purchase, mobile devices, and digital and print materials. And as more lotteries

adopt digital menu boards and other large digital displays at retail, there is more opportunity than ever to tailor messages to customers at all points of contact.

Interaction Sells and Remedies. People enjoy interaction. And if they can't get it from another person, many will want a simple and short way to interact at a terminal. Consider having retailers, your claims staff and/or your sales teams equipped with a question or two to help players better understand how their play or gambling literacy compares with others either at that terminal, in that state or even nationally. It will help provide perspective, and may give them information along with the opportunity to adjust their gambling to a more appropriate level or amount. Data helps drive personal informed decision making. Additionally, consider trying to capture some of this data in an anonymized way and make it available to researchers; their review, analysis and further research can only help build the scholarship on effective digital interventions.

Information = Power and Action. Speaking of information, people have come to expect technology to monitor and offer feedback on their decisions and actions. We live in a world where we wear exercise and food trackers, have apps that tell us how much time we've spent on screens and at work, and can even choose financial institutions that can help categorize the ways we're spending our money. It may soon be expected that the same would apply to lottery play. Offer players an opportunity to opt in to money, time and behavioral tracking through programs on digital retail and online platforms.

Evaluation is Paramount. It is not enough to offer digital education, personalized data or interactive platforms – you must also evaluate them. Focus groups are essential before launching these types of digital tools in order to set key performance indicators and evaluate the efficacy of these tools on at least an annual basis. It is also important to share the results of these tools with your players and how you plan to improve and expand upon them. In addition, utilizing research in partnership with your own data will provide an effective feedback loop for program development and improvement.

Gamifying Healthy Decisions Works. An essential thing to remember is that players have come to you to play. Use that as a basis for the way that you offer some health-centered messages about their gambling. Make games on terminals and/or lottery applications a place where they can get gamified and fun interactions with otherwise complex public health information.

Use Online Tools Already Available. There are so many online apps that already exist to help people – direct players to them! Think about tools such as Gamban, therapeutic apps, realtime recovery apps, and online voluntary-self exclusions.

The diversity and number of lottery retailers have traditionally been the biggest struggle for lotteries attempting to promote responsible gambling. Now that sales are rapidly moving to digital spaces, this is a tremendous opportunity to add player health to those same initiatives and efforts. At the same time, technology enhancements at retail can provide new ways to reach traditional customers. ●



Retail. The New Digital Channel.

Optimize lottery retail with **networked digital signs** to **fit any retail channel** or trade style.

The right **content**. The right **time**. The right **place**. Auto-populate displays with **hyperlocal** content.

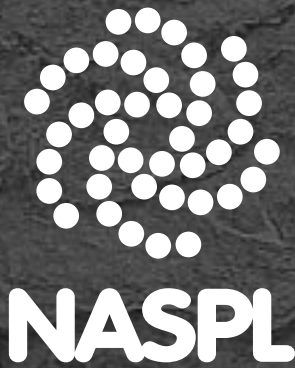
15 lotteries are already using Carmanah's **digital signage** technology to **increase sales** at retail.

carmanah

 A DIVISION OF
STRATACACHE signs



All About NASPL



As the North American Association of State and Provincial Lotteries (NASPL) continues to mark its 50th year of service to the lottery industry, we'd like to welcome the 13 new lottery chief executives who have assumed their roles over the past 12 months. Listed on page 26, a few are industry veterans who were already serving their lotteries in other capacities, but many are newcomers to the lottery world. They bring in new outlooks and new ideas, and continue to learn about the industry they now serve.

For them, and for others who might want a refresher course in what NASPL does, here is a brief summary of the association and how we work within the lottery industry. A lot has changed over the past 18 months, but our core mission remains the same – to assemble and disseminate information and benefits of state and provincial lottery organizations through education and communications, and where appropriate, publicly advocate the positions of the association on matters of general policy.

History

NASPL was founded in 1971 and has evolved from an informal exchange of information among three pioneering lottery directors (Edward Powers, New Hampshire; Ernest Byrd, New York; and Ralph Batch, New Jersey). The organization has grown into an active association representing 53 lottery organizations across North America.



Ralph Batch



Ed Powers



Ernest Byrd

NASPL Functions

- To provide a central information source so that the lottery industry might share with others its expertise, resources and advice.
- To facilitate communication among lottery organizations regarding development of industry standards and matters of mutual interest, particularly those which relate to the integrity, security and efficiency of state and provincial lottery jurisdictions.
- To educate and train lottery staffs.
- To initiate a vehicle for professional and industry research and development.
- To promote recognition of the importance of maintaining public confidence and support for state and provincial sponsored lottery organizations as a means of generating revenue to meet public needs.
- To establish a public, united voice on common causes and issues.



NASPL Welcomes New Lottery Chief Executives

Arkansas Scholarship Lottery
Eric Hagler

Atlantic Lottery
Patrick Daigle

British Columbia Lottery Corp.
Lynda Cavanaugh

DC Lottery
Ridgely Bennett

Florida Lottery
John Davis

Kentucky Lottery
Mary Harville

Loto-Québec
Jean-Francois Bergeron

Maryland Lottery and Gaming
John Martin

Mississippi Lottery
Jeff Hewitt

Montana Lottery
Scott Sales

Ontario Lottery and Gaming
A. Duncan Hannay

Rhode Island Lottery
Mark Furcolo

Vermont Lottery
Sabina Haskell

What Makes Us Non-Profit?

NASPL is a corporation with an IRS designation of non-profit 501(c)(6), which is assigned to business leagues and trade organizations that are not organized for profit and that serve to support the interests of a membership.

Why Is NASPL Necessary?

- NASPL is the principal information hub and education provider for the entire North American lottery industry.
- In the area of government relations, NASPL is the voice of the industry when it comes to national issues.

How Is NASPL Structured?

Members – Each of the state and provincial lotteries; all U.S. and Canadian lotteries are members.

Associate Members – Companies contracted to create lottery-related products and services (the vendor community). This membership offers industry vendors unique access to and visibility among NASPL's 53 lottery member organizations and brings them closer to customers, potential customers and even competitors. Membership allows for unprecedented networking and marketing opportunities, participation in various educational events and access to NASPL's professional staff for assistance in industry research and advanced marketing opportunities and strategies. An Associate Membership is also a way for an organization to be "at the table" to hear about the key issues affecting lotteries and how we can better service and grow our industry. Some Associate Members may be invited to appear on committees and task forces on emerging issues related to their expertise in the gaming industry.

Executive Committee – The general supervision of the affairs of the Association is overseen by an 11-member Executive Committee. These officers, nominated and elected by the membership, uphold their duties as outlined in NASPL's Bylaws. They include four Regional Directors elected from their own regions; regions are selected and approved each year to be as balanced as possible with regard to the number of members in each region. The current Executive Committee members are:

NASPL 2021 Executive Committee



President
Gretchen Corbin
Georgia Lottery Corp.



First Vice President
Sarah Taylor
Hoosier Lottery



Second Vice President
Cindy Polzin
Wisconsin Lottery



Treasurer
Marcus Glasper
Washington's Lottery



Secretary
Kevin Hall
Virginia Lottery



President
Interprovincial Lotteries
Isabelle Jean
Loto-Québec



Immediate Past President
Charles McIntyre
New Hampshire Lottery



Region I
James Carey
New Jersey Lottery



Region II
Rebecca Paul Hargrove
Tennessee Education Lottery



Region III
Brian Rockey
Nebraska Lottery



Region IV
Barry Pack
Oregon Lottery

Committees and Subcommittees

Other important committees, standing or special, are appointed by the President as deemed necessary to carry on the work of the Association. Today we have 11 active committees, all working hard to move the industry forward in their respective areas of Government Relations, Sports Betting, Business and Product Development, Vendor Relations, Retail Modernization, Responsible Gambling, Internet, Video Lottery, Communications, Legal, and Research. Specialized subcommittees are engaged when necessary.

And, of course, we also have your hardworking NASPL staff. Like most of you, our team of nine dedicated, full-time staff has been working remotely, but we are starting to return to the office. Regardless, we're here and committed to serving the industry, especially as we all navigate through a new normal.

Resources, Events and Training

A wealth of lottery industry information is housed on the NASPL Matrix, a password-protected site that includes just about everything NASPL produces. Among the items accessible on the Matrix are tools and resources for responsible gambling, archived conference presentations and webinars, past Batchy and Hickey award winners, white papers and research (conducted by NASPL and by others in the industry), standards and best practices, job postings and RFPs. The NASPL Resource Index, also hosted on the Matrix, contains a comprehensive compilation of statistical data and useful information about every North American lottery organization, including sales, beneficiary contributions, retailer counts and more.

The public-facing website at www.naspl.org offers a variety of general information about the lottery industry, and archives of our bi-monthly magazine *Insights* are also available here. *Insights* is distributed in an electronic format every two months, and is supplemented by our e-newsletter *Insights Weekly*.

In response to the pandemic, in 2020 NASPL created *Insights Direct*, a webinar series designed to keep to our mandate of providing continuing education for our members at a time when in-person events had to be curtailed. That series will continue going forward even as we return to in-person events.

Next year, we expect to return to a full schedule of conferences, which include:

- **Lottery Leadership Institute**, designed to help build the next generation of industry leaders; held each April.
- **Professional Development Seminar**, a unique summer event that brings together industry employees across major operating disciplines, allowing for in-depth peer-to-peer discussions to share ideas and move the industry forward.
- **NASPL Directors' Meeting and Dialogue**, held in late spring.
- **NASPL Annual Conference and Trade Show**, our signature event each fall that provides strategic educational sessions, along with networking and opportunities to meet one-on-one with industry vendors on the trade show floor. For 2022, NASPL joins with the World Lottery Association for a combined event, the World Lottery Summit in Vancouver, October 16-20.

Virtual versions of all these events are being held this year, including our second virtual annual conference, Deskcon, scheduled for this October.

Other Programs

The NASPL Standards Initiative is a collaborative effort between lotteries, vendors and retailers to provide common standards and communication protocols based on open technical standards, approved best practices, certification (vendors) and verification (lotteries). The NSI Certification and Verification Program encourages and facilitates the adoption and implementation of NSI Best Practices and Technical Standards by lotteries, lottery industry vendors, retailers and other lottery industry expert organizations that provide software, hardware or services to lotteries. The program provides formal recognition of an organization's conformance to an industry Best Practice or Technical Standard.

NASPL and the National Council on Problem Gambling (NCPG) have combined to offer a responsible gambling verification program for lotteries. Now in its sixth year, this program provides third-party assessment of a lottery's responsible gambling efforts, with verification offered at the Planning, Implementation and Sustaining levels.

As you can see, NASPL is your association, providing a wide variety of valuable information and services to our members. Reach out to us at any time if you need any assistance. ●





Coming this October..

THE **NASPL**
ANNUAL
CONFERENCE



Coming this October

Live from your Desk!

www.naspldeskcon.com



Forty Years of Giving Back

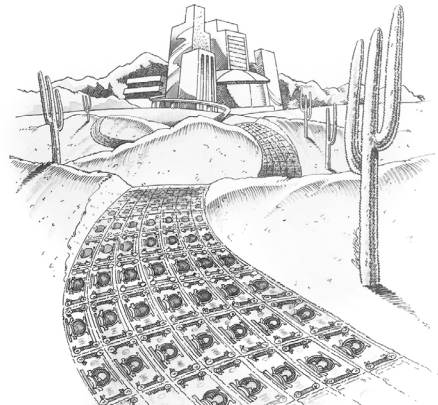
The 40-year-old Arizona Lottery has recently been on the cutting edge of sales and product development, and its Gives Back sponsorship program amplifies the Lottery's positive impact in the community.

By Patricia McQueen





Lottery dollars go farther every year to help Arizona.



A path of dollars would reach from Phoenix to Tucson nearly 80 times with just 9 months of Lottery funds.

The Lottery generated that much money in sales during the past 9 months alone. Over 91 million dollars. That's 40 million more than we earned in the same 9 months last year.

Along the way, we've made lots of people big winners, since the largest share of money goes for prizes. But the biggest winner is you. Because we've enriched the entire state with over 27 million dollars in the past nine months for some very worthwhile improvements, like

aiding local transportation in our biggest cities and smallest towns.

In 1986, Lottery earnings may be a record high. Which means big money for big new projects. Like improving the state of the arts, sciences, and education. Because this year up to 10% of Lottery money going to cities and towns is available for these cultural programs when matched with funds from private sources.

We're on the road to a greater Arizona. And getting better mileage every year.

ARIZONA LOTTERY
It's working for Arizona.

RICH MEMORIES.

\$185,000,000 worth of fun and fortunes in just two years.

Lottery prizes have won over eighty five million dollars since July 1st, 1981. Some of these people have walked away with incredible amounts of money from one scratch-off game. Some have become millionaires. And many have won big prizes every day. Scratch-off games are fun and exciting. They offer all your favorite scratch-off prizes. You can win up to \$25,000 instantly. And you can win big prizes every day. Scratch-off games are fun and exciting. They offer all your favorite scratch-off prizes. You can win up to \$25,000 instantly. And you can win big prizes every day.

\$45,000,000 worth of added revenues for the state.

Make the Lottery part of your 4th of July fun.

ARIZONA LOTTERY

Lotteries have a lot to crow about when it comes to the revenues they provide for good causes, no matter where the money goes – education, economic development, environmental services, senior programs, or even a general fund. While most lotteries have just one or two beneficiaries, Arizona Lottery revenues fund numerous programs and organizations. There are 18 at the present time, representing four key areas: **higher education, health and human services, the environment, and economic and business development.**



Arizona Lottery at a Glance

	Scratchers Sales	Pull-Tab Sales	Draw Game Sales	Total Sales	Total Prizes	Net to Beneficiaries
FY 2021*	\$1,109,833,567	\$11,994,834	\$317,546,105	\$1,439,374,506	\$977,062,474	\$260,000,000
FY 2020	848,409,616	8,052,108	241,497,913	1,097,959,637	737,910,188	226,143,664
FY 2019	750,278,323	9,913,704	316,597,992	1,076,790,019	706,491,066	230,361,078
FY 2018	710,886,936	8,713,206	261,777,702	981,377,844	647,652,599	211,913,799
FY 2017	632,781,377	7,751,982	211,471,263	852,004,622	551,057,536	198,099,309

* Preliminary results; audited numbers not available until October 2021

Current games:

Scratch tickets: About 52 new games per year; \$1, \$2, \$3, \$5, \$10, \$20, \$25 and \$30

Instant tabs (pull-tabs): Sold at bars, restaurants and charitable organizations; price points from \$0.25 to \$2.00

Terminal games: Powerball, Mega Millions, The Pick, Triple Twist, Fantasy 5, Pick 3, Fast Play

Vital statistics:

Number of employees: 88 employees plus 20 contract positions

Number of licensed retailers: 3,400

Vending equipment: 1,800 full-line self-service machines

In its 40 years of operation, the Arizona Lottery has transferred nearly \$4.7 billion to these beneficiaries. Among the current recipients are:

- Heritage Fund, now in its 30th year of Lottery funding, which focuses on things like species recovery programs and habitat conservation;
- University Bond Fund, now in its 12th year of Lottery funding, which finances capital improvements at the state’s three universities;
- Healthy Arizona, now in its 18th year of Lottery funding, supporting vulnerable children and families;
- Court Appointed Special Advocates (CASA), now in its 31st year of Lottery funding, which provides volunteer voices helping children caught up in the courts system;

- Arizona Competes Fund, now in its 12th year of Lottery funding, which helps attract or keep businesses in Arizona; and
- State of Arizona General Fund, funded from the Lottery’s inception, which pays for a wide variety of programs and services including K-12 education, public safety and emergency services.

With so many entities benefiting from Lottery proceeds, “it’s an interesting challenge to be able to tell the story of the Lottery’s impact and to be able to get people to understand what our purpose is all about,” said Executive Director Gregg Edgar. “But in the end, we help a lot of important programs, so it’s been an amazing 40 years’ worth of work going on at Arizona Lottery!”

When he was first asked by the Governor’s office to be the Lottery’s Executive Director in early 2016, it really surprised him where the proceeds went. “Like everybody, I thought that the money just went

to education. That would have been great, but when I saw all the programs that were impacted, I was astonished!” He knew he could apply his marketing and communications background to better take advantage of what the Lottery was all about.

More Giving Back

So Edgar hit the ground running, raising awareness about the Arizona Lottery to an art form. He started by working with his team to revamp a community sponsorship program for Arizona non-profit organizations around the state, one he felt didn’t go far enough. “We knew we could make it more impactful in our community.” So they upped the ante – creating larger sponsorships from the marketing budget that can really make an impact, focusing on organizations that relate to the Lottery’s four beneficiary groups. Most are in the \$10,000 to \$25,000 range, but on occasion they can reach \$50,000 or even \$100,000.



The “Gives Back” Impact

One of the many non-profit organizations benefiting from the Arizona Lottery’s Gives Back sponsorships is the Central Arizona Shelter System (CASS), the largest homeless services provider in the state. “The Lottery has helped us raise significant awareness about the homeless crisis, and especially about the growing number of senior citizens becoming homeless,” said CASS Chief Executive Officer Lisa Glow.

She explained that the Lottery has done things such as public awareness stories and event sponsorships to help spread the word about what’s happening with the homeless. “Raising awareness is a huge first step to solving problems, but they’ve also backed it with resources to help us.”

Those resources come in the form of Lottery “Gives Back” sponsorships. Since 2010, CASS has received more than \$200,000 in revenue in this manner, including an emergency \$50,000 sponsorship last year shortly after the pandemic began. There was a desperate need for daily professional cleaning, cleaning supplies, staff overtime, pandemic sick leave, etc., for the 470-bed shelter that CASS runs. “We were in crisis, and the Lottery came forward really quickly to help us,” said Glow.

Last year CASS developed Project Haven, a hotel that separates the homeless seniors who are most vulnerable to COVID-19. Funded mostly by CARES Act programs, the hotel was instrumental in supporting seniors; given Project Haven’s success, amplified by the Lottery’s messaging, CASS has received additional state and donor funding to buy a permanent facility.

Glow noted one unique fundraiser last fall, a locally-broadcast telethon. The Lottery’s Gives Back sponsorship of the event helped motivate others to call in with their donations. The telethon brought in more than 300 donors that had never heard of CASS before, and it raised a total of \$98,000 due in no small part to the Lottery’s sponsorship and visibility.

In fiscal 2020, a total of \$410,000 from the Lottery’s marketing budget was spent on these “Gives Back” sponsorships. That includes emergency funds sent to the Central Arizona Shelter System (CASS) to help them address the pandemic-enhanced needs of the homeless community (see sidebar). Another sponsorship was to the Arizona Association of Foster and Adoptive Parents, which put bicycles and other recreational items into the hands of vulnerable children locked down at home during the pandemic and unable to get out and go to school. And Gives Back dollars also helped raise awareness and funds for Local First Arizona’s efforts to keep small businesses afloat through micro loans.

The Lottery also works with some of its larger retail partners in choosing Gives Back sponsorships, furthering relationships with those partners. For example, Circle K raises funds for United Cerebral Palsy of Arizona through in-store collection boxes. The charity recently faced a budget cut so it couldn’t fund special therapy

and training programs for children up to five years old who have hearing impairments. “We thought a sponsorship that provided scholarships for these children would be a win-win situation,” explained Edgar. “We made an important connection with a major retail partner while we funded 60 scholarships for kids to go through this training. The impact in the community was phenomenal.”

With all of these Gives Back programs, the Lottery works to amplify their impacts by using the Storytellers Project, a Gannett initiative utilizing a series of videos. “It’s all about getting that understanding out into the community about the good that we do with the Lottery.” The human interest stories are picked up on local news media, and that earned media is priceless. “From a marketing standpoint, it’s a home run,” noted Edgar.

A Marketing Shift

While the Lottery has clearly put its marketing muscle behind the Gives Back program, there

is also a strategic emphasis on marketing the games, one that has changed focus in recent years. When Chris Rogers came on board about five years ago, the Deputy Director of Marketing and Products saw all the great brand work that the Lottery had done with good use of traditional media advertising. But he also recognized the potential of changing the strategy. “We definitely realized there was a big opportunity for us to shift some of these dollars more to the retail environment. By and large, many of our players look at lottery as an impulse buy, and awareness at point of purchase makes a big difference.”

There was an expansion of advertising on in-store Lottery InMotion displays, for example. But even more importantly, there was the addition of messages in other areas of retail, such as floor clings, advertising above soda machines and on grocery carts where applicable, and on some of the big digital video displays in some stores. “It’s about getting our messaging throughout the shopping experience, even where lottery might not be located in the store, to generate more awareness,” explained Rogers. “This strategy has helped us get to the consumer further down in the purchase cycle, and we’ve had good results.”

There has also been an emphasis on player engagement beyond the purchase, with all promotions tied to the Lottery’s Players Club loyalty program based on earning and using points and participating in promotional drawings. The Club currently numbers about half a million members, with about one-third of them active in any given month. Best of all, members tend to be younger than the Lottery’s overall player base.

By expanding use of social media and livestreaming, the Lottery has been able to keep players engaged in new ways after the purchase. And true to its nature, during the pandemic many of those efforts offered



A Costco ticket display

giveaways for first responders, teachers and people in the service industry. “It just feels good to be in a position to be able to help,” said Rogers. But even before the pandemic, the Lottery’s annual holiday livestream, a variety show format hosted by mascot Windfall Willie, was produced to raise money for a specific beneficiary each year.

He added that the Gives Back program is also a key player engagement strategy, especially with young adult players. “The stories get very granular and resonate with our players because they detail how our money is spent and subsequently how we are helping individuals.”

There has also been a renewed emphasis on retail partnerships beyond having an in-store advertising strategy. Rogers noted that so many retailers have seen specific revenue streams that require in-person purchases erode due to consumers shifting grocery purchases online, exacerbated by the pandemic. “I believe retailers are looking at lottery in a completely different manner than they did two years ago. They are seeing the value of the incremental purchase lottery can bring.” Promotions that combine lottery and consumer products are “great ways

to demonstrate the value that lottery as an industry can bring to the retail environment. We just don’t want to be there as a product, we want to be a true partner.”

Retail Innovation

The retail environment is more important than ever for the Arizona Lottery in light of recent amended tribal gaming compacts that lock the Lottery out of online sales for the foreseeable future. It has to find growth opportunities within allowable space, and that means getting lottery products into new retail categories and into new places within existing categories. That need has taken Arizona to the forefront in the industry as one of the pioneers in recent in-lane sales innovations and other efforts to get into new environments.

Indeed, the Lottery has been busy on several fronts. Special packages of Scratchers were first offered at local Costco stores in time for the 2017 holiday season – an industry first. QUICKCARD tickets for Powerball and Mega Millions are sold in Fry’s (Kroger) grocery lanes and in CVS and Dollar General stores, with more locations to come. Scientific Games’ SCiQ instant ticket system is being used in several convenience stores, and SCiQ Inlane is currently being piloted at Fry’s stores in the in-lane environment. And there are new projects underway with Costco and Abacus to add draw games to the mix in the warehouse stores. “Necessity is the mother of invention” for all of these efforts, noted Edgar.

What can attract some big retailers to lottery for the first time are the revenues served up to beneficiaries and other efforts by lotteries to enhance their local impacts. In the case of Costco in Arizona, “what sold them the most was what we do in the community – they love our Gives Back message,” said Edgar, who credited his staff for accommodating

We've been busy.



\$50 Million Series C

Our \$50 million funding round paves the way for new states, product innovations, and partners.



Responsible Gaming Certification

Jackpocket earned iCAP certification from the National Council on Problem Gambling for the second time.



Google Play

Big news for Android users. Jackpocket is now available on Google Play in New York State.

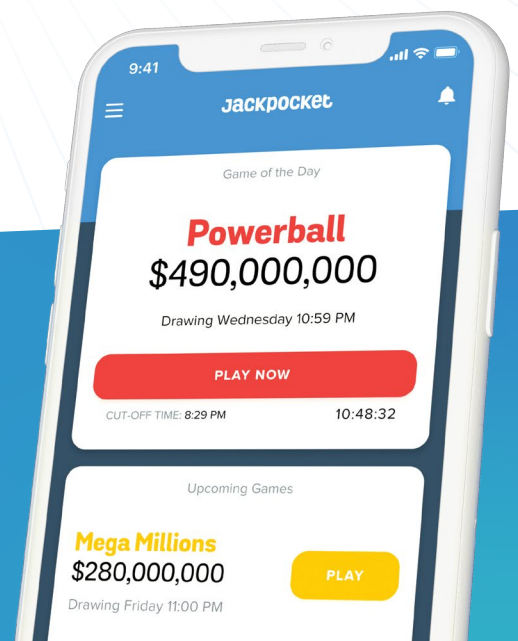


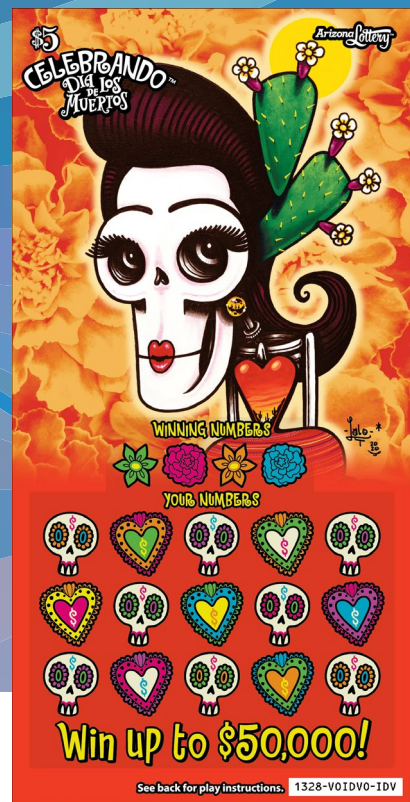
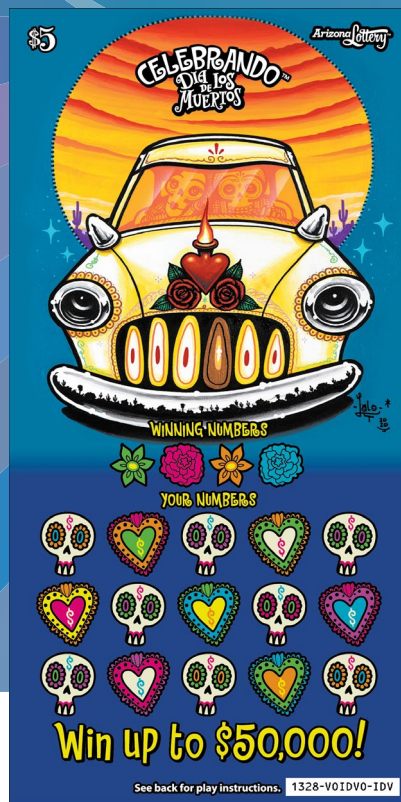
\$40,000,000 in Winnings

Best for last? Jackpocket players have hit the \$40 million mark in prize payouts!

Jackpocket

New York • New Jersey • Texas • Arkansas
Colorado • Minnesota • New Hampshire
Ohio • Oregon • Washington, D.C.





Costco to get those first Scratchers tickets into the stores. “Everybody was very excited about the opportunity that Costco presented. I was excited to be among the first lotteries in, and it’s been a great partnership.”

Tweaking the Games

Beyond retail expansion, there have to be good games. Rogers noted that in FY21, Scratchers sales exceeded \$1 billion for the first time; those games account for anywhere between 75% and 80% of sales. He explained that while Arizona offers some games you might see in other jurisdictions, there’s also a lot of customization for the local market. One example is the Dia de los Muertos series of tickets, designed by local artists. Player research also is utilized in game design, even helping tweak such stalwart games as Crossword. “Even though Crossword is a legacy product and many people might not think there’s room to innovate, I’m very proud of what my team has done by listening to our players and

making incremental adjustments.”

There has been a lot of work on prize structures, and one of the more significant changes has been to put a little more money into chatter prizes. “We love to see people win, and we love to see people get value out of the games,” said Rogers. “One thing we’ve learned from our prizing studies is that players are not asking to win the top prize all the time. They are just looking to win more than the face value of the ticket. Those types of tweaks have been valuable to us.”

As for draw games, he’s looking forward to the addition of a third weekly draw for Powerball, noting that Sunday is typically the Lottery’s slowest sales day. “I think Monday draws will help with sales on both Sundays and Mondays.” He’s also a fan of Powerball promotions such as the First Millionaire of the Year on Dick Clark’s New Year’s Rockin’ Eve. “It’s nice to be able to have those kinds of things and I hope to see more of that in the future.”

The national games are important for lotteries because they have

strong brand power and are the only games that can create the incredible jackpots and the related excitement, noted Rogers. “When those jackpots start to roll, they certainly do create a service for the industry.” But at the same time, he sees some players shifting their behavior away from spending on these games. “Their mindset is that there’s just not enough winning opportunities, and I do think we need to fix that. Personally, I’d like to see more winners at a significant level across the board, so maybe instead of having a \$500 million jackpot, there might be five \$100 million winners.” Or maybe there’s an opportunity to adjust the games so that with each draw there could be 50 or more \$1 million winners across the country, which would be a public relations gift. “As an industry, we have the ability to do that and should make it a priority.”

For the Arizona Lottery’s own games, there has been success with Triple Twist, a \$2 daily draw game launched in January 2019 that complements the other daily games



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

+31%

increase in reported
lottery sales after
running ads with GSTV

68%

of GSTV viewers
will head into
the c-store today

6

GSTV viewers buy an
average 6 lottery
tickets each month

1 IN 4

GSTV viewers purchased
Powerball and/or Mega
Millions lottery tickets



Reaching **1 in 3** American adults, GSTV
engages **92 million unique viewers** monthly in
200+ DMAs with full sight, sound, and motion
video across **tens of thousands of fuel retailers.**

    VISIT [GSTV.COM/LOTTERY](https://www.gstv.com/lottery)

GSTV IS A PROUD MEMBER OF NASPL

NICK YACOBUCCI
NICK.YACOBUCCI@GSTV.COM
313.580.0600

Fantasy 5 and Pick 3. “Draw games are an important way for us to deliver more revenues to our beneficiaries because of how profitable they are.” And in Arizona, players of these games are typically older and more affluent, which will always be an important consumer group.

Something Completely Different

That said, Arizona is working on some completely new game concepts to add to the portfolio, ones that will hopefully attract new and younger players. “Innovation” is a term sometimes tossed around a little too loosely, but there is some out-of-the-box thinking going on in the state. The Lottery is prohibited by law from offering Keno to its full retail base, so it is readying a new product called Quick Draw. While other lotteries use that name for their Keno game, Arizona’s Quick Draw will be a different product entirely.

When fully developed, Quick Draw will consist of 16 separate draw games, all with different themes, play styles, bonus opportunities and more. Each will be drawn no more frequently than once per hour with a different game drawn every four minutes. “It’s a way for us to develop a social gaming component in our portfolio, that works at traditional retail as well as expanding our reach into bars and restaurants. We’re very excited about this opportunity,” said Edgar.

Rogers hopes the first phase of Quick Draw will soft launch this fall with two games, accompanied by considerable player and retailer education. Once the product is in the marketplace, there will be a great opportunity to talk directly with the players about the games, gathering their feedback as the Lottery moves forward with additional games in the lineup. And of course, as more establishments accept Quick Draw, the ultimate goal is to get other lottery

products into those locations as well. “It’s a great way for us to be able to get into non-traditional retailers and expand our retail base,” said Rogers.

The Lottery team is also working on a sweepstakes product, one that is designed to compete with the expanding number of sweepstakes games in the marketplace that are eating into lotteries’ market shares. “What used to be a sacrosanct lottery space is no longer the case, because the digital world is transforming everything,” said Edgar. Other organizations with “give back” concepts are out there every day selling opportunities for people to win big. “They are very much in our space, and we would be naive to think that they are not.”

But this competition comes with a silver lining. “It makes us think out of the box, and it makes us push ourselves to do better every day to raise money for our beneficiaries.” Although a lot of details are still being worked out, the sweepstakes-type product is being developed as part of the Lottery’s Players Club. Members can buy points packages and enter those tokens for chances to win exclusive prizes.

Another new product in development is Ultimate Playlist. “I’m really excited about this project,” said Edgar. “One of the biggest problems we face is that we are not maximizing our cultural connectivity with younger demographics. Ultimate Playlist meets 20- and 30-year-old players in the music space where they live and gives winning experiences.”

Forty and Beyond

Clearly there are a lot of moving parts in Arizona right now. That the Arizona Lottery is the first lottery west of the Mississippi to reach a 40th anniversary is a point of pride for all staffers, but despite that occurring on July 1, real celebrations won’t begin until 2022. There are several good reasons for waiting.

One is simply managing available resources – with all the new things in development, it’s important to focus on the business of selling lottery. But a not-insignificant factor is the pandemic. If there is going to be a big, high-profile event and related promotions, peoples’ comfort level needs to improve. “We want to make sure everybody is able to participate and enjoy whatever we do,” said Rogers. And finally, there is a strong desire to have something to really celebrate, and that’s the record-smashing FY21 just completed. The Lottery’s audited results won’t be available until October, but unaudited numbers show sales topping out at over \$1.4 billion with over \$260 million in transfers to Lottery beneficiaries. “We want to make sure that this record year is included in what we say about our 40th anniversary,” said Rogers.

The connections made with consumers through the pandemic should serve the Lottery well going forward, along with all the product developments and retail inroads being made. “It’s a wide-open opportunity for growth,” said Edgar of the potential for getting lottery into regular shopping lanes in particular. “We know before we started doing in-lane at grocery stores that only 5% of customers would ever go to the customer service desk to buy lottery products.”

Historically speaking, not all of these retail efforts or game concepts will be home runs, but unless you swing for the fences, you get nowhere. “You have to be looking at all the opportunities that are out there and seize on the ones you can,” said Edgar. ●



NEW WAYS TO PLAY OUTSTANDING GAMES



 **DiamondGame**
A POLLARD BANKNOTE COMPANY

Combining our expertise in video & vending technology with Pollard's successful instant ticket brands to expand your reach and bring engagement & excitement to your players!

PAC-MAN®&©BANDAI NAMCO Entertainment Inc.
©Konami Digital Entertainment

Progress Report:

Sports Betting

Lotteries are doing their part to contribute to an industry that has generated nearly \$44 billion in handle outside of Nevada since June 2018.

By Patricia McQueen

Sports betting is big business. Everyone knew it when the activity was largely illegal. Everyone knows it now, after it became mainstream when the Professional and Amateur Sports Protection Act (PASPA) was effectively declared unconstitutional by the U.S. Supreme Court in May 2018.

Since June 2018, newly-legalized commercial sports betting in 19 jurisdictions has generated almost \$3.3 billion in gross gaming revenue (GGR; wagers minus prize payouts) through May on nearly \$44 billion in total handle. For reference, sports betting in Nevada, long the bastion of sports betting in the United States, brought in \$961 million in GGR during that same time period off an estimated handle \$15.5 billion. These numbers are summarized in Exhibit 1.

Lotteries have a part of that action. The Delaware Lottery, which has been offering football parlay bets since 2009, was first to market in this brave new world, launching sports betting at its three casinos on June 5, 2018. Eight more lotteries have

launched sports betting since then: West Virginia (August 2018), Rhode Island (November 2018), Oregon (October 2019), New Hampshire (December 2019), Montana (March 2020), the District of Columbia (May 2020), Tennessee (November 2020) and Virginia (January 2021).

Combined, these nine lotteries produced \$466 million in GGR from inception through May, with \$5 billion in total handle. By far the biggest splash has been made by the two most recent startups, and there are at least two natural reasons for that. First, they have by far the largest populations of any of the nine jurisdictions with lottery-operated or regulated sports betting. But also significant is that both the Tennessee Education Lottery and the Virginia Lottery are serving as regulators for licensed online/mobile operators, and they oversee a competitive market for those operators. In the first five months of this year, Tennessee generated \$82.8 million in GGR, while Virginia brought in \$85.0 million after a January 21 launch. Going forward, Tennessee's sports betting will

remain online/mobile only, while the casinos eventually opening in Virginia will be allowed to offer on-premise sports books.

That virtual success is not surprising at all. Online and mobile play has produced the lion's share of sports betting revenues in most jurisdictions that offer the option, whether a lottery or gaming commission oversees the activity.

For example, in the 10 new jurisdictions where a gaming or racing commission oversees sports betting, New Jersey, Illinois and Pennsylvania have emerged as the clear leaders. All three have surpassed the numbers coming out of Nevada, and the revenues they are generating from online and mobile play dwarf those at their physical casino sports books.

Lotteries have had to come to grips with the volatile nature of sports betting revenues. Previously, their biggest challenge might have been managing the ebbs and flows of revenue from jackpot-dependent big lotto games. But as you can see by GGR trend lines in Exhibit 2, sports betting is a whole new ball game for lotteries in terms of volatility. GGR revenues might even be negative in some months; certainly the day-by-day and week-by-week variations might make a seasoned lottery professional wince. Over time, though, sports betting has provided a boost to

Exhibit 1:**American Sports Betting Handle and Gross Gaming Revenue**

Cumulative totals from launch through May 2021

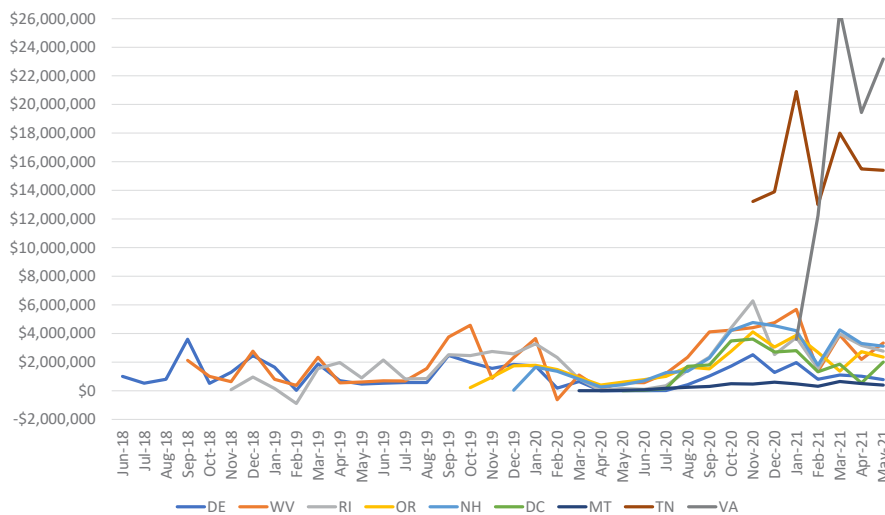
Jurisdiction	Oversight	Launch	Availability	Total Handle	Total GGR
Delaware	Lottery	June 2018	Facility only at present	\$285,403,432	\$39,704,051
New Jersey	Gaming Commission	June 2018	Facility + online/mobile	15,971,485,367	1,088,944,227
Mississippi	Gaming Commission	August 2018	Facility only at present	1,125,194,713	130,516,189
West Virginia	Lottery	August 2018	Facility + online/mobile	600,985,292	68,611,746
Pennsylvania	Gaming Commission	November 2018	Facility + online/mobile	7,700,597,148	553,479,852
Rhode Island	Lottery	November 2018	Facility + online/mobile	651,302,739	58,095,686
Arkansas	Racing Commission	July 2019	Facility only	69,514,795	9,762,745
New York	Gaming Commission	July 2019	Facility only at present	n/a	28,033,702
Iowa	Gaming Commission	August 2019	Facility + online/mobile	1,475,260,904	107,255,785
Indiana	Gaming Commission	September 2019	Facility + online/mobile	3,634,737,303	291,580,633
Oregon	Lottery	October 2019	Online/mobile at present	405,212,745	36,008,033
New Hampshire	Lottery	December 2019	Facility + online/mobile	548,569,966	40,340,811
Illinois	Gaming Commission	March 2020	Facility + online/mobile	4,650,874,955	332,988,476
Montana	Lottery	March 2020	Facility only	39,428,368	4,820,057
Michigan	Gaming Commission	March 2020	Facility + online/mobile	1,522,834,987	123,439,947
Colorado	Gaming Commission	May 2020	Facility + online/mobile	2,573,613,082	162,488,717
D.C.	Lottery	May 2020	Facility + online/mobile	151,327,705	23,594,154
Tennessee	Lottery	November 2020	Online/mobile only	1,239,144,523	109,924,908
Virginia	Lottery	January 2021	Online/mobile at present	1,092,137,212	85,014,600
Cumulative totals since launch				\$43,737,625,236	\$3,294,604,320
Lottery totals as operator or regulator				\$5,013,511,983	\$466,114,047
Totals under other regulation				\$38,724,113,253	\$2,828,490,273
Nevada	Gaming Commission		Facility + online/mobile	\$15,514,608,470	\$960,987,000

Notes:

Listed in order of launch. Gross Gaming Revenue (GGR) is handle minus payouts except for Illinois, Indiana, Mississippi and Michigan (commercial operators), where the numbers are taxable or adjusted gross revenue. Delaware figures are for full sports betting only; not including football parlays which date back to 2009. Michigan is the only jurisdiction where the data include online/mobile sports betting conducted by tribal nations. Nevada totals date from June 2018, when cross-country expansion began post-PASPA; handle is estimated.

Exhibit 2:

Lottery Operated or Regulated Sports Betting Monthly Gross Gaming Revenue



Note: Delaware and West Virginia "months" are based on weekly data and may be four or five weeks each, depending on how the calendar falls.

the revenues lotteries return to their beneficiaries, and any extra money going to good causes is always welcome.

Looking Ahead on Both Sides of the Border

A number of new states either saw voter approval last November or have otherwise legalized sports betting this year, and are in various stages of development. These include Connecticut, Louisiana, Maryland, Nebraska, South Dakota and Wyoming. Of these, three lotteries are involved. The Connecticut Lottery will operate sports betting at retail outlets and through an online/mobile system, while Maryland Lottery and Gaming is licensing sports betting operators, both at physical properties (casinos, racetracks, stadiums and other venues) and related online/mobile options.

At press time, the Connecticut Lottery had just announced Rush Street Interactive as its sports betting operations partner, subject to regulatory approval.

Louisiana voters in 55 of 64 parishes approved sports betting last year, and Louisiana is the first American jurisdiction that splits sports betting oversight between a gaming commission (in this case the Louisiana Gaming Control Board) and a lottery. The Control Board will regulate sports betting at the casinos throughout the state and their online/mobile extensions, while the Louisiana Lottery's piece includes online/mobile sports betting and/or at kiosks in bars and restaurants with on-premise liquor licenses.

Lotteries could potentially be involved in some way in other jurisdictions as well; some bills being discussed in Ohio, for example, include the Ohio Lottery.

Sports betting in New York recently got a big boost with the authorization of mobile wagering this spring; it is expected to be up and running later this year.

In addition to the commercial sports betting jurisdictions mentioned here, tribal casinos in Arizona, Florida, Michigan, New Mexico, North Carolina, Oregon

and Washington are in various stages of implementation. The numbers for Michigan in Exhibit 1 include online/mobile sports betting operated by tribal casinos there in addition to the three Detroit casinos.

Across the border, Canada's lotteries applauded the final approval of Bill C-218, which amends the Criminal Code of Canada to allow single event sports wagering. The bill passed through the House of Commons in April with strong support, passed the Senate on June 22 and received royal assent on June 30. As we went to press, the Canadian government announced that legislation would be enacted on August 27, and lottery organizations were readying for a quick deployment.

Canadian lotteries for years have battled illegal offshore operators for online business. They are confident that single event sports wagering will allow them to better engage players and keep more of that money in Canada, driving up the revenues returned to provincial governments. ●



Intralot Orion

**The next-generation Sports Betting platform
for a truly connected player experience.**

INTRALOT presents Orion, its most advanced, feature-rich and versatile Sports Betting platform. A true omni-channel solution designed to empower the modern operator with cost-efficient and fast go-to-market capabilities.

intralot.com

intralot

A Field of Possibilities



Just as one size doesn't fit all in lottery operations, one size doesn't fit all politically or operationally for lotteries' involvement in sports betting. What are some key aspects for lotteries to consider?

As the business of sports betting continues to expand in the U.S., many states and their lotteries are still determining what role they can or should play. The field is full of possibilities, and the learning curve can be steep.

While lotteries individually assess how or whether to participate, they are subject to complex political and regulatory environments, the need to evaluate strategies for potential profitability, the question of whether to extend their brand, and much more.

Regulatory Environment

There are no jurisdictions in the U.S. today where the lottery can unilaterally offer sports betting without legislative approval or a change to existing state law.

As of now – near the end of July – there are more than a dozen U.S. states with active sports betting legislation. Of those states, three have legislation authorizing some level of involvement by the lottery in sports betting. More changes are expected as legislatures continue to meet and

local politics play out, but there is optimism for continued lottery inclusion in the evolution of sports betting in the U.S.

A lottery looking to be involved in sports betting needs to fully understand the economics and operational mechanics of sports betting, which differ state by state. There are many knowledgeable experts and experienced advisors in sports betting who can help lotteries evaluate the many nuances of the product.

Lottery Perspective

Lotteries have their own perspective on the sports betting opportunity, and it's often different to that of commercial sportsbook operators. The attitudes to products are different, and lottery players may have different attitudes too, particularly where sports betting is offered as a new vertical alongside traditional lottery products. That leads to differences in lotteries' decision-making processes and in their approach to operations.

Considerations for lotteries include the stability of the

technology stack and the extent of the player view. A lottery offering iLottery, for example, will want their player view to include all transactions across both lottery and sports. And, of course, the decision-making process is also driven by the regulatory terms that define the competitive space.

It's also important for lotteries to set a realistic timeline for the deployment of the sports betting technology. There's a lot to consider, given that sports betting operations are quite unlike the environment that lotteries are familiar with today. The process extends far beyond selecting a vendor, and while a vendor partner can get sports betting up and running quickly, there's a need to develop regulations, understand the retail and/or mobile proposition, how retailers will be sited, where those locations will be, and much more. These are all things to keep in mind if the legislature approves sports betting and wants it to be live before a certain professional sports season begins.

Sports betting has now been live in Rhode Island for over two years, after the Rhode Island Lottery became one of the first U.S. lotteries post-PASPA to open a sportsbook. Since the launch, it has expanded the original sportsbook to a second property, added self-service kiosks, and more recently a mobile app for greater

player convenience. “We now have a complete offering that was built for ease of use, and we’ve seen the market grow significantly since we launched mobile – 10 months after retail availability,” said Mark A. Furcolo, Director, Rhode Island Lottery. “Given that sports betting is all-new for lotteries, it’s been critical to work with a vendor that recognizes the learning curve and approaches it as a service business.”

The Importance of Omnichannel

The Rhode Island lottery saw its market grow significantly since launching mobile because offering just retail doesn’t provide the same opportunity to reach players, especially those who are already actively engaged online in other aspects of their lives.

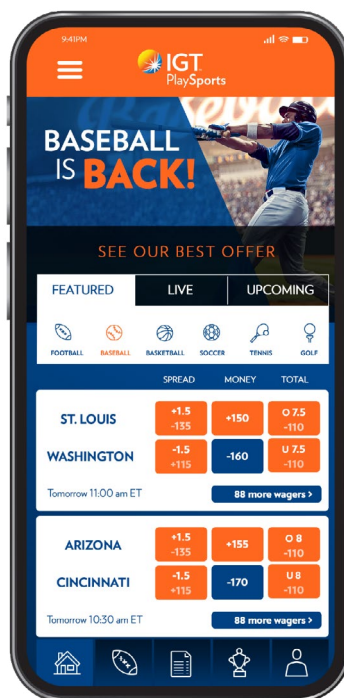
A retail presence drives physical participation, and the evidence shows that when mobile is enabled and properly executed, it can drive up to 70 to 80% of the wagers. So, having an online presence with a mobile app or desktop application is essential and a key enabler of operating sports betting at its full potential, making omnichannel the preferred default option when in line with the state’s regulation.

Some regulatory environments allow for mobile, and some do not. Some regulatory environments also require in-presence registration, and the operator must have a physical footprint to offer registration for online and mobile play.

Trading and Risk Management

Trading or risk management is a fundamental part of operating

sports betting because it’s an essential component that defines your offer, sets your pricing, and determines your profitability. It’s a very different proposition for lotteries as it’s a complex balancing act. In the sports betting



world, your take on any given day can be negative – that doesn’t happen in the world that lotteries are familiar with, and it can be a challenge to accept and understand that in sports betting you need to take a longer-term view of your profitability over time. This requirement for a long view is in many ways a very different mindset from traditional lottery operations, so expert advice is essential.

New operators in the sports betting space have the option to either insource or create trading and risk management capabilities in-house, or outsource those capabilities to expert third parties, and this is one of the first major decisions to make when entering this space.

IGT has both situations in the market among its customer base as it sells the sports betting platform alone and also the platform together with the trading services. “While some operators are large, they prefer not to manage trading themselves,” explains Enrico Drago, IGT PlayDigital Senior Vice President. “For example, the Rhode Island Lottery has a contract where IGT provides trading and risk management through a third party. Operators who don’t have the size or don’t feel the need to invest in setting up trading and risk management capabilities themselves will look to third-party providers of trading services who have the expertise to determine prices according to the preferences of a particular operator’s player base.”

Knowing local player preferences when it comes to trading and all the settings makes for a better player experience and a higher-performing sportsbook. Expert traders will also consider what competitors are doing, and not just in your state but in your neighboring states as well.

There’s a lot to consider when assessing whether and how to participate in the expansion of sports betting. The learning curve is potentially daunting, but the experience of the Rhode Island Lottery shows that, with the right partners, it can be a very successful venture. ●

Focus On: Retail Technology



Building the Retail Presence

With a little help from technology, lotteries are making inroads into new retailers and new trade styles, and enhancing their presence in existing locations.

By Patricia McQueen



It was exactly five years ago this summer that the entire NASPL membership declared their commitment to establishing a common Application Program Interface (API) for the North American lottery industry. The overarching goal was simple: to ease the burden of lottery on retailers, particularly the big (and now even bigger) mega-corps that dominate the retail sector. Those retailers either avoided selling lottery or begrudgingly accepted it, because in their world, where operating procedures are the same regardless of jurisdiction, lotteries had too many unique requirements.

The initial API discussions actually started at the 2015 NASPL Annual Conference in Dallas. After the membership commitment several months later, work began in earnest. The first version of the NASPL standard API was released in July 2017, supporting draw games with the focus on Powerball and Mega Millions. That was a watershed moment for the industry, as it paved the way for retailers to sell lottery tickets in-lane through their existing point-of-sale systems.

“The premise was that a NASPL standard API would ‘open up’ the lottery business, which has actually happened. In fact, maybe even more so than we initially envisioned,” said Paul Riley, Vice President of Retail Innovation and Partnerships at IGT, who has been a key member of the NASPL API working group since the beginning. Indeed, there are now several variations of in-lane lottery products as everyone tests the waters – lotteries, retailers and vendors alike.

Participants of the working group have changed over the years, but at recent count there is representation from more than 20 lotteries/lottery groups and 13 vendors who want to have a say in how the API evolves. They recently reconvened to start talks on version 2.1 of the API

specification; version 2.0 was released in January 2019 and added draw game redemption functionality to the features of version 1.0. Potential new features could include support for instant ticket redemptions and the QUICKTICKET and QUICKCARD products that are already available in a few jurisdictions. The group’s chair, Ryan Mindell, Director of Lottery Operations at the Texas Lottery, is also leading discussions on how the API can best support the in-lane sale of instant tickets.

In-Lane Highlights

Canada’s British Columbia Lottery Corp. and Ontario Lottery and Gaming Corp. have had a few years of experience with in-lane innovations, such as Lotto Express and QUICKTICKET, respectively, but

in the American market today, things are really just getting started. It’s an exciting time in the industry, with numerous in-lane implementations and pilots underway.

The Texas Lottery has blazed the trail, with not one but two initiatives to get lottery in front of more consumers. First was bringing some 1,500 Dollar General stores on board for the very first time with the introduction of QUICKTICKET in late 2019. Other retailers may be adding the product in Texas later this year.

The Arizona Lottery introduced its version, QUICKCARD, last September, also in Dollar General stores; they are now available in a few other chains as well. The Oklahoma Lottery is the newest member of this club, recently launching QUICKTICKET at Dollar General stores. Both products work more like gift cards, using the



QUICKTICKET
from the
Oklahoma
Lottery

technology already in place at major retailers through their relationships with InComm Payments and Blackhawk Network.

There's no underestimating the importance of developing relationships with "green field" retailers that are completely new to lottery, such as Dollar General. As the industry works on solutions for selling instant tickets in-lane, those new relationships will be priceless.

But there's also a lot to be said for building relationships with existing lottery retailers, and that's what the Texas Lottery has done with its Receipt Ticket program at H-E-B stores – facilitated by the NASPL API. The grocery chain has about 330 stores in the state, and as of July 21, Receipt Ticket was fully deployed at business centers and checkout lanes in almost 300 stores, resulting in nearly 5,000 new points of purchase for the Lottery! The few remaining stores, those without business centers, will eventually come on board with Receipt Ticket in their checkout lanes.

The project was tackled gradually, so that H-E-B could get comfortable with the technology and operational considerations, explained Mindell. If they weren't happy with that early experience, which began in October 2019, they wouldn't have ultimately deployed the solution across the entire network. A statewide awareness campaign of lottery in H-E-B lanes is scheduled to begin in September.

One thing that H-E-B has been thrilled about is the support for redemption that was added to the NASPL API in version 2.0. "It's a better consumer experience," said Riley, because players can cash tickets right at the point of sale and either get their winnings or apply them to their purchase basket. "In talking with other retailers, it's clear that redemption is going to be another compelling catalyst to get them to embrace in-lane sales," said Riley.

In fact, there are plenty of benefits for retailers. Terry Presta was also involved with the API working group from the beginning in his role as Executive Director of the Kansas Lottery and Chair of the NASPL Retail Modernization Committee. These days he participates as Head of Business, North America, for Abacus, which was also part of the original group.

"The problem with the lottery category for retailers has been the same for many years," said Presta, whose previous experience as a retailer provides a first-hand look at those challenges. "Selling lottery outside the retailer's ePOS involves more labor, shrink and payment card fees on what retailers consider a low margin category." By getting lottery into the ePOS, into the same shopping basket as other purchases, all those costs are reduced, and retailers see that they can actually make money from lottery.

The technology also paves the way for even more applications across more channels, including the latest in self-checkout, buy online, pick up in store, scan and go, and even frictionless shopping experiences like Amazon Go. "The ultimate goal is to make lottery an impulse item that is in front of 100% of the customers in any environment, and is also seamless, just like any other SKU in the store," emphasized Presta.

Instant Progress

Draw games were just the beginning, and there are several potential solutions for the sale of instant tickets in-lane or in non-traditional venues. What path – or paths – a lottery chooses depends on its specific needs.

The Florida Lottery's Scratch-Offs pilot with Southeastern Grocers (Winn-Dixie) began last October with two locations featuring four-game dispensers on the counters of a few



Florida Scratch-Offs pilot with Winn-Dixie

checkout lanes. Customers can't miss the dispensers, provided by Schafer Systems, which include room for Lottery messaging. The initial test was so successful that Winn-Dixie authorized an additional 21 locations to sell instant games in-lane beginning in May 2021. To date, Scratch-Off sales in these locations are running more than 14% ahead of the statewide average.

For the Ohio Lottery, which has had tremendous success adding cashless capability to its vast vending network, there was one type of retail location where big vending machines were not welcome. Almost 3,000 Ohio bars and taverns are licensed lottery retailers primarily selling Keno, but they haven't been interested in selling instant tickets. And as Keno continues to expand to new venues, surely there was a way to get those tickets into that environment.

Enter the Select 4 from Schafer Systems, developed with its sister company Diamond Game; both are



SLINGO®

BY THE NUMBERS

350+ games launched by 40+ lotteries around the world.

More than 550+ million tickets sold.

With over \$1.74 BILLION in retail sales.

Let SLINGO grow YOUR numbers!



Ohio Lottery Select 4



SCIQ Inlane at a Kentucky Kroger store

subsidiaries of Pollard Banknote. The compact vending unit, which can sit on a counter or bar, or on a matching base, holds four games and offers a user-friendly digital touchscreen interface. As initially installed, they are standalone units separate from the Lottery's gaming system; the retailer activates the packs on their regular lottery terminal and fills the Select 4 bins. As of mid-July, there were about 75 units in-market, a number that ramps up to a total of 500 units over the next few months. "It's a way to expand our reach with our scratch tickets," said Director of Sales Rick Perk.

Ohio continues to examine the data to determine the optimal locations and price points. They started with \$1, \$2, \$5 and \$10 games. "Right now it's what we expected – the \$5 and \$10 games are selling the best," said Marty Morrow, the Lottery's Assistant Director of Sales. Given that experience, they would consider increasing the recommended price points, and the retailers can also choose to add different games

if they know their customer wants something specific.

The Ohio Lottery is also utilizing more than 300 of Scientific Games' SCIQ units at several independents and retailer chains, including Kroger, 7-Eleven, Speedway and Pilot Flying J. Vending is strictly on-counter, or under the counter utilizing an electronic menu board.

Although Ohio currently has no plans to move these latest vending options into multi-lane environments due to concerns about velocity control, where implemented they have been well received as convenient and secure solutions addressing ticket accounting and shrink. "We have options to fit our needs," said Perk. "There is not really a one-size-fits-all solution. It's just a matter of listening to the customer and offering the solutions for their particular situation."

Elsewhere, the SCIQ Inlane system is already being piloted. The Kentucky and Arizona lotteries were the first to launch pilots earlier this year, at Kroger and Fry's locations,

respectively (Fry's is part of the Kroger family). The Pennsylvania Lottery is also developing a grocery chain pilot for SCIQ Inlane.

Customers in grocery checkout lanes see a small digital display of four available instant games; after they select and pay for their tickets, the main unit stored separately releases those tickets and the clerk hands them to the customers. SCIQ Inlane is integrated into a store's ePOS, providing an incredible amount of data analytics for the retailer, especially when combined with a customer's store loyalty card.

Pollard Banknote has a new instant ticket solution, the easyVEND In-Lane ITVM. "It's all about making things easier for the consumer," said Krista Stepa-Ammeter, Pollard's Director, Sales & Marketing. "Instant tickets are an incredibly important part of a lottery's portfolio, and easyVEND is a simple and convenient way for consumers to purchase them in a multi-lane environment."

Customers will see a small menu board in the lane, featuring four

WE WANT TO HELP YOU SELL MORE GAMES!

Our proven strategic, creative, and production capabilities can help your lottery create digital content campaigns to help grow your brand and bottom lines.

- Lottery Brand Strategy
- Player Engagement
- Linked Game Campaigns
- Digital Content Creative + Production
- In-House Creative Team Support
- Independent and Minority Owned

Tilt

**Creative +
Production**

Contact Bill Hickman at bill.hickman@tiltcp.com / tiltcp.com

available instant games. Upon purchase, the clerk takes the ticket(s) from the vending unit stored under or behind the counter. “It plays off the impulse nature of the product so players can see the tickets right there on the menu board,” said Stepa-Ammeter.

Enhancing Ticket Displays

While technology is key to all these in-lane efforts, it has even eased its way into the way instant tickets are displayed at retail. Improvements in this area should not be forgotten amidst the important work going on elsewhere. Traditional in-counter and on-counter acrylic dispensers have been brought to life by LED lighting and the addition of menu boards that provide better visibility in a variety of situations.

A newcomer to the lottery industry – but not to retail merchandising – is Henschel Steinau, a New Jersey-based company that has worked with the Hoosier and West Virginia lotteries to provide new fully modular ticket dispensers. A seven month test by the West Virginia Lottery, across 11 retailer locations, was so successful that the Lottery ordered 500 more units for deployment later this year. “We saw a 30.1% sales increase in these locations compared to our state growth of 15.4%,” noted the Lottery’s Retailer and Vendor Relations specialist Colleen Sergent.

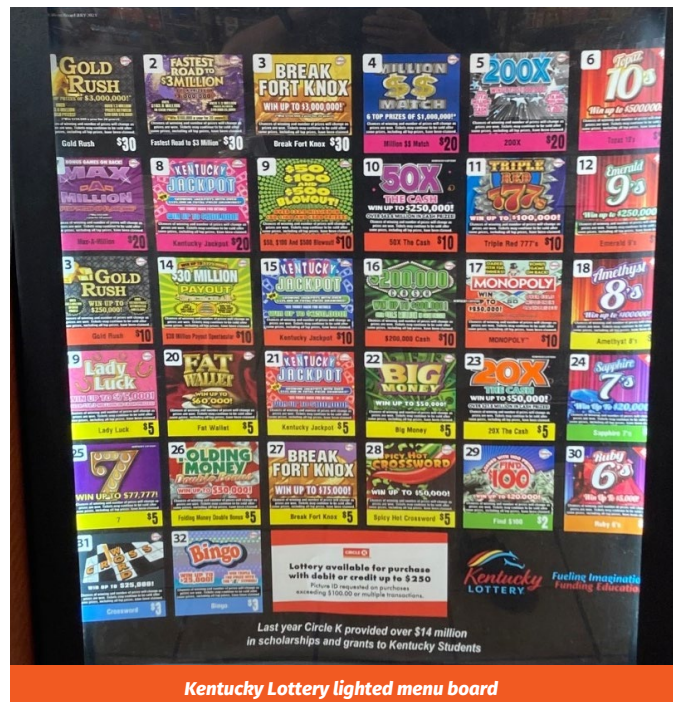
The new units can accommodate tickets up to 8” wide, have LED lighting all around, and incorporate headers for all kinds of messaging. The sales lift, ease of use and high visibility led to rave reviews by West Virginia’s retailers. While these dispensers cost a little more given West Virginia’s small order quantities, the Lottery expects to easily reach its ROI within three months.

Menu boards provide new ways to showcase a retailer’s selection of instant tickets, and can be high-tech digital versions or more traditional displays that may or may not include a lighting option. They are especially effective if a lottery is using in-counter dispensers, as the menu boards can be placed at eye level on the counter without taking up too much room.

The Kentucky Lottery uses lighted menu boards for Circle K locations, which have been very well received by both the retailer and the players. “This has been a really big hit and a sales driver for us,” said Vice President of Corporate Accounts and Business Development Pete Ramsey. For some other chain locations unlit menu boards are provided. In both versions, rather than fitting cards for each game into individual slots, the Lottery uses a pre-printed full sheet that has the ticket images plus room for any messages or advertising. This method ensures there is no deviation from the planogram, and,



West Virginia Lottery modular ticket dispenser



Kentucky Lottery lighted menu board



Industry leaders for 35 years.

Schafer Systems' innovative solutions ensure maximum ticket visibility, delivering unmatched retail excellence to increase lottery proceeds for good causes.

GET IN TOUCH

shay.wahl@ssi-ia.com
teresa.immel@ssi-ia.com

641-742-3266
www.ssi-ia.com

1000 Flag Road
Adair, IA 50002



Schafer
Systems



Hoosier Lottery security glass barrier before



Hoosier Lottery security glass barrier after

importantly, “it provides a nice, clean look that our chains like.”

Last year, as retailer after retailer put up security glass or plexiglass barriers for safety measures as COVID-19 spread, that presented a problem for lotteries that depended on counter visibility for instant games. “We found that our bins would be moved further back, and other items would be stacked on the ledge in front,” said Hoosier Lottery Vice President of Sales Clayton Atkinson. “The next thing we knew, you couldn’t see our product!”

The Lottery, which already had success with lighted menu boards, worked quickly with Schafer Systems to develop a lighted menu board that utilizes suction cups to securely attach the product to the glass or plexiglass barriers. “It has been extremely successful,” said Atkinson. “It gets the product right on the window by the register area, and players can again see our product.”

Digital menu boards are also popping up in a few lottery retailers across North America, with the most dramatic display in place at the Department of Imagination store opened by Washington’s Lottery last December. Featuring an entire wall of digital content, the store is a feast for the senses.

Carmanah Signs provided the digital boards for that location, and also for a pilot currently underway in Virginia (see page 60), along with

displays in a few other markets. The company also offers small-footprint countertop digital displays where space is a consideration.

“Consumers expect digital capabilities and positive brand experiences,” said Carmanah’s President and Chief Executive Officer Cameron Waldie. “Customers are delighted when their shopping processes move easily across retail, mobile and online – we get frustrated easily when we can’t. Lottery, and every other industry, has to strive for seamless channel integration over time.”

Schafer has also developed a digital menu board. “The printers work hard in the design of each ticket,” noted Teresa Immel, the company’s Senior Director, Sales & Marketing. “If a traditional dispenser isn’t loaded properly, you can lose the impact of those tickets. These boards will really make the tickets pop, drawing more attention to the tickets and hopefully creating more impulse purchases.”

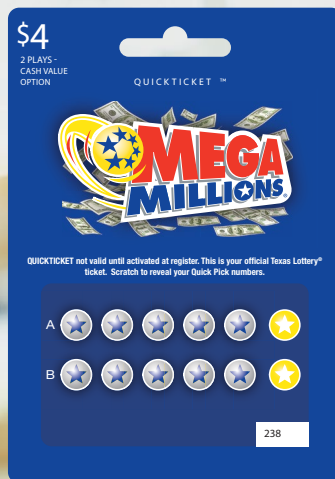
Of course, lotteries are concerned about the cost of digital menu boards, but the key is in properly evaluating return on investment. “Our recommendation for lotteries is to find a way to spend small amounts of money on a few innovative pilots per year, trying incremental projects on a platform that can scale. When a digital sign pilot yields positive ROI, and most do, lotteries can then invest at scale with confidence,” said Waldie.

An Exciting Future

There are clearly a lot of different solutions to build the lottery presence in both new and existing retailers. “These are still the early days and everybody is collecting the data,” said Riley of all the in-lane efforts in particular. He added that time will tell which options will deliver the best results for lotteries and their retail partners.

One thing’s for sure – the industry is working to build a modern retail lottery and in-lane presence is a vital component. Whatever the solutions lotteries end up with, they all should have four key attributes, explained Michael Martin, Vice President, Retail Solutions, for Scientific Games. First and foremost, there must be security in the product offerings. Next, it has to be frictionless for the consumer, so they are not negatively impacted by the developments that brought lottery to them in the first place. It also should be easy to use for store associates, because of ongoing issues with staffing due to the pandemic. “The labor shortage isn’t a short-term impact.”

Last but certainly not least, lotteries and retailers have to use the data that is made available with these solutions. Martin cited the case of Uber vs. the taxi industry. “Uber won the game because of their data analytics,” he said. “They know their customers.” ●



Win Big with In-Lane Innovations



At InComm Payments, we connect lotteries to consumers in new and exciting ways. Through innovative point-of-sale activation (POSA) technology, exciting product partnerships and our vast network of over 60,000 retailer 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 InCommPayments.com to learn more.

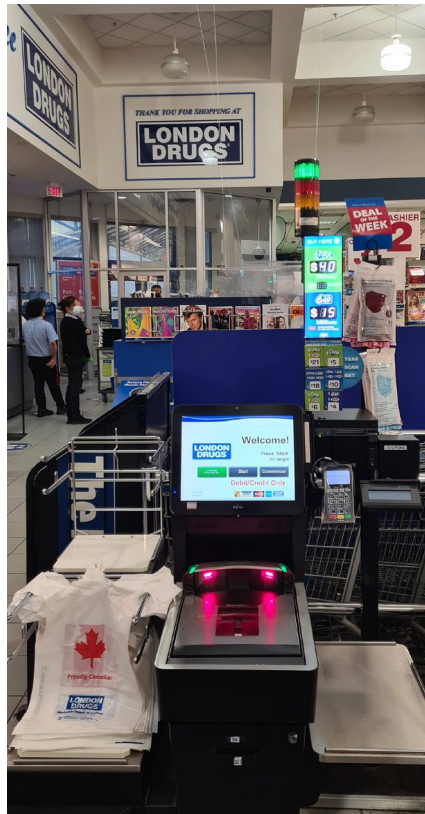
Tackling Challenges in British Columbia

The pandemic has altered a lot of things in the consumer realm, and two of the most significant developments are the accelerated adoption of self-checkout at retail and home delivery/buy online, pick up in store (BOPIS) options. In most jurisdictions, that left lotteries on the outside looking in. “Consumer buying pattern changes are happening a lot quicker than we thought,” said Craig James, Director of Lottery Sales and Operations for the British Columbia Lottery Corp. (BCLC). “The pace of change is so fast that we are already behind the curve and need to catch up quickly with our retail partners.”

Those aren’t just words. The venerable lottery organization – never one to shy away from blazing trails – is doing its best to reach customers who have bypassed the traditional retail environment where lotteries have lived. Two small but incredibly significant tests this year, both implemented last winter, are paving the way for bigger things to come in the retail space.

Self-Checkout

The current version of BCLC’s proven in-lane solution for draw games, Lotto Express, has already been in market for more than five years. But as self-checkouts proliferated, especially in the same stores where Lotto Express is active, fewer customers were seeing that lottery



purchase option. “We didn’t exist in-lane anymore,” noted James. “We needed to come up with a solution to be able to participate at self-checkout and incorporate the important things like age verification and compliance.”

BCLC found a willing retail partner in London Drugs, which has more than 50 locations in the province. “They are a great traditional lottery partner for us, and one of British Columbia’s most recognized and adored brands.” The chain already

sold the full line of BCLC lottery products, including Scratch & Win and Keno, at each store’s customer service counter, plus the draw games included in Lotto Express in their regular lanes.

London Drugs agreed to explore the expansion of Lotto Express to the self-checkout area. One key for BCLC was that each store’s self-service attendant is available to approve lottery purchases based on confirmation of appropriate age. When someone makes a lottery purchase, they have to scan a government-issued ID into the point-of-sale system. That sends a prompt to the attendant, who then either visually confirms the person appears to be 25 or older (the minimum age to play lottery in British Columbia is 19) or goes to check their ID to make sure. “We wanted that physical intervention to confirm the age of the purchaser,” James explained.

All London Drugs stores with self-checkout lanes have been offering the self-checkout Lotto Express option since the test began last February. The setup is similar to the regular in-lane Lotto Express, with jackpot signs for Lotto Max and Lotto 6/49 and a purchase slip merchandiser (PSM) that holds a selection of prepackaged game options the customer can tear off and scan like any other product. Once age is verified, there’s an Epson printer below the merchandiser that produces the actual ticket for the customer.

Just what game packages are

offered at self-checkout, like the regular in-lane Lotto Express, is a moving target. “We do research, trying to understand what packages consumers buy,” said James. “We also leverage data from the sales of our products across all of our customers and channels to predict what is best suited for the London Drugs application.” Since the self-checkout system has now been in-market for a few months, he expects to see some data soon to evaluate whether the initial ticket packages need to be adjusted.

There were six of those first offerings, ranging in price from \$4 to \$21 with various combinations of Lotto Max, Lotto 6/49 and Extra. All are quick picks. “This is about convenience play, as we are trying to capture a non-traditional customer.” Besides, allowing customers to choose their own numbers would slow down the transaction time, which is unacceptable in this environment.

Going forward, in addition to adjusting the ticket packages as necessary, James sees the addition of incentives and promotions to support both players and the retailer(s). “We haven’t done that yet. We wanted to make sure that the technology was sound before we really invested in the programming.”

Although the deep dive into the data is only just beginning, perhaps the best news of all is that the test has caught the eye of some of BCLC’s larger retail partners – corporate accounts that may not have been interested previously. “The move to self-checkout has exploded, and some of the bigger chains are looking at lottery this way more seriously now.”

Delivery/BOPIS

Perhaps even more so than self-checkout adoption, consumers are flocking to online purchasing – the migration of consumers to



home delivery or BOPIS has been growing at a very rapid rate. “We weren’t participating in any of those spaces, so we needed to find a way to test this quickly to see if there’s an opportunity,” said James.

Enter Stong’s Market, a small grocery retailer in British Columbia. It has only two stores but is a very recognizable and premium brand with an active home delivery/BOPIS service. Inside their stores, Stong’s has been a limited lottery retailer, offering only Lotto Express in-lane

– they do not sell or validate Scratch & Win, Keno or any other lottery products at the customer service counter.

BCLC saw an opportunity to expand Stong’s lottery presence by adding Scratch & Win tickets to the retailer’s home delivery/BOPIS service, and the company agreed to the test. BCLC was ecstatic. “It gave us a fairly safe opportunity to test the technology and the operational complexity involved,” explained James. As with the London Drugs test,

Current Tickets

See the latest scratchers! Looking to try a new Scratch & Win ticket? Get the latest Scratch & Win games at our online store.

Sort by: A-Z | Show: 24 per page

<p>\$10 Big 10 Top prize \$1,000,000</p> <p>\$10.00 View Details</p>	<p>\$10 Grand Top prize \$100,000</p> <p>\$10.00 View Details</p>	<p>\$10 Luxury Crossword Top prize of \$100,000</p> <p>\$10.00 View Details</p>	<p>\$1 Bacon Bucks Top prize of \$10,000</p> <p>\$1.00 View Details</p>	<p>\$1 Gold Rush Top prize \$10,000</p> <p>\$1.00 View Details</p>	<p>\$20-200x Multiplier Top prize of \$2,000,000</p> <p>\$20.00 View Details</p>
<p>\$2 Blackjack Top prize \$21,000</p> <p>\$2.00 View Details</p>	<p>\$2 HOT 7s Top prize of \$17,777</p> <p>\$2.00 View Details</p>	<p>\$30 Triple Millions Top prize of \$3,000,000</p> <p>\$30.00 View Details</p>	<p>\$3 Chinese Checkers Top prize \$50,000</p> <p>\$3.00 View Details</p>	<p>\$3 Lucky Lines Top prize of \$50,000</p> <p>\$3.00 View Details</p>	<p>\$5 Bingo Multiplier Top prize \$75,000</p> <p>\$5.00 View Details</p>
<p>\$5 Deluxe Crossword Top prize of \$75,000</p> <p>\$5.00 View Details</p>	<p>\$5 Gold Mine 9x Top prize \$100,000</p> <p>\$5.00 View Details</p>				

Claim A Prize

bclc | If you gamble, use your GameSense | 19+

As with self-checkout, promotion is going to be a key to growing sales now that the operational steps are in place to ensure safe, secure and compliant delivery of the product to the consumer.

That said, there's still work to be done in the delivery/BOPIS model – figuring out how to add draw games to the mix. They present unique challenges, not the least of which is the timing of the purchase related to a game's actual drawing. One possible solution is creating a digital ticket instead of a paper one, but there are a lot of considerations. Above all, it has to be a great player experience with minimal complexity for retail partners.

But BCLC has shown that the basic model works. "It is so critical for the success of our business today and in the future," said James. And like the London Drugs test, the Stong's project has had exactly the desired impact beyond proof of concept. Other retail partners, who weren't necessarily looking at this model for lottery, are now asking how they can participate.

Both of these recent innovations might have been put on hold if BCLC had taken the easy route, simply enjoying the strong growth in sales that it and so many lotteries have seen during the pandemic. But it realized that growth was due in large part to channel migration – other entertainment options were shut down for a period of time. In British Columbia, for example, BCLC's casinos just reopened on July 1 after being shuttered since March 2020. "It would have been easy for us to stop some of the innovation because we were doing so well. That would be the biggest mistake we could make," emphasized James. "We always need to continue down our path of innovation in order to sustain the future of our business." ●

BCLC had its eye on a bigger prize – attracting larger retailer partners for this new service. And perhaps even convincing Stong's to offer all lottery products in-store.

To fulfill online orders, Stong's now maintains an inventory of Scratch & Win tickets, although they are not sold in-store. Upon purchase,

ticket(s) are placed in a secure envelope that is tracked throughout the process until received by the customer. Age verification occurs when the customer either picks up their purchases at the store or when the home delivery is made. The person making the purchase online has to be the same person receiving the order.

GOLDEN RACE

B E Y O N D V I R T U A L S



THE FIRST REAL SPORTSBOOK WITH VIRTUAL OUTCOMES

Top revenue virtual sports • Zero learning curve
Realistic odds • Player engagement features

www.goldenrace.com | info@goldenrace.com

Digital Interactions in Virginia



The Virginia Lottery is on a mission to improve the retail lottery experience for customers, and it hopes the addition of digital menu boards and digital play centers will play a big role in doing just that.

“In our research, we’ve gotten feedback that lottery is too complicated or confusing,” said Director of Sales Tom Sawyer. Customers can be standing in line looking at a display of 40 instant games, in a dizzying variety of colors, price points and prize structures, and be overwhelmed to the point that they just don’t play. “So we think digital menu boards and play centers will help simplify things

for the players and create a better experience for them.”

To test that theory, the Lottery is undergoing a pilot in 17 locations, including convenience and grocery stores, independents and corporate chains. 7-Eleven, Food Lion, Kroger, Publix and Royal Farms are the corporate accounts participating in the pilot. Of the 17 stores, seven are testing just the digital menu boards, seven just the digital play centers, and three have both. The equipment was installed in early July, and performance will be initially evaluated after three months.

That evaluation will of course consider the functional aspects of the equipment and the sales impacts at

the pilot stores. But just as important is a survey of both customers and retailers, to determine if there actually was a better experience for players.

The Lottery’s sales and marketing teams are working closely with IGT and Carmanah Signs to optimize the content on the menu boards. Obviously a key goal is to present a focused player experience that helps rather than hinders their choices at retail. Content includes current jackpots and winning numbers, along with some sort of presentation of instant games – by nature, it’s a fluid design. There may be featured games or new games, but one thing is certain: As the Lottery tests content,

it is important to narrow the player's choices for easier decisions.

From Sawyer's perspective, the digital menu boards are a major improvement over single-purpose jackpot signs that were tested in the past. "In our experience, jackpot signs had no real impact on sales, and we didn't see any value in continuing that pilot," he said. But the thinking with the menu boards is that they offer all sorts of content possibilities, to be used as needed. "They seem like a viable solution for us."

As for the digital play centers, they address another aspect of the customer experience, especially with players who may not be familiar with lottery. The units feature a 32-inch touchscreen with which players can interact to see not only the information also displayed on the menu boards, but additional information such as specific game details and extensive how to play instructions. Players – especially new and younger players – are often more comfortable with digital devices than with asking store clerks basic questions. "Customers can navigate through the information so they can understand how to play games before going to the counter for the purchase," explained Sawyer. "Hopefully it provides a better purchasing experience for the customer."

After three months, the Lottery will decide whether to extend the pilot to keep gathering information, or to move on to the second phase. That would include added functionality on the play centers such as printer integration. The units would link to the Lottery's gaming system, so players can build and print playslips to take to the store lottery terminal, where they are scanned for an actual ticket purchase.

While he sees the potential of these play stations to ultimately help create a true paperless lottery, for now Sawyer would be satisfied with



just improving the current player experience. Of course, he hopes to see an impact on sales too.

There are even other benefits that help mitigate the not insignificant cost of both digital units. "We spend a lot of time and money producing paper POS materials, so another reason for going digital is to limit those costs and be environmentally

friendly at the same time."

Sawyer is thrilled to be involved in these new projects, noting that lotteries have fallen behind other industries. "Our corporate accounts are far ahead of lotteries in leveraging technology for their own use and also for the customer experience. We are at the beginning stages, but I'm excited to be starting the journey." ●

Focus On: Retail Technology



Rewarding Partnerships

A number of lotteries are tapping into the tremendous customer base of retailers' loyalty programs for mutual benefits.

By Patricia McQueen

In the highly-competitive retail world, loyalty programs continue to expand as consumers demand a better shopping experience. The notion that they are being rewarded for their purchases is satisfying, and opportunities for additional engagement become more important than price.

So it's no surprise that as lotteries tap into these retail loyalty programs and their elaborate apps, it has become a win-win situation for both entities. After all, some of the most sophisticated loyalty programs are offered by convenience stores – which happen to sell more lottery tickets than any other retail category.

Lotteries and their chain partners, including such nearly-national companies as Speedway and Circle K, have become adept at a variety of promotions, from something as simple as “buy x, get y” to random rewards, couponing and frequency-based offers. Sweepstakes are also quite popular, with a lottery purchase triggering entry for chances to win free gas, gift cards and more.

To cover the costs of the giveaways, lotteries typically negotiate with the chains at the beginning of a promotion, usually receiving favorable rates for the free soda, coffee or other offer. To keep things within budget, there may be quantity or dollar caps on any given promotion. Sweepstakes in particular are attractive because the exact cost is known up front.

The following are just a few examples of the progress lotteries are making to expand on their retailer partnerships by reaching the tens of thousands, or even more, local members of a chain's loyalty program.

Hoosier Lottery

The Hoosier Lottery has extensive experience with partnerships involving retailers and their apps and loyalty programs. An industry leader in this regard, in FY21 the Lottery conducted



BUY A
\$10,000 BONUS
 100 TOP PRIZES OF \$10,000!
 BONUS 1
 BONUS 2
 BONUS 3
 25 CHANCES TO WIN!

WITH YOUR REGISTERED **F.E. PERKS.**

YOUR ACCOUNT WILL BE REWARDED WITH A **MONSTER ENERGY DRINK**

ON US!

HOOSIER LOTTERY

FAMILY EXPRESS

JUL 7 - AUG 3

1-800-994-8448
 PROBLEM GAMBLING
 HELPLINE
 PLAY RESPONSIBLY

Estimated Overall Odds: \$10 \$10,000 Bonus 1 in 3.75
 Must be 18 or older to participate. While supplies last. When the registered F.E. Perks cardholder purchases one (1) \$10 \$10,000 Bonus Scratch-off, they will receive a notification of a new reward on their F.E. Perks account. Offer applies to 15.5-16 oz Monster Energy or Rehab single unit at regular price.

73 account-specific promotions, with 462 weeks of activity tied to those promotions

“We will tie into retailers’ loyalty programs for all types of offers tied to lottery,” said Vice President of Sales Clayton Atkinson. Most are “buy x, get y” promotions, but there are also numerous sweepstakes where entries come through membership in the retailers’ programs. Frequency programs are also used; for example, if you buy seven tickets, your eighth is free.

A big reason why the Hoosier Lottery does so many of these programs is that the value goes well beyond any incremental sales increase from giving away a free Polar Pop or Monster Energy drink, or a sweepstakes providing free gas for a year. “None of these promotions

should be viewed in a vacuum,” he said. They are best when there’s a comprehensive marketing strategy that provides considerable residual value.

The most obvious is a lottery presence in the store that goes far beyond traditional locations – at the soda fountain, coffee bar, beverage coolers, chip racks, etc. “So it’s also about additional points of interruption inside the store, not just about the actual offer.”

Another is being able to tap into the engagement efforts that some of the more sophisticated retailer loyalty programs encompass. For example, you can send a “we want you back” offer to anyone who has bought a lottery ticket using a retail loyalty card, but maybe not within the last 30 or 60 days. “You can reengage with a

customer that you may not have been able to reach on your own,” explained Atkinson.

“Reach” is the key word. In addition to being visible on a retailer’s app, the Lottery gets that same visibility on social media and all digital communications that retailer sends out. “We couldn’t buy that kind of reach if we wanted to. These partnerships become an extension of our marketing programs.”

And as retailers constantly improve and enhance their loyalty programs and app functions to attract even more consumers, that will no doubt benefit lotteries as well. “We have definitely picked up steam as both we and the retailers have gotten more sophisticated with these programs.”

Kentucky Lottery

The Kentucky Lottery is another that has been actively partnering with several large chains to co-promote lottery, including dual promotional messaging, native promotions within retailer apps and promotional pushes within the Lottery’s social network. Some promotions got put on hold during the pandemic, but typically there are two promotions annually with the top chains, and one per year with lower-volume chains.

When there is an active promotion, a frequent user of a loyalty program sees all the offers available when they use the app. “It’s a big deal to have the Lottery tagged as an offer to reach players who may or may not be thinking about buying lottery,” said Pete Ramsey, Kentucky Lottery Vice President of Corporate Accounts and Business Development.

He noted that convenience stores have been the most active with loyalty programs, and hopes that success will eventually translate to other types of retailers, especially grocery stores that are starting to enhance their own apps. And the Kentucky Lottery

PROMOTION JANUARY 2-30, 2019

WIN \$500 IN GAS!

Use your Speedy Rewards® Card when you buy any 7's Scratch-off ticket to enter.

Five winners will receive a \$500 Speedy Cash Fuel Card!

Kentucky's Scratchoffs
Get a little more play in your day!

Speedy Rewards® Member-Fuel Card

WIN UP TO \$77,777!

Promotion valid at Kentucky Speedway stores only. Tickets must be purchased at this retailer to be eligible for this promotion.

is eager to offer advice. “We’ve been learning what works and what doesn’t, what can be too expensive, and what drives player decision-making.” When any retailer is launching a new loyalty program, “It’s nice for us to be able to give examples of things we’d recommend.”

Some of the things that work best are “buy x, get y” offers typically centered around specific scratch-off games or price points. Sweepstakes also work well, such as “buy this \$10 scratch-off game and enter for a chance to win free gas for a year.” These programs can be quite effective, whether the retailer has that sweepstakes functionality built into their own system, like Speedway, or whether it goes through the Lottery’s system as have successful sweepstakes with Circle K, Thorntons and Double Kwik. The latter is a small southeastern Kentucky chain, and a new promotion there involves purchasing a \$10 scratch-off ticket at one of its locations for a chance to win three \$500 gift cards from Double Kwik.

As other lotteries have seen, some of the best value goes beyond

the lottery push within a retailer’s rewards program and mobile app. “They commit to some additional point of sale that we wouldn’t normally get,” said Ramsey, adding that without these promotional agreements, it’s often very difficult to get much in the way of point of sale exposure because big chains are often resistant to added point of sale. That extra visibility is priceless.

Florida Lottery

The Florida Lottery has been successful integrating lottery-specific content, such as push notifications for key product launches, into the retailer mobile app of chain partner Murphy. The company’s rewards app was utilized to support the Florida Lotto rebrand efforts, driving players to Murphy stores to purchase the exciting game upgrades. Murphy also pushed out content to coincide with the launch of a \$30 Scratch-Off ticket, and also during the recent Powerball and Mega Millions jackpot frenzy.

The Lottery is working with other chain partners on similar opportunities and are actively engaged



with several of them regarding push notifications for upcoming Powerball game changes.

Though not tied to a mobile app, there is also Florida Lottery content in a digital newsletter disseminated by chain partner Handy Foods. This digital newsletter gives the Lottery the opportunity to reach players who have opted in to receive the publication.

For the Florida Lottery, it's exciting to have content included in a variety of digital elements offered by its retail chain partners, taking that content to new places and reaching new consumers.

Iowa Lottery

Earlier this year, the Iowa Lottery partnered with a convenience store chain in a co-branded promotion focusing on the company's loyalty program. The initiative was designed to raise the profile of Lottery products with the store's customers and yield more customer engagement for both the company and the Lottery. The promotion focused on the Iowa retail locations of Wisconsin-based Kwik Trip Inc.; the Iowa stores operate as Kwik Star.

In April, members of the Kwik Star Kwik Rewards loyalty program had the opportunity to enter Iowa Lottery tickets into an exclusive promotion for a chance to win a \$1,000 Kwik Star gift card. Kwik Star provided information about the promotion directly to its Kwik Rewards members, while the Iowa Lottery did the same with the members of its VIP Club loyalty program. In addition, the Lottery provided messaging about the promotion on its Lottery InMotion screens in all Iowa Kwik Star stores. Both the Lottery and the retailer also posted co-branded content on Facebook and Instagram to generate awareness.

"This was an innovative opportunity for us to work with one of our retail



Earn an entry toward a \$1000 Kwik Trip Gift Card for every \$1 spent on scratch tickets with Kwik Rewards.

www.kwikrewards.com



Valid 4/1/21-4/30/21

NO PURCHASE NECESSARY. REGISTERED KWIK REWARDS MEMBERS ONLY. LEGAL RESIDENTS OF Illinois, Iowa, Minnesota, Michigan & Wisconsin, who are Kwik Rewards Members and at least 21 YEARS OR OLDER. VOID WHERE PROHIBITED. Sweepstakes ends 4/30/21. For Official Rules, how to enter by mail, how to make qualified purchases and opt-out, prize description and odds disclosure, visit kwiktrip.com/sweepstakes. Sponsor: Kwik Trip, Inc., 1626 Oak Street PO Box 2107, La Crosse, WI 54602.



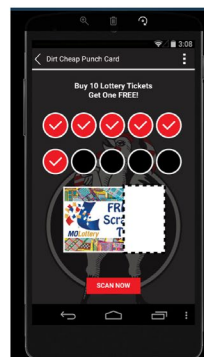
partners and provide an added value to both our customers and theirs," said Iowa Lottery Vice President of Sales and Marketing Teri Wood. "We also were able to share data about the engagement achieved on both sides."

Missouri Lottery

The Missouri Lottery currently works with several corporate accounts to provide Lottery visibility in their mobile apps. Everything from simply providing details such

as new game information and winning numbers to a variety of co-promotions. Providing specialized offers via the retailers' mobile app allows the Lottery to tap into an engaged customer base who are already registered users of the store's loyalty program, offering a mutually beneficial promotion for both the retailer and the Lottery.

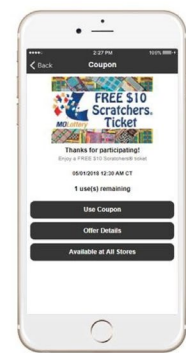
A great example of this is a promotion that was housed on the Dirt Cheap mobile app. Customers who bought 10 \$10 Scratchers tickets



Player "punch card" showing progression toward the 10-ticket requirement. In addition to a new check mark for each purchase, the Lottery image below also populated more with each purchase until the full image was revealed.



Completed "punch card" within the Dirt Cheap mobile app.



Within the customer's app account, they were then able to access the coupon for their free ticket. Selecting the "Use Coupon" button led to a barcode the retailer scanned for redemption.

received a free \$10 ticket. The app tracked their progress in an attractive and interactive way – populating a new star on their in-app “punch card” each time a new ticket purchase was made. When the player completed their electronic punch card, they earned the coupon for a free \$10 ticket. The barcode was simply scanned by the retailer and the ticket awarded – quick and easy for both player and clerk.

Technology Advances

There’s really no limit to the types of promotions that can be offered in conjunction with a retailer’s loyalty program and app. They can be something as simple as a free soda or coffee for any specified purchase to more elaborate sweepstakes for chances to win bigger and more

attractive prizes. The players win, and the relationship between lotteries and retailers grows stronger.

Then there’s the possibility of retailers actually selling lottery products through their own apps. In some jurisdictions, of course, lotteries themselves sell games through their apps, but having retailers sell games in that manner would simply continue and expand upon decades-old partnerships. A test is currently ongoing in British Columbia where a retailer is selling instant tickets online for pickup or delivery, for example (see story beginning on page 56).

There are companies with various solutions that integrate into retailer apps to facilitate lottery purchases. Abacus is one that would like to see lotteries go down this road. By simply providing a way for players to set up their draw game purchases in

advance – and perhaps digital games as well – and then triggering that purchase at a retailer’s register, it is technically no different than a traditional retail sale. “We think it’s legally a retailer’s sale and the retailer gets the commission,” said Terry Presta, Head of Business, North America, for Abacus. “To us, it’s not an online transaction.”

That said, he acknowledges that it’s still a little too close for comfort in some jurisdictions where “online sales” are not permitted. But that doesn’t mean that it couldn’t work in others.

However technologies develop, lotteries will be watching and waiting for programs that may work in their markets. “As technology improves, we look forward to continued expansion opportunities between the Kentucky Lottery and our retailer network,” said Ramsey. ●

THE NASPL ANNUAL CONFERENCE

Coming this October

Live from your Desk!

www.naspldeskcon.com



Lottery Insider

lotteryinsider.com

The Daily News Service
Lottery & Gaming Professionals
Log onto Everyday



Classifieds • Daily News • Events Calendar • 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



**Making a Difference
Since 1971**

NASPL and Lottery Industry Calendar of Events

2021 CONFERENCE CALENDAR

September 28-29, 2021

NASPL Directors' Meeting
and Dialogue
Online Event

October 2021

NASPL DeskCon 2021
Online Conference and Trade Show
naspldeskcon.com

December 2021

NCPG/McGill University
Gift Responsibly Campaign

2022 CONFERENCE CALENDAR

March 2022

NCPG Problem Gambling
Awareness Month

April 11-14, 2022

NASPL Lottery Leadership Institute
Hyatt Regency Cleveland Arcade
Cleveland, OH
Hosted by the Ohio Lottery

July 25-29, 2022

NASPL Professional
Development Seminar
Indianapolis, IN
Hosted by the Hoosier Lottery

October 16-20, 2022

World Lottery Summit
Vancouver Convention Center
Vancouver, BC
Hosted by BCLC
worldlotterysummit.org

December 2022

NCPG/McGill University
Gift Responsibly Campaign

2023 CONFERENCE SCHEDULE

March 2023

NCPG Problem Gambling
Awareness Month

April 23-27, 2023

NASPL Lottery Leadership Institute
Hyatt Regency Cleveland Arcade
Cleveland, OH
Hosted by the Ohio Lottery

July 17-20, 2023

NASPL Professional
Development Seminar
Denver, CO
Hosted by the Colorado Lottery

October 30 - November 2, 2023

NASPL Annual Conference
Milwaukee, WI
Hosted by the Wisconsin Lottery

December 2023

NCPG/McGill University
Gift Responsibly Campaign



**WORLD LOTTERY
SUMMIT 2022
VANCOUVER**

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

Find inspiration inside and out.

The World Lottery Summit 2022 is set to take place in the breathtaking, forward-thinking, eye-opening city of Vancouver, Canada. A perfect location to learn, grow, engage and connect as an industry and discover what's on the horizon for the future. With the ocean, forests and coastal mountains close at hand, you'll wake up every day refreshed and ready to be inspired.

Save the date: Oct 16-20, 2022



SG INSTANTS

The Games Might Be Instant
But Their Impact Can Last a Lifetime

Last year in the U.S. alone, players won more than **\$37 billion** in instant game prizes.

Even better, the instant game generated more than **\$10 billion** for good causes.

Let's keep changing lives - together.

Reimagine
Next



Reimagine **Next**