INSIGHTS

MAY/JUNE 2022

Focus On: iLOTTERY

An iLottery Primer • Words of Wisdom
Player Strategies • eInstant Success • Fast Play

We are fortunate to work in an industry that values and champions technology. More than ever, the past two years have shown us the importance of technology and staying ahead of consumer demands.

In this issue of *Insights*, we take a deep dive into lotteries' online and interactive games and features.

In Georgia, we introduced our iLottery channel in 2012. At the time, we were one of the first U.S. lotteries in the online arena, thanks to the work and support of our prior executive leadership, board of directors, policymakers, vendors and staff.

Since that time, it has been amazing to watch the online space take off and grow as more and more lotteries launch iLottery programs.

Our results in Georgia have been remarkable. In just the third quarter of this fiscal year, we broke online sales records three times.

Our iLottery products have complemented and enhanced our core offerings. In August 2021, we launched Cash 3, Cash 4, and Cash4Life online. Without any significant marketing, online sales of these games account for 3% to 4% of all Cash 3 and Cash 4 sales, and approximately 18% of all Cash4Life sales.

Retail sales of these games have not dropped since the online introduction, so these are incremental sales. We value our retail partners and work hard to support them and ensure that our online products don't adversely impact them.

Diggi Games, our eInstants, are responsible for 70% of our iLottery sales. We recently added two progressive jackpot Diggi Games, which have been very popular with players. Those games, Georgia Jackpot Bankroll and Celtic Coins Jackpot, have different prize structures but feed into the progressive jackpot. With their phenomenal success, we look forward to introducing more progressive games.

As consumer behaviors continue to shift, we also must continue to evolve. We are all working to provide products that are innovative, entertaining and responsible. Online and interactive games play an important role in the future of our industry, as we work diligently to provide funding for our many beneficiary programs. I'm very excited about the endless opportunities that lie ahead.

Sending my best,

Gretchen Corbin
President and CEO,
Georgia Lottery Corporation
NASPL President

IGA 2020
Lottery Product
of the Year

PhotonX

The lightning-fast performing terminal.

PhotonX is the most powerful and best-performing terminal, designed to revolutionize lottery and betting retail operations.
Utilizing INTRALOT's patented Camera Technology as well as high-end processing, PhotonX enables flawless playslip reading, maintenance-free operation and built-in 4K multimedia capabilities.

intralot.com

intralot

INSIGHTS

CONTENTS

32

ONLINE AND IN-STORE

22

Inspire

The Fun.

We're always thinking about the player experience.

Because it's not just a game.

It's an instant of optimistic fun.

SG

SCIENTIFIC GAMES

NCPG Licenses 1-800-GAMBLER, Continues Helpline Modernization

NCPG
National Council on Problem Gambling

1972-2022   *Celebrating 50 Years*

"This agreement is a vital step forward as we work to increase awareness and access to high-quality services for individuals, families, and communities impacted by problem gambling."

– MAUREEN GREELEY

On June 9, the National Council on Problem Gambling (NCPG) announced that it entered into a six-year license agreement with the Council on Compulsive Gambling of New Jersey, Inc. (CCGNJ) for the use of their 1-800-GAMBLER federally registered service mark in all U.S. states outside of New Jersey, as well as all U.S. territories and the District of Columbia. The agreement marks a major milestone in NCPG's effort to reduce barriers to essential resources for those affected by problem gambling.

NCPG first established its national helpline, 1-800-522-4700, in 1995, establishing a centralized call center at that time. Five years later, the national NCPG system began routing calls to regional and state call centers based on the area code of the callers; texting and chat services were added in 2015. The number is active in every state, but this new agreement will allow NCPG to advertise 1-800-GAMBLER – a wonderfully easy number to remember – as the new national problem gambling helpline number, pending NCGP board approval in late June. Given its long history, the current NCPG helpline number will remain active.

"This agreement is a vital step forward as we work to increase awareness and access to high-quality services for individuals, families, and communities impacted by problem gambling," said Maureen Greeley, NCPG Board President. "With collaboration as one of our core values, we are grateful for this partnership with our NCPG Affiliate, CCGNJ, that will significantly advance our shared priorities of improving health and wellness by offering the most effective programs and services possible."

Added CCGNJ Executive Director Felicia Grondin: "CCGNJ has always been at the forefront of providing support for people in communities affected by a gambling problem. 1-800-GAMBLER serves as an essential tool for accessing this support. We look forward to working with NCPG to ensure that people from across the country can easily access problem gambling support and resources using this simple, memorable number."

Both the current NCPG helpline number and 1-800-GAMBLER are available nationwide, but prior to this new agreement, 1-800-GAMBLER was controlled, built, and operated out of the CCGNJ, explained NCPG Director of Programs Jaime Costello. "This agreement gives the NCPG the
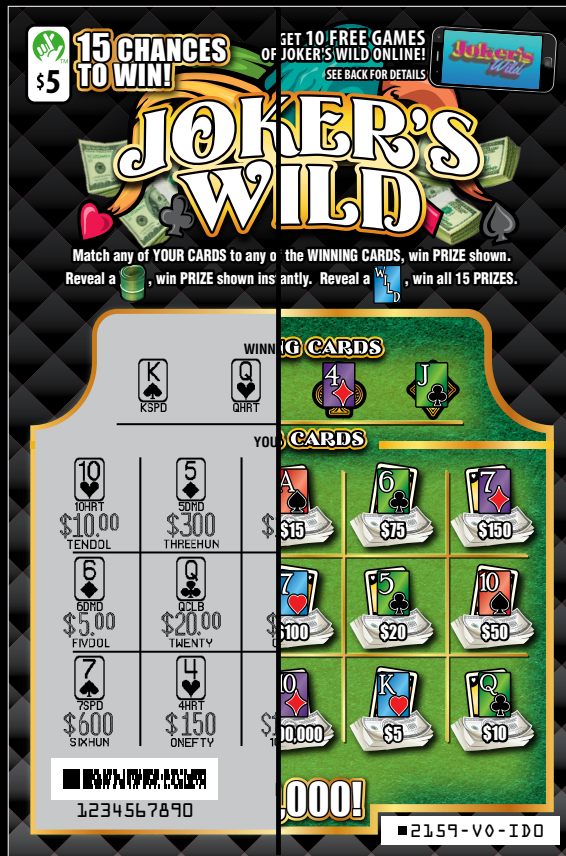
Traditional   **Infinity Instants™**

THE POSSIBILITIES ARE INFINITY.

Uniquely vibrant and never-before-achievable game designs are just part of the all-new Infinity Instants™ technology from IGT. This patented process transforms virtually every element of an instant ticket, from unlimited scenic variety to stunning color and clarity – even under the play area.

Learn more about the infinite possibilities at IGT.com/Infinity

Future Forward
Results Driven

IGT™

> "The Modernization Project will allow us to make significant improvements to the operations, technology and infrastructure of the network to keep up with the ever-growing need for problem gambling resources."
>
> **– KEITH WHYTE**

ability to oversee the operations, billing authority, routing, etc., for 1-800-GAMBLER. Using such a memorable number for the National Problem Gambling Helpline increases brand recognition for the support that's available for problem gambling nationwide."

NCPG affiliates in each jurisdiction will continue to maintain the authority and responsibility to determine where calls made to either helpline number are routed to in their respective states, so long as the chosen call center meets the minimum requirements included in the most recent NCPG Helpline Policies and Procedures.

The agreement builds on NCPG's multiyear National Problem Gambling Helpline Modernization Project. The project, supported by a grant received from the National Football League Foundation in 2021, will improve call center technology, data collection, and reporting, as well as upgrade criteria and offer standardized training and certification for call centers across the National Problem Gambling Helpline Network.

"Since its inception in 1995, the National Problem Gambling Helpline has seen exponential growth in calls, texts and chat messages for help from individuals across the country as gambling has continued to expand," said Keith Whyte, NCPG Executive Director. "The Modernization Project will allow us to make significant improvements to the operations, technology and infrastructure of the network to keep up with the ever-growing need for problem gambling resources."

The modernization efforts include improving on the routing of calls to the national helpline; in today's environment where caller area codes do not necessarily indicate where a caller is actually located, there may be better ways to route the calls, and better options to reroute a call if necessary. "With us overseeing both numbers, hopefully we can make some of that routing more consistent across the nation, which is really exciting," said Costello.

"We are also looking at call center accreditation and collecting consistent data across the board, so that we have a national archive of data to better understand what is happening and to spot trends," she added. That data could include what happens with each call, to evaluate outcomes and provide the best possible help for people struggling with gambling problems.

In the coming months, NCPG will work closely with CCGNJ, state affiliates, and helpline call centers to ensure a smooth transition and prevent any gaps in services as adjustments are made in the National Helpline Number and Network. ◼

NCPG
National Council on Problem Gambling
1972-2022 *Celebrating* **50** *Years*

It started with in-lane, but is now so much more

Abacus has built a state of the art transaction processing gateway to deliver lottery tickets to retail points of sale in manned lane environments.

Since going live we have expanded our technology platform to include self-checkout, mobile & e-commerce.

We continue to add new products and services such as draw games, instant tickets, digital games, validation and redemption of tickets.

Contact us if you want to take your lottery sales to a whole new set of sales channels.

Abacus: bridging the gap between lottery and retail

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

abacus drives
LOTTERY
EVERYWHERE

David Nelms
Project Manager
North Carolina Education Lottery

U nlike the bouncing balls that produce winning lottery numbers, there is nothing random about managing the big projects that drive lottery operations. It's a highly orchestrated process that depends on a project manager to keep things moving to meet deadlines for an outcome that best realizes everyone's goals. For 8½ years, David Nelms has managed some of the biggest projects undertaken at the North Carolina Education Lottery, and he knows both the challenges and rewards. Those rewards are big – helping to generate $9 billion, and counting, for education in the state.

"David Nelms has been an integral part of this agency since 2010, and during this time, he has cemented the importance his role is in achieving the excellence that the North Carolina Education Lottery is known for," said Chief Technology Officer George Walker. "David is amazingly thorough in every aspect of his responsibilities. He has an incredible gift of being able to absorb seemingly endless details and communicate them to all levels of management in a concise manner. Planning for every

PROJECT MANAGER
BECAUSE FREAKIN'
MIRACLE WORKER
ISN'T AN OFFICIAL
JOB TITLE

Left: Running the "war room" before a project "go-live" date
Below: At a NASPL LLI event

possible outcome, his role allows us to see positive results on agency goals and maintain a high level of efficiency with our partners."

The biggest projects Nelms gets involved with are, of course, conversions. He's been involved in three of them to date – the gaming system, instant ticket printing and distribution, and iLottery – and the challenges increase when they involve integrating multiple systems with multiple vendors.

His key pieces of advice? The first is the importance of good requirements. "You have to start with a strong understanding of what your current system(s) do and do not do, and not to just start with a vendor's baseline requirements," he emphasized. "If we provide vague requirements, we will get software that will not do what we envisioned."

Having solid requirements also helps avoid, as much as possible, the need to pivot in the middle of the process. But it's also important to understand that, inevitably, compromises have to be made in order to get a quality system without sacrificing functionality. "There are times when the technical limitations of the system mean you have to figure out an alternative method of achieving your desired outcome." He added that no matter the size of the project, it's critical to have a good testing program along with full commitment from the entire staff.

Nelms enjoys his leisure time, where strict adherence to schedules takes a back seat. He and his wife Lisa have two adult children, the twins Ryan and Christina, and most spare time is spent enjoying their three grandchildren: Dylan (11), Brock

(5) and Baylee (2). Baseball has been a lifelong passion, and son Ryan is named after the baseball player Nolan Ryan, one of Nelms' favorite players. The older grandkids are now playing baseball, as were the twins while growing up. For many years, Nelms held leading roles with several local athletic and booster associations, taking an active interest in the children's sporting endeavors. He takes baseball wherever he can get it, and he's been playing fantasy baseball online going on 20 years now.

The family also enjoys going to the beach, but can't seem to go as often as they like these days. Closer to home, Nelms enjoys outdoor grilling and generally just spending time outside.

A NASPL Powers Award recipient, Nelms received his technical education at Wake Technical College.

He holds a Project Management Certificate from North Carolina State University and is a Certified Associate in Project Management.

What brought you to NCEL and how has your role evolved?

For a total of 18 years, I had worked for a steel detailing company in North Carolina doing CAD work on fabrication drawings, but eventually the recession took its toll and I needed to find other work in early 2009. It was a tough time, but I eventually landed a job at NCEL in August 2010. I started as an ICS (Internal Control System) Operator, entering draw results into the gaming system among other responsibilities. For 20 months, I worked 12-hour shifts that began at 4 a.m., and I jumped at the opportunity to move to a "regular" schedule when promoted to Software Quality Assurance Analyst in April 2012. I had owned a software company for 10 years, related to the steel fabrication industry, and that really gave me a good foundation for testing. A surprise opportunity presented itself in December 2013 and I

became a project manager in our MIS and Gaming departments. My years of dealing with architects, engineers and fabrication companies gave me the foundation of managing projects and timelines, and my additional work in our family business, Capital City Trophies, gave me a good foundation in dealing with the public.

How do you approach your role as a project manager, and what types of projects have you undertaken?

Some project managers just define the deadlines and don't really worry about how those deadlines are met. But I want to understand why we are doing something and what happens along the way, so I can make sense of things people want to change. It's just a philosophy of how you approach project management, and it's natural for me to want to understand the systems that I'm helping manage.

When I first started as a project manager, it was only for the MIS and Gaming departments, helping with requirements and scheduling for any gaming system batches, game changes or game additions. But as

NCEL evolved, the role had to expand, and I also run the Change Control Board that meets weekly, plus lead the yearly tax project for sending our files to the IRS and NCDOR. So many large projects, including our biggest promotions, impact each department and run in parallel.

I've been involved in three major conversions, but one of the first big projects I managed was the Play at the Pump implementation developed in 2014, requiring all-new technology and close work with vendor partners. Although it was only in market for about four years, I learned a great deal about working with multiple vendors to provide a seamless experience for the player. I also managed the implementation of NCEL's first internal financial accounting and procurement system that launched in 2015.

It's not easy for a lottery to launch a new game. Is there anything that could be done differently to improve the process from your perspective?

I'm not sure there is anything different that needs to be done on

RETAIL
EXCELLENCE

Pollard Banknote's industry-leading Retail Growth team, lottery management tools, and merchandising solutions support lotteries as they optimize retail and drive revenue for good causes.

Digital Ticket Menu Board

In-Lane Express 4™

easyVEND™

Select 4™

Retailer Support

Retail Modernization

Game Planning Platform

Warehousing & Distribution

Outstanding Games.
Retail Excellence.
Digital Innovation.

any new game launch, which requires a lot of work in the development of requirements, the development of the game itself by the vendor and the various departments in the lottery to work together. The best thing to keep in mind is that while certain departments may play a larger role in any new game launch, it takes every department to make it a successful launch. There are many moving parts and it is so helpful if there is a main point of contact to make sure everyone and everything is on task. That's where a project manager comes into play. I don't know if other lotteries do this, but here I schedule task force meetings on our game launches, game changes and sometimes some of the bigger promotions. It lets everyone who is a stakeholder, every department, be represented in the discussion. It is amazing the number of times a comment made in these meetings will spur discussion that involves something that had not been considered. We never want anyone to say at the last minute, "I wasn't aware that it was doing this."

What stands out in your memory about the work you have done at NCEL?

My best memories would be running the "war room" in the days leading up to the go-live dates for two big projects that I managed from the RFP stage all the way through go-live. The first was our gaming system conversion that went live on March 26, 2017. The second was the conversion of our iLottery system to NPI, which was go-live to production on October 28, 2019. These were massive projects and the final countdown to going live was such a thrill.

Any general suggestions about what the lottery industry could be doing differently?

One would be to bring as much "digital" into the lottery space as possible, but at the same time

remember that there is still a base that wants things simple and "the way it used to be." We have to change with the technologies that are at our disposal, and we also have to include both the retail and online world in any decisions for change. There will always be people who don't want to use technology, and we have to give them options.

I also highly recommend that lotteries be selective in trusting focus group data. I believe the answers you get in these groups are solely dependent on who is forming the questions and how they are presented. Use these results as just one tool in your toolbox, not the "be all to end all" for making a decision in any one direction. It's important to talk to players at retail establishments to help plan changes, but that should also be just one data point to be considered for decision making.

The industry has gone through games that have worked, and games that have failed. As we collectively look at changing some of our flagship

games, I always hope that decisions are made that actually apply things, good or bad, that have been learned in the past.

What do you enjoy the most about working at NCEL?

The things I enjoy most about my work are the people and the challenges of different projects. I certainly enjoy the work itself, but I also enjoy getting to know people in our own staff and those working for our vendors and other lotteries. While working from home during the pandemic did not slow us down, I do miss the ability to just go to someone's office or cube to get an answer on something or to ask about a deadline. WebEx, Zoom and Teams are wonderful tools, but I look forward to the day when the majority of my meetings happen in person again. For a project manager, being able to meet face to face, interact, and observe reactions when discussing items all go a long way in my job. ■

App and Survey Insights

By Kelley-Jaye Cleland
Chief Product and Program Officer
New Hampshire Lottery

On the docket of things to do since 2014 with our traditional gaming systems vendor, INTRALOT, was a mobile app. For various reasons the New Hampshire Lottery Commission did not delve into the mobile app project until 2019. By then, after the launch of other product lines and purchasing mediums, what was originally proposed for our app would not meet our needs. Between 2014 and 2019 we ceased offering Replay, the player rewards program, for a myriad of reasons, although we knew we wanted to offer a new and improved rewards program to our players.

In terminating the Replay program, we had a key finding. The entries skyrocketed for the end-of-life offerings of lots of cash and scratch tickets. We never knew the stuff we owned was more popular than other types of merchandise and prizes. Cash – or the possibility of it – really was king. This finding helped mold our future rewards program.

In laying out the mobile app wish list, our top priorities were:

• Customer satisfaction by giving customers what they want and garnering their feedback to constantly improve;

• Gamify the experience by not only offering great games, but making the user experience a game – fun, interactive and rewarding; and

• Single sign-on to the existing iLottery portal by not requiring players to remember two sign-ons for a single brand – making it easy on them, while keeping data in one place and enhancing cross-messaging opportunities.

Phase I of our mobile app launched in February 2022. It includes a ticket checker, second chance entry, survey mechanism, game information and a retailer locator; it is part of a single sign-on so users can log in using their iLottery credentials. We are planning future phases, which will include a points economy to provide players with points for dollars spent on traditional and iLottery games. Those points can then be redeemed for more tickets or game play. Phase III will include in-app play for iLottery.

Over the past three-and-a-half years, we learned a bunch from iLottery. Our iLottery program is successful for many reasons, one of which is because the players who are already a part of that ecosystem are regularly engaged and are provided offers they care about. Once the players make their first deposit or purchase, segmentation begins, not only based on their demographics, but also on what they first purchased. Are they eInstant or draw game focused?

As we mapped out the user journey with Marcus Thomas, the subcontractor INTRALOT engaged to build the app, Marcus Thomas suggested that anyone can download the app and find basic lottery information. However, to enter second-chance drawings, a player must sign up for My603Rewards as a new member or using their iLottery credentials. If they use their iLottery login information, upon verification they are automatically enrolled

Where did you hear about the app?

WHERE DID YOU HEAR ABOUT THE APP

Other	
I saw it on Facebook.	
I saw it on another website.	
I saw it in the Lottery e-Newsletter.	
I saw it featured on the Lottery website.	
I saw an advertisement.	
I heard about it on the Radio.	
I heard about it from my local retailer.	
I heard about it from a friend.	

0% 10% 20% 30% 40% 50% 60%
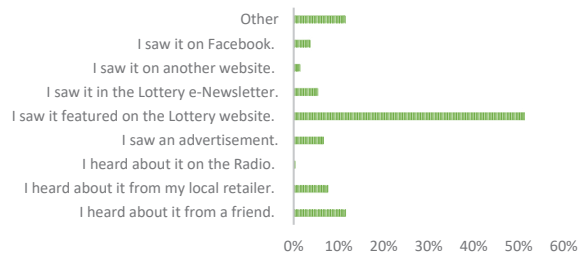
HEARD ABOUT APP FROM FACEBOOK BY AGE GROUP

75 years or older	
65-74 years old	
55-64 years old	
45-54 years old	
35-44 years old	
25-34 years old	
18-24 years old	

0% 5% 10% 15% 20% 25%

in My603Rewards. If they are not existing iLottery members, signing up for My603Rewards also registers them for iLottery. Either way, once a person signs up they receive a welcome email from My603Rewards with an invitation to take the Welcome Survey.

Since this is a research piece, I should probably get to the data – let's look at what we learned from the app introduction and our Welcome Survey.

Starting with the top line numbers, we've had over 20,000 downloads from February 2022 through early May 2022. In a state where our total population is 1.3 million, 2% of the total population for the first three months is a great start. Of those who downloaded the app, 56% did so via iOS versus Android.

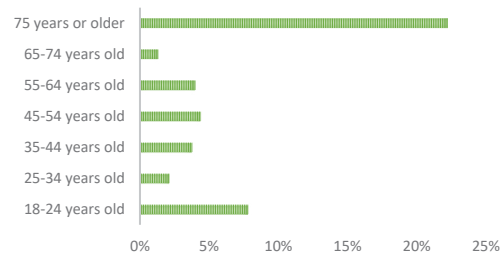Of those who downloaded the app, 42% then registered for My603Rewards. This conversion rate is high, likely due to the second-chance drawing we went live with – all valid terminal and scratch tickets were eligible for second-chance entry to win one of twenty prizes of $500.

Thirty percent of those who registered for My603Rewards took the Welcome Survey. Our hunch as to why this conversion to take the survey was so high was the carrot. On a weekly basis for the first two-and-a-half months, everyone who completed the Welcome Survey the previous week was entered to win one of five $5 books of scratch tickets. By launching with programming that engages players and provides them a reason to come back, without having the ability to award rewards points, we were able to achieve high conversion rates.

Why did people download the app? Almost 43% of respondents wanted to scan their ticket to check for winners, while just over 20% wanted to enter second-chance drawings. Third on the priority list, at 17.6%, was entering the rewards program. The age groups that most wanted to check their tickets for winners are those 75 and older (at 55.6%) and those 18-24 years old (at 51%), although all age ranges noted it was their top reason. Only 1.1% of all respondents downloaded the app to find more places to purchase games at retail.

Starting with the top line numbers, we've had over **20,000 downloads** from February 2022 through early May 2022.

Reasons for App Download

Reason for App Download

8.8%
20.5%
42.8%
17.6%
9.3% 1.1%

- Other
- To enter into Second Chance Drawings
- To enter the Rewards program
- To find more places to purchase Lottery games at retail
- To keep track of game information and jackpot alerts
- To scan my tickets to see if they're a winner with the Ticket Checker
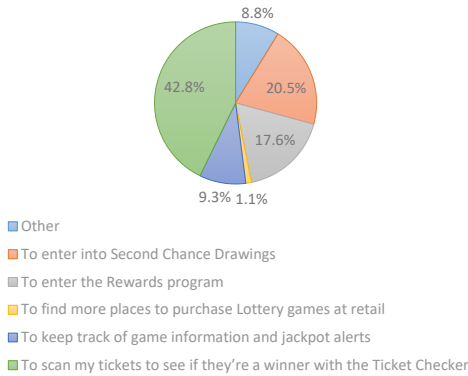
Scan Tickets for Winners Functionality by Age Group

55.6% 51.0%
36.9% 40.3%
42.4% 44.6%
43.5%

- 18-24 years old
- 25-34 years old
- 35-44 years old
- 45-54 years old
- 55-64 years old
- 65-74 years old
- 75 years or older

Interestingly, **22% of those 75 or older** heard about it from Facebook – the highest response rate for that answer, while only **7.8% of the 18-24 age group** heard about it through Facebook.

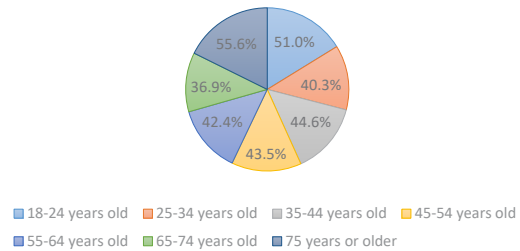How did those who downloaded the app hear about it? Fully 51.3% learned about it from the NH Lottery website. That reinforces the need to ensure that all owned properties have the most up-to-date information that is easy to find. Others heard about it from a friend (11.6%), from "other" (11.5%), and from a retailer (7.7%). Before launching, we informed the retail network about the app and the key items that benefit them and the player. Our retailers love the ticket checker functionality, which decreases the demand on them! We provided point-of-sale handouts that were available to players. Interestingly, 22% of those 75 or older heard about it from Facebook – the highest response rate for that answer, while only 7.8% of the 18-24 age group heard about it through Facebook.

How often do these people play New Hampshire Lottery games? This includes all games such as scratch tickets, iLottery games, Powerball, and KENO 603. Among survey respondents, 47.3% report playing at least one time per week, while 35.6% report playing at least one time per

day. This indicates these players are our core players and early adopters. Those 75 or older don't play less than one time per week and they also reported only playing the $2-$5 price points exclusively, and spend between $5-$101 per month on NH Lottery games.

The 25-34 and 35-44 age groups spend the most on NH Lottery games per month, with 12.9% and 14.1%, respectively, spending $401 or more per month. Not quite 6% of those in the 18-24 age group reported spending that much per month. Overall, 22.2% of all respondents reported spending $51-$100 per month, and 18.2% spend $101-$200 per month.

Over the years, we have seen our players gravitate toward higher price point games. Though 34.5% still report purchasing $5 tickets the most, the $10 price point is also well represented at almost 21%. The $25 price point is most purchased by those in the 25-34 age group, at 6.5%, with the 18-24 age group being the next highest at 5.9%. The $3 games are most purchased by those aged 18-24, at 25.5%, which was a surprise

Household Income
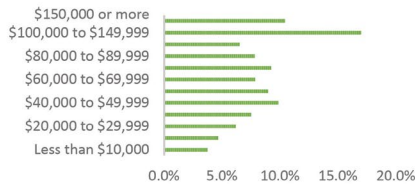
HOUSEHOLD INCOME

HOUSEHOLD INCOME BY AGE GROUP
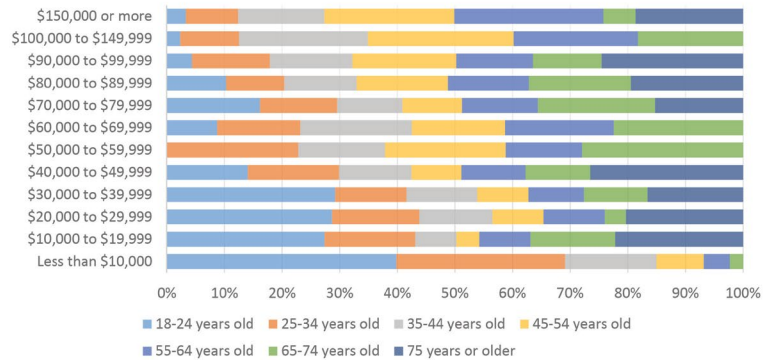
> The **$3 games** are most purchased by those aged **18-24**, at **25.5%**, which was a surprise to me!

to me! The 75 or older group was a close second, reporting 22.2% purchase at the extended play $3 category.

Do these people work? They sure do! Overall, 70.2% work full time, although the highest response rate for the 65-74 and 75+ groups is "other," at 52.3% and 66.7%, respectively. We did not offer a retired option, so that's likely the status of these players. The total unemployed percentage is 6.4%.

According to the 2022 World Population Review, New Hampshire has a mean household income of $99,165. That compares well to the responses of our players. Overall, 27.5% reported a household income of $100,000 or more, with 10.5% of those reporting $150,000 or more. The 18-24 age group reported the lowest earnings of all, with 19.6% having a household income of $30,000-39,999.

Separately from the Welcome Survey, we wanted to understand more about the players who also deposited with iLottery. Since there is no in-app play, any player who

makes a deposit after registering for My603Rewards and takes the extra effort to leave the app to go to a mobile browser to purchase and play, is intentional with their actions. Of those who registered for My603Rewards, 3% fall into this category. In working with Ofer Cherkez from the Ignite Marketing team at NeoPollard Interactive to understand these players, there are some exciting learnings:

1. In looking at all First Time Depositors (FTDs) compared to First Time Depositors who signed up via the app, we see a higher percentage of FTDs coming from the App FTDs in the 18-45 age groups. This is most prevalent in the 36-45 year old group.

2. The 241 players who deposited with iLottery after first registering through the app and rewards program fell into the VIP segment of our iLottery program based on their deposit levels in their first week.

ILOTTERY FIRST TIME DEPOSITORS VIA APP AND NON-APP BY AGE GROUP

Legend: ■ App FTDs ■ All FTDs

Age Group	App FTDs	All FTDs
18-25	8%	7%
26-35	24%	22%
36-45	31%	23%
46-55	17%	20%
56-65	16%	19%
65+	4%	9%
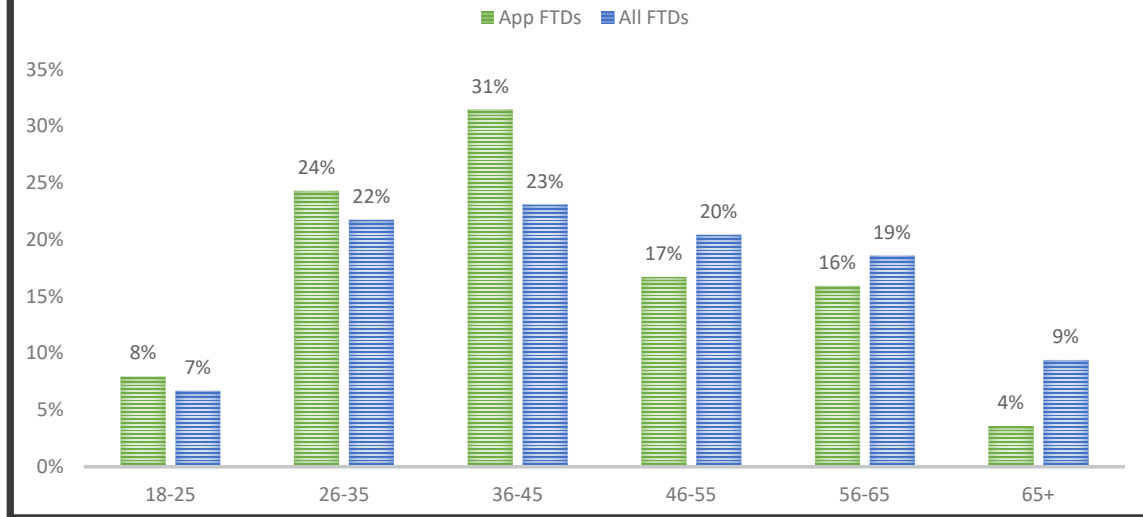
3. The player value is higher. The average deposit per user (ADPU) coming from registrants via the app is 36% higher in the first seven days after the initial deposit than that of players who come in from other sources: $113 vs. $83.

What does that mean to us? This may indicate the app is a good acquisition tool to bring in a younger demographic, who are high value players.

Moving forward, we will continue to review the Welcome Survey results to see how the data changes. Additionally, we continue to survey our players on other topics to inform our decisions and to help us better understand our players. Certainly, the findings to date reinforce the direction we took and are taking with our app. Offer ticket checking and second-chance entry, done! Up next, create a rewards program that provides players with our owned items and cash; and integrate in-app play.

We look forward to learning more about our players so we can get away from "I think" statements and move toward "the players want" statements. As the oldest modern lottery in the U.S., we must continuously tweak how and what we do, we must look to the data to help define decision-making, and we must engage with our players to make this their New Hampshire Lottery. ■

We look forward to learning more about our players so we can get away from **"I think"** statements and move toward **"the players want"** statements.

Contributing to this report were other members of the New Hampshire Lottery team: Sydney Albee, Aime-Jo Bacon, Jay Lau and Maura McCann.

TEXAS LOTTERY™

30TH

ANNIVERSARY

Leading the Way in the
Lone Star State

After 30 years, the Texas Lottery makes the most of the few tools it has, among other things leading an industry-wide effort to modernize the retail lottery experience.

By Patricia McQueen

> **"My message to anybody who will listen is that we have to really step up now and adapt, modernize and change the way we do business."**
>

In the past five years, the Texas Lottery has been growing by Texas-sized leaps and bounds, with sales up 60% from FY16 to FY21. That's above and beyond most lotteries in its size range, and almost double the U.S. industry as a whole. In FY21 (which ends in August for Texas), sales surpassed $8.1 billion, third among U.S. lotteries including only sales of traditional lottery products, gaining ground from five years ago when it was fifth with almost $5.1 billion.

That means a lot for public education in Texas, which since 1997 has received the lion's share of Texas Lottery revenues; beginning with FY10, a small portion generated from specific scratch tickets is allocated to veterans' programs. The total revenue raised last year was just shy of $2 billion, and since ticket sales began on May 29, 1992, the Texas Lottery has delivered more than $34 billion in revenues to good causes

Despite all the recent success, driven primarily by a 78% increase in scratch ticket sales over the five-year period, Executive Director Gary Grief is convinced that things have to change throughout the lottery industry. The retail sector was already seeing changes in their business models, but the pandemic has had a drastic impact on the speed and scope in which those changes are being made. That's critical for lotteries, who depend on retailers to sell their product.

"My message to anybody who will listen is that we have to really step up

Then-Governor Ann Richards purchasing the first Texas Lottery ticket, Lone Star Millions, on May 29, 1992

now and adapt, modernize and change the way we do business," said Grief. "The retailers have changed, they have more self-service and fewer human beings involved in the sale of products, and quite frankly, lottery doesn't thrive in those environments."

Texas is at the center of the industry's efforts to make these changes, leading the charge long before the pandemic turned retail evolution into retail revolution.

Retail Inroads

Although the work is broadly described as "in-lane," and certainly one big goal is to get lottery tickets sold in the lanes of superstores, it's really about making lottery products easy for retailers to handle and enabling the sale of lottery products in the same manner as every other retail product. That is the overall goal of the NASPL API, for which development
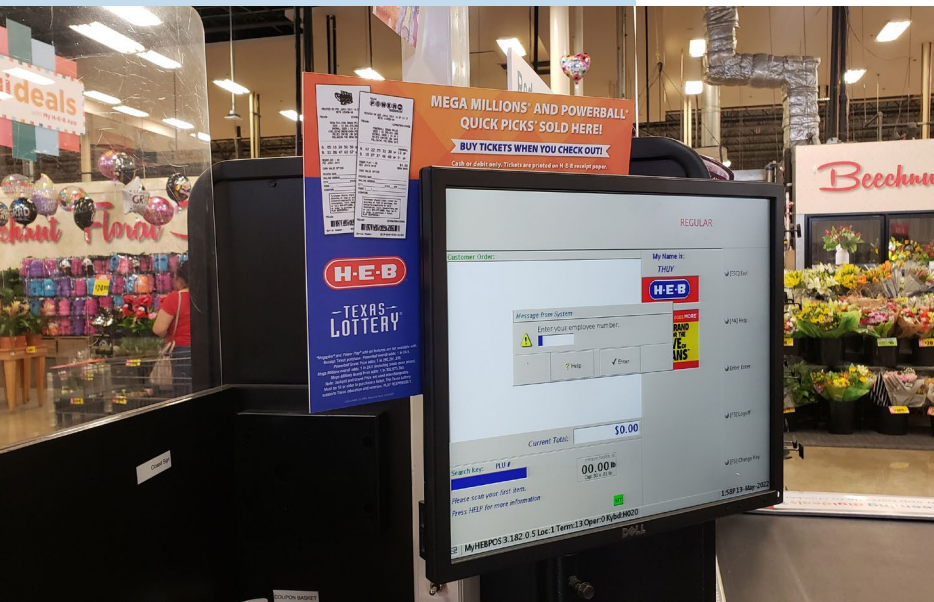
began in earnest in 2017. The NASPL working group driving the project is currently led by Texas Lottery Director of Lottery Operations Ryan Mindell. The API is now up to its third iteration as new features have been added to the specification; when the first version was released in 2019 it allowed lottery systems to communicate with retailers' advanced point of sale systems for the first time.

Texas has deployed several solutions enabled or facilitated by that API. A rollout of QUICKTICKET at Dollar General allowed customers at those stores to buy Powerball and Mega Millions; adding the same product in major grocery store chains is bringing lottery out from the service counter (the newest stores to add QUICKTICKET are Kroger and Albertsons); and the H-E-B grocery chain did the work to develop Receipt Ticket (printing of quick picks on plain paper), adding 5,000 new points of sale simply by selling Powerball and Mega Millions in all lanes of the chain's 300-plus stores. That last technology also allows prize redemption for almost all of the Texas Lottery's products.

These projects and others are being picked up by lotteries in other jurisdictions, and gaining momentum as retailers weigh their options.

All of these efforts in Texas have gone "extremely well," emphasizes Grief, who doesn't focus on sales. "For us, it's all about market penetration. We went from 17,000 retailers to 20,000 purely because of Dollar General." Whether that chain continues to sell lottery for the long term remains to be seen; the critical thing was learning all the lessons about what they and similar retailers want. "We have a much better understanding today than we had three years ago of what those retailers expect and what their complaints are about the lottery product. Their number one worry is shrinkage – theft of lottery products. If we can solve these and other concerns with things like ticket-by-ticket activation, we think we are geared for growth in the sheer number of retailers that we can get out there with our products."

After already climbing mountains to get where it is today, the Texas Lottery is now tackling Mount Everest. The most exciting work currently underway should eventually allow scratch tickets to be sold anywhere. In late May, Texas introduced system support for ticket-by-ticket activation. "It is certainly going to facilitate the sale of scratch tickets in-lane, but it also could roll out to any retailers and provide them

additional assurances about liability for stolen and lost tickets," said Mindell.

Complete success requires new barcode technology; integration with the Lottery's gaming system, either through an intermediary such as Blackhawk and InComm (who are the partners with QUICKTICKET) or through direct integration such as that completed by H-E-B for Receipt Ticket; and small in-lane ticket dispensers in some form. All that will take time, perhaps 18 months to fully convert the barcodes on all tickets. But smaller pilot projects are being planned, possibly as soon as the end of this year.

"It's all about moving to a terminal-less environment," said Mindell. Retailers who sell lottery today do so because they are comfortable with having lottery equipment in their stores and are willing to take on the liability for lost or stolen tickets and everything else that comes in a traditional lottery package. Retailers who don't want to deal with all of that are the ones who don't sell lottery today. "If we don't change and come up with other things to help some of these issues, we are never going to get those retailers. All of this is something that every retailer is going to be interested in, but it's disproportionately important to the in-lane effort," he added.

Ramping Up Scratch

It's easy to understand why it's so important to have a good solution for scratch tickets in-lane. After all

these products are the Texas Lottery's bread and butter. In the last fiscal year, they accounted for $6.6 billion of the total sales of $8.1 billion, or almost 82% – tops among the biggest lotteries by a decent margin. "I believe that's a result of us continuing to figure out what the players want as far as price points and game attributes, and working with our printers on that," noted Grief.

The quantity of new scratch games introduced each year – about 80 – gives Texas the flexibility to try new things, and to have a number of games each year attached to fabulous promotions that drive even more overall interest. There's also the Texas Lottery's success with higher price points; its first $50 scratch game was introduced in 2007 and there are now three or four on the market at any given time. In May, Texas launched the country's first $100 game, $20 Million Supreme. "It's
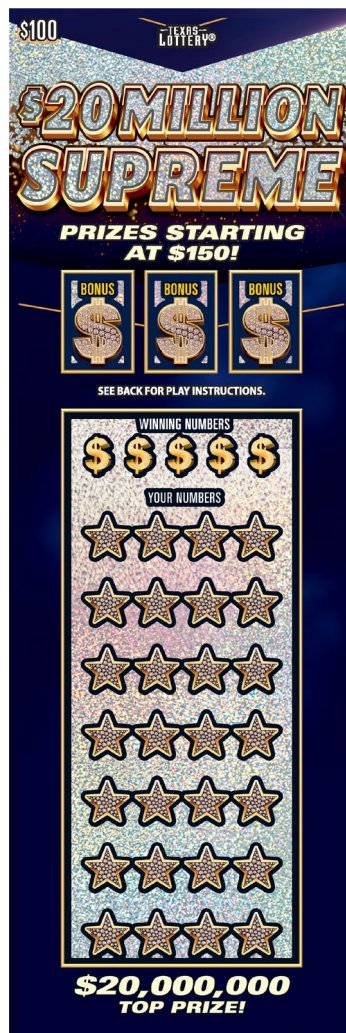

A Year-Long Celebration

For the Texas Lottery, a 30th anniversary meant celebrating all year long, from May 2021 to May 2022 – it's too big to have just one celebration! There were different themes each month, honoring the Lottery's stakeholders and beneficiaries, retailers, events and partnerships. There was a 30th anniversary theme for the Texas Lottery's booth at the State Fair, where special discounts were available at 3:30pm that day. There were contests and giveaways for the players, such as a "find the 30 in the wild" contest. A $5 30th Anniversary scratch ticket was released in April. The celebrations wrapped up with two events on May 19: First a reception for employees, some of whom have been with the Texas Lottery since the beginning, followed by a public concert by Ghostland Observatory along with a photo booth and prize wheel.

A time capsule (shown above) was dedicated at the reception, to be opened at the Texas Lottery's golden anniversary in 2042. Included in the capsule is a Lotto Texas drawing ball (#30, of course), a selection of tickets and digital media creations, items reflecting the fun 30th anniversary events, and a few other things – including a face mask. Given how time capsules, when buried, can be long forgotten, the Lottery's time capsule will be displayed at its new headquarters.

Texas Lottery at a Glance

	Instant	Draw Games	Total Sales	Total Prizes	Net Proceeds
			•••••••••••••• Sales ••••••••••••••		
FY 2021	$6,616,975,019	$1,490,228,375	$8,107,203,394	$5,418,271,882	$1,998,313,536
FY 2020	5,555,813,386	1,148,214,397	6,704,027,783	4,442,357,644	1,683,729,110
FY 2019	4,845,586,519	1,405,892,132	6,251,478,651	4,056,494,096	1,636,590,465
FY 2018	4,418,324,547	1,208,522,340	5,626,846,887	3,666,102,586	1,450,474,658
FY 2017	3,935,220,022	1,142,241,630	5,077,461,652	3,257,375,437	1,333,967,949

Current games:
Instant tickets: Approximately 80 new games launched annually; $1, $2, $3, $5, $10, $20, $30, $50 and $100
Terminal games: Mega Millions, Powerball, Lotto Texas, Texas Two Step, All or Nothing, Cash 5, Pick 3, Daily 4

Vital statistics:
Number of employees: 273
**Number of licensed retailers:** 20,464
Self-service equipment: 2,851 Gemini units

a willingness to take a reasonable entrepreneurial risk in launching some of these higher price point tickets," explained Grief. "We are tasked with running the best lottery we can, generating the most revenue that we can, and if this is one of the ways we can do it, we are happy to provide that for our players."

The tickets for $20 Million Supreme have a very luxurious and soft-touch feel on the front with a very clean and simple play area; instructions are on the back. The hourglass prize structure was borrowed from the DC Lottery, adjusted for the very large Texas market. There are four $20 million prizes – cash, not annuity – which account for 10-12% of the game's overall prize pool. The lowest tiers also have substantial prize funding, and the minimum win is $150. With all of these things, combined with an 80% prize payout, Grief and Mindell think the game provides a value proposition players will appreciate.

In addition, the $100 price point makes it more convenient for players, many of whom are already purchasing lottery at that spend level, with the bonus of $20 million cash prizes and an 80% payout. For the retailers, if players consolidate their purchases into fewer individual tickets, that's a benefit for them as well. "Combining convenience for players with efficiency for retailers, we believe both players and retailers will embrace this new price point," said Grief. After the first two weeks of sales for the $100 ticket, the players seem to be responding – game sales have eclipsed all records for scratch tickets since the startup of the Texas Lottery.

Promotions providing experiential prizes with key partners also help drive scratch ticket sales in Texas. The Lottery can offer several attractive promotional opportunities while keeping some 90% of its games still focused on cash prizes. With an advertising budget reduced to just $17.7 million in FY21 (barely more than 0.2%
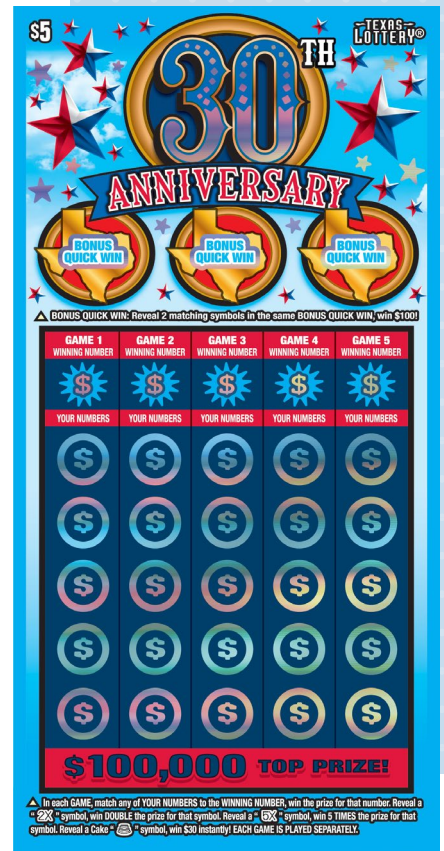
of sales last year) and down to only $10 million in the current and next fiscal years, Texas has to be creative when it comes to building games that can attract broad attention.

What is proving to be a popular model is offering two stages of winning for the players in the big second-chance promotions, like a VIP concert experience at an exclusive destination. The first stage or drawing awards a small cash prize, say $100, and those winners are then entered into a second drawing for the big trip or other event being showcased. "We've gotten a lot of positive feedback from players," said Mindell, because they know that there might be as few as 40 or 80 winners of a big experience but also a lot of smaller cash prize-winners, such as 20,000 $100 winners in a recent promotion. "They can feel that a little bit more, and for most people a cash prize is probably more appealing than going on some of the trips." To further address that desire, Texas is also building cash awards into the experiential prizes.

Meeting Challenges

Working with partners on promotions such as these helps soften the impact, at least a little bit, of that legislated drop in the advertising budget, down from $40 million just a few years ago. Gone is any hope of a television or radio advertising presence; instead the focus is on digital media. "It's difficult, but we try to work around it," said Grief, explaining that besides finding opportunities in social media and streaming services, the Texas Lottery continues its jackpot billboards, tries to get the most out of point of sale, and also relies on its YouTube channel and other owned media. "But all that will never take the place of a really strong advertising campaign," he emphasized.

To help find more ways to keep growing the business in such an environment, the Lottery has worked hard with its vendors, especially the

ticket vendors and the advertising agency, to incorporate certain types of expenditures into various contracts. By studying how other lotteries structure their contracts, Texas has been able to find ways to creatively build contracts that allow for promotional events and materials as part of the product costs – after all, that product is what drives sales in the first place, so it all involves supporting the products in the marketplace one way or another.

Mindell is excited at the growing number of companies offering attractive promotions to the lottery

industry, with Atlas Experiences and Imagine Experience more recently adding to the group that already includes Alchemy3 and all three ticket vendors. He acknowledges that these promotions come at a cost, but they return great value. "We've been able to structure the costs into these promotions in a way that gives us value and gives the players value. We want the vendors to keep offering them – the value proposition has been a good outcome for everybody."

Unexpected value has also come from the companies providing courier services that let players purchase

tickets via an app. They are seen strictly as delivery services for lottery tickets, and there are now several of them operating in Texas. While they have no relationship with the Texas Lottery, the couriers advertise regularly throughout the state, including via television, where the Lottery has been absent due to budget cuts. Grief estimates that the couriers spend more on advertising than the Texas Lottery does at the present time.

Of course, the Texas Lottery also finds ways to spend less money. The majority of advertising and creative content is now being generated in-house instead of by an agency. Advances in technology have made production capabilities more accessible, allowing the Texas Lottery team to internally develop great creative ideas quicker and more efficiently than ever before. Brand Strategy Coordinator Andrew Leeper runs the in-house studio; the biggest recent project, produced by the Lottery's 30th Anniversary committee, was a 28-minute video commemorating "30 Years of Winning."

That video was recently recognized as a Silver Winner in the Branded Content – Documentary: Individual category in the Telly Awards, the world's largest honors for video and television content across all screens.

"It's all just being a lot more flexible with what we are doing, and we keep tweaking the process," said Mindell.

Looking Ahead

Certainly, the Texas Lottery has challenges. Some come from situations unique to the state, but others are felt by lotteries across North America. At the macro level, pandemic-fueled sales increases across the industry are starting to wane in many places, as lotteries no longer enjoy the entertainment monopoly they had for a while. And

in 2022, levels of inflation not seen in 40 years are putting a damper on discretionary spending.

Grief is also concerned about the industry's procurement process for lotteries' gaming systems, one that in many states, including Texas, results in a long-term technology contract with virtually zero ways to spend on new developments. Sometimes systems contracts can be renegotiated mid-term, but that doesn't always solve the problem. "If there's something new offered by another vendor – I'll use Abacus as an example with their in-lane solution – we have no mechanism to pay for that, because it's outside our contract with IGT. We have no money to innovate. And if we can't support companies with innovative new ideas, they will die."

Several years ago, the Texas Lottery ditched the still-common industry practice of having one primary scratch ticket vendor, sometimes with a secondary vendor. "There were products and services from all three scratch ticket printers that I wanted to utilize, but there was no industry model to do that," said Grief. So Texas had discussions with all three vendors and came up with an RFP that would capture the best they all had to offer and still produce a competitive price. That continues to be a great success, but there still needs to be work done with other contracts. "We are not modernizing as other industries are and we are slow to the table on pilot projects. There's going to come a time when maybe we aren't as relevant as we think we are." While it's not feasible to have three system vendors, it should be possible to have productive discussions of how to restructure RFPs to benefit both lotteries and vendors alike in an age where technology changes in an instant.

Yet all is not gloom and doom, especially as new retail initiatives keep moving forward. Grief is also happy with Powerball adding a third drawing, although he advocated for going

daily. He's excited about the potential to add population by expanding the game to other countries, and hopes to see changes in Mega Millions as well. "I think we should be moving faster on these initiatives for both Powerball and Mega Millions. They are great brands and we could do a better job managing those two flagship jackpot games, in my mind."

Closer to home, this fall the Texas Lottery will be launching a mobile claims service, allowing players to scan their tickets and automatically transfer winnings from $600 to $5,000 via Zelle (and potentially other digital payment networks in the future). "This is really going to be a big thing for us, providing our players with digital experiences they expect," said Mindell. He also noted the recent launch of digital coupons, where players use a QR code in the app to get a deal on a retail purchase. "It drives players to the app, which then drives players to stores. We want everyone to be comfortable with the fact that our digital efforts are complementary to retail."

For the foreseeable future, there will be no keno, raffles, iLottery or sports betting at the Texas Lottery. The future for lotteries with similar restrictions will depend in large part on the work of the NASPL Retail Modernization Committee and its API working group. "They have been pushing to bring uniformity across the vendor community, and across the retailer industry, so that our lottery products can be sold in the same manner that other products are sold," Grief said. "As long as we continue to adapt and modernize, I am cautiously optimistic for the future of the Texas Lottery." ◼

THE TIME IS NOW

There are **50 Million** reasons your players will love the new Linked Game!

Contact your Scientific Games representative today for more details.

The Science Behind the $50's Success

By Beth Bresnahan
Vice President, Communications, Scientific Games

Instant products have evolved tremendously since the game category's debut at retail nearly 50 years ago. What began with a single $1 key number match ticket has grown into today's $69.6 billion industry in North America with price points ranging up to $50, and even an occasional $100, that offer a wide variety of ways to play. Most importantly, after five decades instants continue to provide growth opportunities for lotteries and increased revenue return for their beneficiaries.

The category has continuously transformed through the introduction of engaging new play styles, innovative prize structures, advanced printing technology, iconic licensed brands, digital extensions, and expanded price points, creating exciting game options that provide players with entertainment value and inspire the fun they're looking for.

Player Experiences and Sales Performance

An instant game's visual elements are often what initially draws a player's attention to a particular game, but it's both the art and the science behind it that best positions a game and lottery's instant portfolio for success. A critical element of that science is the strategic design, differentiation and positioning of new offerings in context with the whole portfolio, which becomes even more nuanced as additional higher price points are introduced to the mix. A lottery's most engaged players require this attention to detail to understand the value of purchasing one game over another.

Instant game sales have soared during the past two years with high price point games driving that growth. In calendar year 2021, more than 65% of instant sales came from $10+ games. As spending on higher-price-point games continues to flourish and players drive increased demand for games like the $50, deep market research combined with advanced portfolio management is necessary to continue delivering what consumers want while maximizing profits for good causes.

Most simply put – we need to be a bit more deliberate in what we do and how we do it.

Scientific Games customers benefit from analytic-driven go-to-market strategies aimed at minimizing portfolio cannibalization and, ultimately, growing lottery sales and profits.

To inform its $50 game category strategic recommendations, the company conducted significant market research to dig deeper into what consumers expect from this high price point product and other aspects of play that must be included to deliver an experience players expect.

The product development process started with several core educated hypotheses we believed would prove out in the research based on findings seen over and over again in testing with engaged players. These include incorporating prize levels that have resonated as credible, meaningful wins with engaged players in both research settings and the market; callouts spotlighting best-in-history prizes or features that deliver a value proposition specific to their local market; unique bonus features; and best-chance odds to win a $1 million prize without minimizing the credible lower-tier wins. These hypotheses served as the basis of intense analysis and discussion among the company's cross-departmental subject matter experts who conceptualized and brought $50 product solutions to consumer testing for evaluation and further refinement.

Considering markets where $50 games were already in existence, as well as those where the category would be novel, the company's product strategists developed an array of $50 game options with unique prize structures and value propositions that would be clearly differentiated from other existing games to appeal to the most engaged players.

Insights on Recent $50 Launches

While the $50 game is not new to the industry, lotteries are responding to consumer demand for higher price point experiences by expanding their portfolios. Since November 2021, five U.S. lotteries introduced $50 products and there are several additional states slated to launch this year.

Four of those five lotteries introduced the $50 price point as an additional game launch and did not replace the launch of another high price point game.

In general, most of these lotteries have used "best chance to win" elements in prize structures, primarily for the $100 and $500 prize tiers. Some lotteries undertook additional research to tailor artwork and callouts, which was an element of Scientific Games' go-to-market recommendations to help further differentiate the value of the games and new price point for the most engaged players.

The phenomenal sales have demonstrated the public's embrace of these new $50 products. Players are speaking with their dollars and retailer response to the games has also been very positive. In some states, retailers who did not carry the $50 at launch have since requested inventory – an encouraging sign that buzz surrounding the games is driving even more consumer demand.

As expected, some cannibalization of $20 and $30 games has been reported. But total retail sales for higher price points, and most importantly total profit, are positive for all five lotteries that introduced $50 as a new price point.

Sustainable Portfolio and Profit Growth

With several $50 games now in the market and additional higher price point and higher payout game launches planned and being contemplated across the country, lotteries must be ready to make intentional, strategic changes to engage in more advanced portfolio management to be able to continue offering what consumers want to buy while balancing the need to grow return to beneficiaries. Changes not only to the instant product portfolio but across the entirety of the product offerings.

This involves careful analysis of prize structures across the portfolio to identify areas where money could be moved to more meaningful spots, as well as looking at potential ways to completely redefine the positioning of the lower and middle price point products and what they deliver.

Collaboration between a lottery and its supplier throughout the game development process on analytics, strategy and marketing support is key to building successful games that contribute to a balanced, profitable instant portfolio. All products in the portfolio have to pull their weight in the market to truly deliver on consumer needs and maximize funding to good causes.

Something we've always known is that sustained growth isn't accomplished one game or price point at a time. Results are driven by full portfolio management and approaching the entire business with an eye for optimization. ∎

An iLottery Primer

The number of North American jurisdictions with some form of iLottery keeps growing, and in this year's focus on iLottery, we look at some of the basics for those moving along the path.

By Patricia McQueen

There are currently 11 American lotteries offering the sale of lottery products online, with at least two more knocking at the door; two others offer iGaming. North of the border, most Canadian provinces allow some form of online lottery play. In FY21, American lotteries reported a total of just over $1 billion in iLottery revenues – including draw game sales and eInstant net win. That total was almost equally split between the two product categories.

Individual lotteries may report eInstant revenues as gross play or revenue net of prizes, so NASPL is currently standardizing eInstants as net win (gross play less prizes paid). However, eInstants have the potential to generate considerable play while providing safe, regulated and enjoyable entertainment for players. The roughly $514 million in net eInstant win across American lotteries in FY21 was generated from $4.2 billion in gross play. Almost half of that play came in Michigan, whose success with the product has become legendary – in no small part because along with that eInstant performance has come remarkable growth in retail lottery sales.

We'll start this iLottery focus with a review of the current landscape, along with thoughts on two of the key issues for stakeholders – retailer concerns and responsible gambling.

Startup History

The Illinois Lottery was the first American lottery to launch single-draw online sales beginning with Mega Millions and Lotto in March 2012 (Powerball was added a few months later). Initially, other draw games were available by subscription only; a new law in 2019 allowed all draw games to be sold through the iLottery program without a subscription. Therefore, all of the Lottery's draw games are now offered online, including the newest product, Fast Play, which launched online last November (learn more on page 62). The strategy is to ensure availability of games across channels – digital availability is a supplement to the retail experience and offers a way to attract new players through new ways to experience lottery games and increased channel availability. The Lottery's private manager, Camelot Illinois, hopes to get legislative approval to add eInstants to round out the online portfolio.

There were no legal prohibitions to offering an iLottery channel for the Georgia Lottery, but officials communicated early and often with legislative stakeholders, retailers and the Lottery's Board of Directors regarding interactive plans and expectations. Online sales

of Mega Millions, Powerball and Fantasy 5 were launched for players club members in November 2012. Keno and instant play games (branded "Diggi Games") were added later. Most of the Lottery's products are currently offered on the online platform, including the core daily games, Cash 3 and Cash 4. Players have been loud and clear about wanting the flexibility of playing their favorite lottery games either at retail or online.

The North Dakota Lottery started online sales with subscription-only options in 2005, and began offering single-draw sales in July 2014. The Lottery's entire product mix consists of only multistate draw games; all are available online.

Michigan Lottery officials made sure they were as transparent as possible as iLottery was developed, keeping the Governor's office and legislators informed along the way. A key goal was to significantly increase the Lottery's revenue to the state's School Aid Fund, and through FY21, the Michigan Lottery still generates more gross gaming revenue from iLottery than any other American lottery. The state's iLottery program launched in August 2014 with eInstant games only. Mega Millions, Powerball, Lotto 47, Fantasy 5 and Lucky for Life were added later and remain the only draw games currently offered online.

The statute that transformed the Kentucky Lottery into a corporate enterprise was very broad and allowed for the sale of lottery directly to the public and through the retailer network. Still, even after the Lottery's Board of Directors instructed Lottery officials to implement iLottery, it was important to get all the stakeholders on board – the Governor's office, legislators and retailers – through education and regular updates. Kentucky's iLottery launched in April 2016 with eInstants, Powerball, Mega Millions and Cash Ball. Currently, all of the Lottery's draw games are offered online, including Keno and the daily numbers games. "We want to be where the players are, so they have the ability to buy their favorite draw games at a retail store as well as online," said President and Chief Executive Officer Mary Harville. That said, it was important to start with a limited online offering that allowed retailers to see that iLottery would be a complementary offering and not competitive to their businesses; it also helped with the technical requirements. Kentucky considers itself fortunate to have a single systems provider to reduce the unique challenges of draw games like daily numbers and keno.

The North Carolina Education Lottery is another that started on the iLottery path with online subscriptions, which began in December 2013. The state's Lottery Act gives NCEL the authority to add new games and sales channels, which includes the ability to offer products online. However, the Lottery has proceeded cautiously. "The goal is not to outrun our headlights," said Randy Spielman, Deputy Executive Director for Product Development and Digital Gaming. "We want to be where our players want us to be, where our retail partners are comfortable with us being, and where the citizens of North Carolina want us to be at the right time." Single-draw sales started in June 2016 with Powerball, Mega Millions and Cash 5. Lucky for Life was added later when the Lottery joined that game. By the end of 2022, Pick 3 and Pick 4 should be added to the iLottery lineup, while efforts continue to establish the public support needed to potentially offer eInstant games.

> "We want to be where the players are, so they have the ability to buy their favorite draw games at a retail store as well as online."
>
> **– MARY HARVILLE**
> *Kentucky Lottery*

Like Michigan, the Pennsylvania Lottery launched iLottery with only eInstant games, beginning in May 2018. The year before, a sweeping gaming expansion bill authorized iLottery and Keno for the Pennsylvania Lottery, along with major additions to the state's casino industry (more casinos, plus sports betting and fantasy sports, video gaming terminals at truck stops, and online casino games). Most of the Lottery's draw games are now available online; they started with Powerball and Mega Millions in FY20 and others came in along the way. Most recently, Match 6 Lotto and the four daily numbers games were added in March, and eventually the monitor games (Keno and virtual sports) will be included in the online portfolio as well. "Selling lottery online is a big part of our effort to appeal to new customers and meet our players where they already are – which is online," said Stephanie Weyant, Deputy Executive Director, Marketing and Product Development. "This important step will help us continue generating funds to benefit older Pennsylvanians."

Legislation authorizing iLottery in New Hampshire came in 2017, the same year Keno was approved; the state was looking for more revenue streams to support education. The priority for the New Hampshire Lottery was to launch Keno 603 first, doing so in December 2017; each municipality has to vote to allow the game in their community. iLottery was launched in September 2018, beginning with eInstant games plus Powerball and Mega Millions. The tristate game Gimme 5 was added more recently, and Tri-State Megabucks along with Lucky for Life are the next games likely to be added to the iLottery portfolio.

The Rhode Island Lottery was the first of three American lotteries to launch an iLottery program in 2020, offering eInstants and Keno beginning in late April that year. The plan is to eventually add the Lottery's other draw games to the iLottery platform.

Jumping in with a splash in July 2020, the Virginia Lottery rolled out full-fledged iLottery after selling subscriptions online since 2005. Previously, online sales were specifically prohibited by law; there was an exception only for subscription sales. The state's General Assembly was considering expanded gaming in Virginia, including casinos and sports betting, and the Lottery advocated for removing the prohibition on online lottery sales by leveraging their brand reputation, experience from other states, and the business need for the desired change. "We also maintained open and collaborative communication with retail representatives who are active in state politics about our position," explained Rob Wesley, the Lottery's Deputy Executive Director of Sales, Marketing and Digital. In the end, the General Assembly passed legislation in April 2020 to legalize sports wagering and casino gaming in Virginia, and the ban on online lottery sales was lifted.

With its online expertise already crafted through the subscription platform, the Virginia Lottery wasted no time with iLottery. After launching in July that year with eInstants, Mega Millions, Powerball and Cash4Life, more games were added; most of the Lottery's draw games are currently offered online. It's all about offering players the best experience and the choice of when and where to play.

The DC Lottery is the most recent American lottery to launch an iLottery program, beginning with eInstants, Powerball and Mega Millions in December 2020. Additional games have been added

> "Selling lottery online is a big part of our effort to appeal to new customers and meet our players where they already are – which is online."
>
> **– STEPHANIE WEYANT**
> *Pennsylvania Lottery*
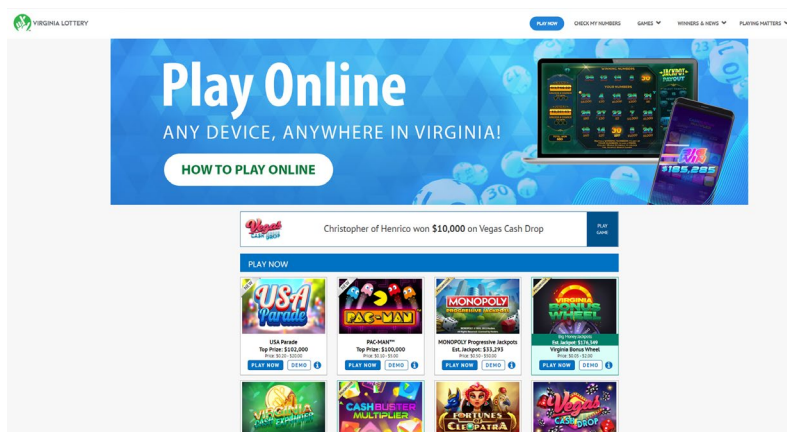
to the platform, including Lucky for Life and the daily numbers games DC-3, DC-4 and DC-5.

Two more lotteries are getting their iLottery programs ready for takeoff. The Connecticut Lottery expects to launch later this year; it is limited to online draw games by the 2021 legislation that also authorized sports betting (for both the Lottery and tribal casinos) and online gaming for the tribal casinos. The West Virginia Lottery is looking ahead to a summer 2023 iLottery launch with eInstants, Powerball, Mega Millions and Lotto America.

West Virginia also oversees iGaming, which began in July 2020. Each of the state's five casinos may partner with multiple online service providers for their online casino offerings. The Delaware Lottery also offers casino games online, through its three racetrack gaming partners; they opened their websites for business beginning in November 2013.

Canada's lotteries were the North American pioneers in iLottery, with Atlantic Lottery and British Columbia Lottery Corp. both launching digital sales platforms in 2004; both now include extensive lottery and casino gaming products. Loto-Québec first introduced its transactional website with casino games in 2010, while Ontario Lottery and Gaming opened its virtual doors in January 2015 after a brief test with selected players. The provinces of Alberta and Manitoba, where retail lottery sales fall under the umbrella of the Western Canada Lottery Corp., have introduced online lottery play through separate agreements managed by Alberta Gaming, Liquor & Cannabis and Manitoba Liquor & Lotteries.

Loto-Québec started bringing lottery draw games to its online platform in 2012, and all games in the category are now offered online along with a large selection of eInstant games. Draw games are considered to be powerful tools for acquiring new online players; during a large jackpot

Retailer Compensation
Year Before iLottery Compared to FY21
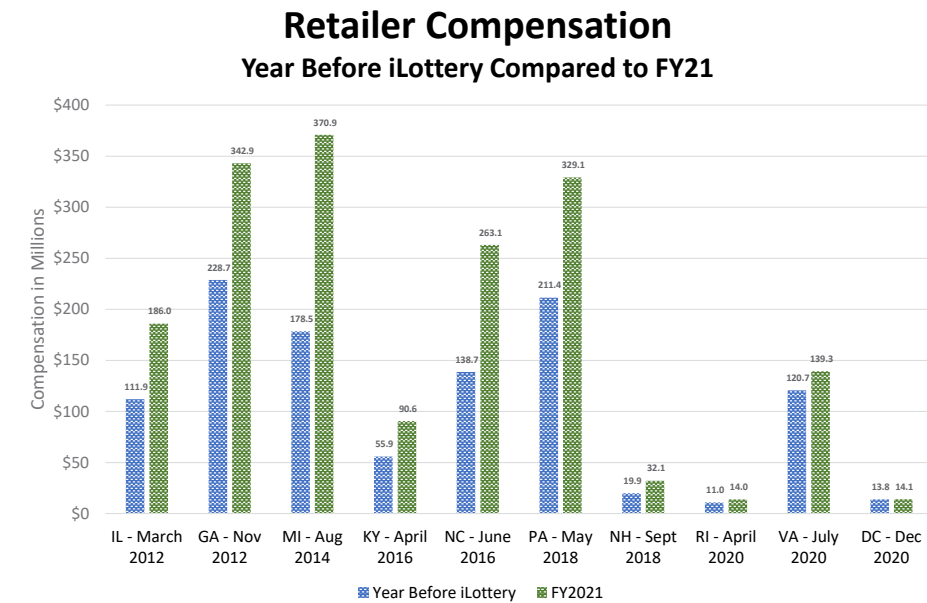
"Year Before iLottery" represents the fiscal year immediately prior to the indicated iLottery launch date.

roll sequence, traffic increases exponentially. Draw game lottery subscriptions are also an excellent loyalty tool.

The big national lotto games were the first lottery products offered online by Ontario Lottery and Gaming, but the organization now offers most of its lottery draw games online along with eInstant games as part of a broader casino gaming portfolio. Combined with an impressive roster of in-store games, OLG creates an exciting entertainment experience. The blended digital/retail model of play demonstrates the value in providing customers with more choice in the way they interact with products across both retail and digital channels.

Addressing Retailer Concerns

Offering a mix of retail and digital play has proven the adage that "all boats rise with the tide" – iLottery expands awareness of lottery in general, it reaches new players who might be drawn to purchase at retail for the first time because

they became familiar with the brand by playing online, and it drives cross-channel play. Some lotteries have become experts at introducing retail players to iLottery while at the same time encouraging online players to purchase at retail.

Yet retailers still balk at the prospect of iLottery coming to their jurisdictions, despite overwhelming evidence of the overall benefits. The most recent lotteries to launch an iLottery platform are the lucky ones – they have the American-generated data to back up their statements that retailers' revenues do not decline after the implementation of iLottery. Early adopters had to rely mostly on data from Europe, which did not impress retailers in this country.

The above chart shows retailer compensation (reported commissions, bonuses and incentives) for 10 U.S. lotteries. The first column for each lottery, in blue, indicates retailer compensation in the year prior to the launch of iLottery. The green second column for each lottery indicates retailer compensation in FY21. Each lottery's launch date is shown

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

along the bottom of the chart; they are listed in order of implementation. Obviously the lotteries towards the left of the chart have offered iLottery much longer than the lotteries on the right, so their total before-to-after growth in retailer compensation is higher. But all 10 lotteries show growth from before to after, whether there's been one year of iLottery or 10 years.

Left off this chart is the tiny North Dakota Lottery. Their numbers would barely be visible at this scale, but more importantly, they are unique among this iLottery group because they do not offer scratch tickets – the dominant retail product in many of these jurisdictions. North Dakota's sales, and retailer commissions, ebb and flow based almost entirely on sales of jackpot-driven games.

Retail sales, and commissions, have grown because lotteries haven't "abandoned" the retail channel, as retailers first feared. Far from it. Lotteries continue to expand their retail networks, invest in point of sale technologies, and innovate in the scratch ticket portfolio. They continue to promote products at retail, working hand in hand with their retail partners. As a result, retail sales continue to grow alongside digital sales, with the players reaping the benefits of being able to play where they want, when they want. "iLottery is a player acquisition tool," said Pennsylvania's Weyant. "Our strategy is to build relationships with players and drive them into retail stores." You'll read more about lotteries' promotional and cross-channel efforts to attract players in the roundup beginning on page 48.

Some lotteries utilize affiliate or customer referral programs, which offer bonus payments to retailers based on the acquisition of new players. The Michigan and Pennsylvania lotteries have taken the lead in these efforts. Across the industry, there are retailer incentive programs that provide retailers with the knowledge and tools to help grow their own sales, and therefore their commissions, no matter the product mix. Such an added incentive program was part of the 2017 Pennsylvania legislation that authorized

iLottery in the state. "Retailers can earn higher commission rates if they help us meet or exceed goals and implement lottery best practices," said Weyant.

In New Hampshire, all retailers who sell scratch tickets get a piece of an incentive pool that comes from 4.5% of net gaming revenue from iLottery. The amount is allocated to each retailer based on their percentage of scratch ticket sales – the more tickets they sell, the greater share of that incentive pool they receive. "It's simply designed to give them a little stake in iLottery to get them interested," explained Kelley-Jaye Cleland, the New Hampshire Lottery's Chief Product and Program Officer.

Lotteries may also offer ways for players to fund their iLottery play with a retail purchase, often adding bonus or promotion value to funding purchased this way. The Michigan Lottery calls it an Online Game Card, while in Pennsylvania it's Web Cash. The Kentucky Lottery offers two programs, iGifts and iFunds. iGifts is more like a gift certificate; it can be given to any Kentucky Lottery player, who then adds the code to their online account to receive the funds. iFunds is a funding mechanism tied to a specific player account.

At least in Kentucky, account funding through these retailer-sold products is quite small, but it's all about catering to customer needs, whatever they may be. "It's nice to continue to offer that option for the players who want to play with cash," said Lauren Walker, Director of Interactive Content and Customer Service for the Kentucky Lottery. "I think it's an important feature to have available even if the adoption isn't super high."

Overall, lotteries establish protocols to continue working with retailers on many initiatives, and provide clear evidence that lotteries with growing iLottery platforms have also grown their retail sales and compensation. The North Carolina Education Lottery has had a Retail Advisory Panel for years, for example. "Having a key group of leaders in lottery sales who meet regularly with us has also helped to build trust and confidence. Retailers are key partners
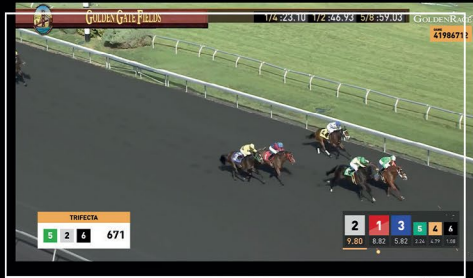
for our lottery," said Spielman. They have seen their commissions grow year after year even as iLottery has developed. And they also see how other major retail brands operate brick-and-mortar stores and online sales in complementary ways – it's the way of the world now.

Responsible Play

Other stakeholders, such as government officials, are often concerned about problem gambling when the subject of iLottery is brought up, and education is key. After all, online players are known players, and as such there are tools and techniques available to focus on player health and responsible play. "We show stakeholders the additional responsible play measures that online play offers that can't exist at traditional retail, and how we have built and would build those measures into our online play program," said Spielman.

Building trust in this area is also demonstrated through responsible gambling certifications. For example, the NCEL has been verified in the NASPL Responsible Gambling Verification Program and also holds Level 4 certification in the World Lottery Association's Responsible Gaming Framework. Most of the American lotteries with online sales programs have either achieved the NASPL verification or WLA certification at some level. All four of the Canadian lotteries with their own online platforms are WLA Level 4 certified.

Lotteries didn't have to develop their player health strategies and techniques themselves. "We were really fortunate that there was literally a checklist for us to follow as we were developing the platform," said Chip Polston, the Kentucky Lottery's Senior Vice President of Communications, Public Relations and Social Responsibility. That checklist is the National Council on Problem Gambling's Internet Responsible Gambling Standards. First developed in 2012, they were created by a panel of gambling harm prevention experts from around the world. They have been updated several times over the years to keep pace with

technology and new regulations, and are undergoing another revision this year. "It's basically a map of what you need to do if you are going to start offering games via the internet," added Polston.

Building off those standards, American lotteries can apply for accreditation in the Internet Compliance Assessment Program (iCAP) offered by NCPG. Achieving iCAP certification means that a lottery has supplied evidence of player protection processes and tools along with responsible gambling policies and training. The evidence presented is audited by an independent expert and the NCPG team provides an assessment of overall compliance.

"Certifications are necessary because they ensure that we do the right thing for players," said Pennsylvania's Weyant. "We are not problem gambling experts, but we partner with experts to help guide our program."

Kentucky and Pennsylvania are two of the four U.S. lotteries that have achieved iCAP accreditation to date; the others are Georgia and Michigan. NCPG is in the process of enhancing the program and expects to have more lotteries participate in the next round of accreditation that could begin later this year.

One of many tools only available with online play are the deposit limits set by each lottery. These are typically some combination of daily, weekly and monthly limits, and those limits can evolve based on market conditions, game mix and player behavior. For example, Kentucky started out with separate limits for daily and weekly deposits, but over time they became essentially the same. "There were some players who wanted their entire weekly budget deposited at once, and our daily limit was an inconvenience for them," said Walker. "By making the daily limit the same as the weekly limit, it wasn't such a frustration to our players."

And of course, players can choose lower limits if they so desire. Lower limits take effect immediately, but if a player has reduced the standard limit, any request to raise their own limit has a cooling-off period before the higher limit takes effect.
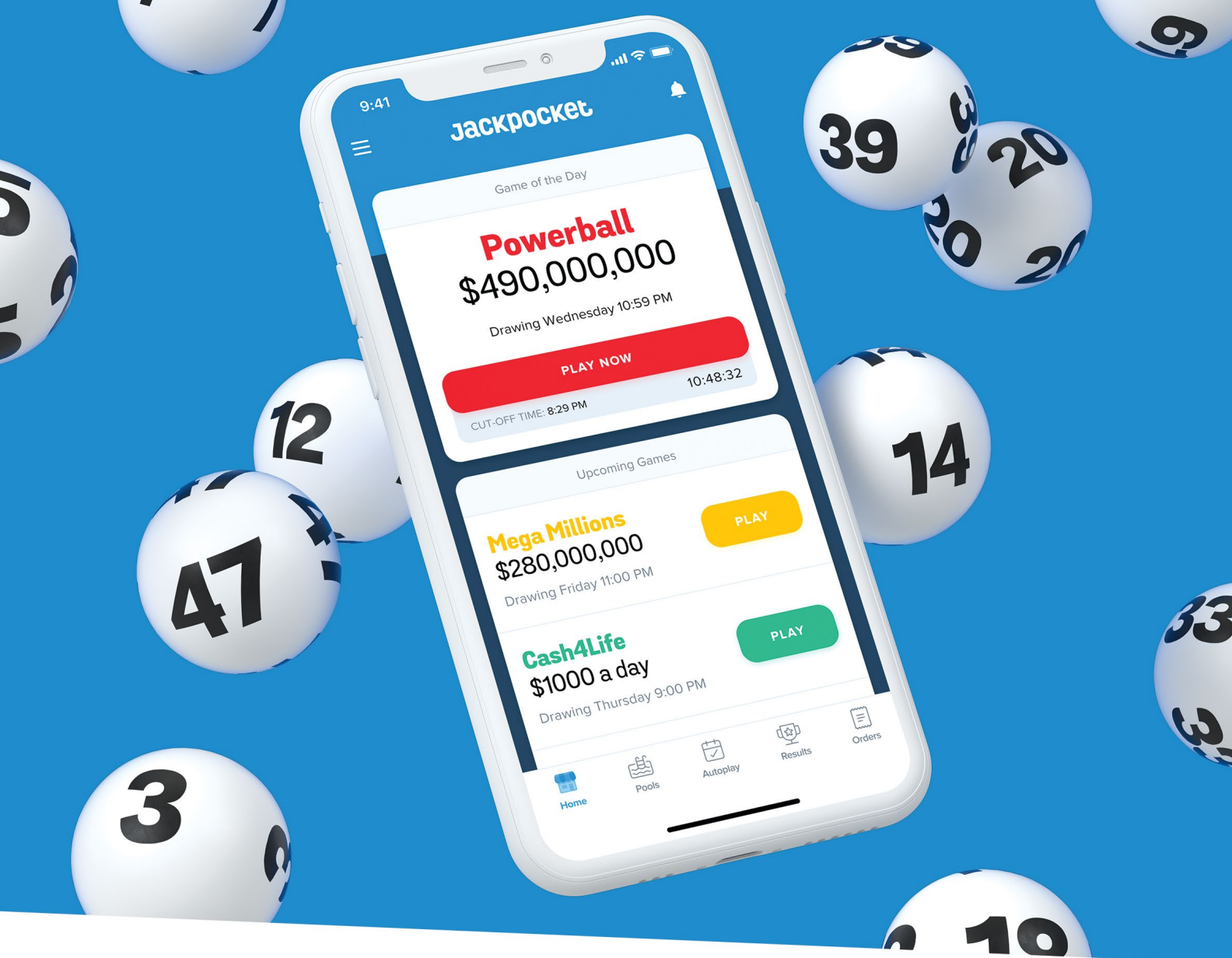
What Jackpocket users are saying

★★★★★

Easy to setup. Easy to use!

I just feel my luck is better here! LOL because when I have a hunch to play I just play!

★★★★★

GRINS FROM EAR TO EAR

I love the convenience, the ease, and the security of purchasing state lottery tickets through a very user-friendly app.

★★★★★

It's Magical

Best idea for busy people. Now I can play at my convenience. Highly recommend.

iOS · Android · play.jackpocket.com

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

JACKPOCKET

Other player-focused tools include time clocks displayed on-screen which show the time elapsed in the current session. Lotteries may send out a popup message after a certain amount of play time just reminding players of the elapsed time in their session. There are also temporary or permanent self-exclusion options for players who need to step away.

There are also tools available for lotteries to analyze player behavior to watch for potential issues. The New Hampshire Lottery, for example, keeps track of self-exclusion patterns and plans to monitor the number of calls from players asking when they can deposit more funds after reaching daily or weekly limits. "We want to make sure that if there are issues out there, we are aware of them," said Cleland. "It's very much front of mind." She added that the Lottery's Marketing Director Maura McCann is the Chair of the New Hampshire Council for Responsible Gambling. "She is able to provide a lot of insights from what's happening in that world, and how it impacts what we are doing. I think we can still do more, but we are doing more than we ever have. Without iLottery we wouldn't have this understanding of player behavior."

Lotteries also may face scrutiny in the general media when it comes to the issue of responsible gambling. All of these RG tools, techniques and certifications show that lotteries take the subject very seriously and encourage player health while offering entertaining games of chance. "We run promotions that encourage players to use our RG tools, and we are launching online and traditional media awareness campaigns to sensitize the general public to the dangers of illegal operators," said Marie-Claudel Lalonde, Loto-Québec's Managing Director, Brand Image and Marketing Communications. "These campaigns underscore the fact that Loto-Québec is the only legal purveyor of games of chance here and highlight the safeguards built into our online offering."

Some lotteries have branded their responsible gambling programs. The industry leader in this regard is British Columbia Lottery Corp. and its GameSense program; it has been licensed to a few other lotteries and even gambling operators. North Carolina uses the term Play Smart, borrowed from the Illinois Lottery. In Canada, Ontario Lottery and Gaming puts all responsible gambling initiatives under its own PlaySmart banner.

Ontario's PlaySmart program, certified at the highest level of achievement from the World Lottery Association since 2010, promotes positive play based on informed decision-making across all gaming products. Players can easily access PlaySmart tools to manage their activity and keep the fun in the game – whether buying a lottery ticket, visiting a casino, playing online casino games, or placing bets on PROLINE+. OLG also monitors the online platform for player risk and uses innovative tools to provide proactive and impactful prevention and harm mitigation while ensuring players still have fun playing the games they love.

On to Specifics

Addressing responsible gambling and retailer concerns are usually the top issues as a lottery begins the path to online sales. Yet there are so many other things to think about, some that are more readily assimilated by a traditional lottery than others. On the following pages you'll find a few insights into player demographics, the importance of player acquisition and cross-channel promotions, and strategies for successful eInstants.

But first, we asked for lotteries' top pieces of advice for others considering iLottery. Their words of wisdom are next.

Once again, we thank those lotteries that were able to find time to respond to our requests. ◾

NPi iLOTTERY PARTNERS EXPERIENCE

FASTER RETAIL GROWTH

Average total retail growth for NPi's Partner Network in FY21 v. FY20 was 32% as compared to the U.S. Average growth rate of 23%.

NEOPOLLARD
INTERACTIVE
Powering the **most profitable** iLottery programs.

Words of Wisdom

The lottery industry is known for sharing, and every lottery that has gone down the iLottery path has relied upon advice from those who have gone before. The pioneers have certainly reaped the rewards of their very hard work blazing the trails, but they are happy to share their vast knowledge with others – and have done so frequently over the years. Even the newcomers have advice for others – all a lottery has to do is ask! Here, lotteries share their top pieces of advice for others planning or hoping to join this ever-increasing club.

Georgia Lottery

Consider adding staff with an e-commerce and/or subscription background. They'll add a unique perspective that can be helpful in transitioning to selling lottery games online. Understand that like any other interactive product, your iLottery product will never be "done." You must constantly not only maintain, but improve and innovate.

Illinois Lottery

Investment in iLottery begins with a trusted partner who can provide support throughout the entire journey, which includes purpose-built technology and integration, player and game management services, marketing support, player journey optimization, and the ability to capture and harness player data insights. All while adhering to best practices in responsible gaming.

Kentucky Lottery

iLottery is technology-driven, and lotteries vary in terms of where their technical expertise comes from – departments within a lottery, a state government's IT resources, or talent from vendors. Regardless of these resources, testing is critical. You want to make sure that what you put out to the consumer meets performance and integrity expectations. In the traditional environment, lotteries control retail terminals, what is displayed on terminal screens, and how tickets are printed. But with iLottery, there are so many other variables, from geolocation to the actual player user experience on a myriad of devices. What makes it harder is

that we can't even purchase our own product in an actual iLottery environment. So be sure that you have a network of players willing to provide feedback, and remember that the best feedback often comes from players who submit complaints or vent their frustrations. They help us build a better product.

Our other top pieces of advice apply at the beginning of the journey. Most definitely make sure that all your legal ducks are in a row, especially if there is no specific legislation authorizing iLottery in your jurisdiction. Beyond that, stakeholder education and buy-in is extremely important. You don't want to move ahead without that foundation in place. And of course the retailers – you can't ignore them and they do require education as well. They are our business partners and we wanted to make things right with them from the beginning.

Loto-Québec

The first and foremost ingredient is acquiring registered players. Ensuring that players abide by the laws of the new startup's jurisdiction can be challenging and even sometimes frustrating, for both the lottery and the players. However, abiding by regulations is core to responsible play, especially the screening out of minors, and non-adherence can jeopardize the credibility of the entire platform.

Our second piece of advice is to not underestimate the role played by the customer service team. Customer service is essential to assist players during the registration process, unlocking accounts and resolving account funding issues like their chosen method of payment. Payment methods should

be free of any service charges. Some jurisdictions allow payments to take the form of cash advances, which come with interest fees.

Finally, all this resides on solid technology that needs to be flexible enough to allow you to easily add new features as you go along. Building a long-lasting relationship with a dedicated vendor is essential to creating a superior customer experience.

New Hampshire Lottery

There are really two main things, but they cover a lot. One is getting your house in order and really understanding what the needs are. With NPi's help, we broke the project down into different streams, to see the impact of iLottery on every aspect of our business – staffing, finance, marketing, etc. We quickly learned that it was not turnkey as we had been advised – we essentially set up another whole lottery, because it's a completely different system. You have to look at your full business and what needs to change when either creating redundancies or entirely new areas to support.

The second broad piece of advice is to really take a close look at the technology and systems requirements. We engaged NPi (through a subcontract with our primary vendor INTRALOT), so as noted we had a whole separate system, with primary and backup gaming servers and internal control systems. And don't forget your website! After all, this is an e-commerce platform and you need to make sure that you have enough load balancing on your website so it doesn't crash when there's a big jackpot.

North Carolina Education Lottery

Each U.S. lottery that has moved into online play has learned from the previous launches. Our top piece of advice is to find the lessons learned in each of those launches in each of the key elements, and use those learnings to make your launch the best yet. iLottery is essentially a new lottery, a new gaming system, and a new experience for players. On one level, you are simply selling tickets online. But on another, you are creating an entirely new type of gaming experience, and while it offers great promise it also brings great risk.

Pennsylvania Lottery

The basis of an iLottery program should include creating a strong digital infrastructure. This consists of a mobile app, CRM tools, player database, and a digital team. A lottery should build a strong online community which can include a VIP/loyalty club, email and text marketing lists, a social media community, mobile apps, and play-for-fun games. Lotteries should expect to refine their internal business processes as consumers expect more from an online experience. Importantly, lotteries should work with and prepare stakeholders by understanding questions and certain misconceptions had by players. Lastly, build a support system around stakeholders, legislators, retailer groups, responsible gambling groups, and beneficiaries.

Virginia Lottery

Start early creating the foundation needed – technology infrastructure, growing your registered player database, and allocating resources (people, time, budget). Make sure to spend as much time as possible talking to other iLottery jurisdictions, exploring what would they repeat, what would they change, the biggest challenges, etc. Focus on providing the best, most frictionless customer experience possible – think about things like one-touch ordering (like Amazon) and the best loyalty/customer rewards programs outside of the lottery industry.

Digital/iLottery is VERY different from traditional – the speed, the mindset, the skillset, the technology – really think about structure and resources, and don't just assign this new and major new part of the business to existing staff who are likely fully engaged already.

INComm payments™

$4 | 2 PLAYS - CASH VALUE OPTION | QUICKTICKET ™

MEGA MILLIONS

QUICKTICKET not valid until activated at register. This is your official Texas Lottery® ticket. Scratch to reveal your Quick Pick numbers.

A
B

238

$4 | 2 PLAYS - CASH VALUE OPTION | QUICKTICKET ™

POWERBALL

QUICKTICKET not valid until activated at register. This is your official Texas Lottery® ticket. Scratch to reveal your Quick Pick numbers.

A
B

238

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 75,000 retailer locations, 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.

It's About the Players

Demographics of iLottery players depend considerably on the jurisdiction and the product mix, but lotteries offered a few thoughts about their online players. We also asked about the most successful player acquisition methods, and how lotteries utilize cross-channel promotions to provide more value to the players as well as create a true omnichannel experience so that everyone benefits.
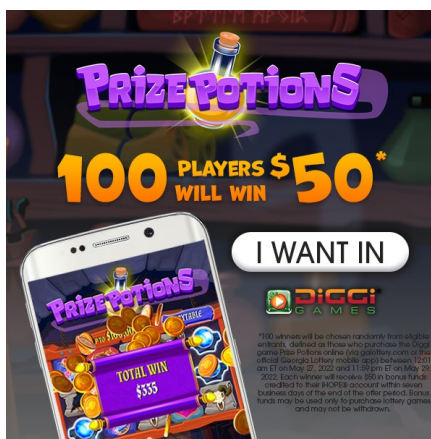
Georgia Lottery

Player demographics

iLottery players are, in general, similar demographically to traditional lottery players. They skew a bit younger, and there's a higher percentage of women. Most of our iLottery players also play retail lottery games.

Player acquisition and promotional strategies

We use a variety of methods to attract new players, including email marketing to our base of existing Players Club members, social media (both organic placements on our accounts and paid advertisements), paid online media, search marketing, affiliate marketing, and traditional advertising via radio, TV and print.

Bonuses and promotions play a major role, both to attract new players and to retain existing players. These types of incentives help to encourage players to move through the "conversion funnel" – to upgrade to a Players Club iHOPE account enabled for online play, add a funding source, make the first deposit to the funding wallet, and play their first game online. Many players are naturally reticent about trying something new, like playing lottery games online, and a promotional incentive can help to persuade them to give it a try.

Cross-channel gameplay can be a powerful tool to help attract retail players to iLottery. We have created custom eInstant games based on several of our most popular and successful scratcher brands: 50X the Money, Jumbo Bucks, and Lucky 7s. Last year, we launched a Monopoly scratcher and shortly thereafter a Monopoly eInstant game based on the scratcher. We plan to increase our cross-channel offerings in the future.

Illinois Lottery

Player demographics

With two-thirds of Illinois adults claiming to play the lottery, our player base reflects the broad demographics of the state. iLottery players tend to skew slightly more male, with the 25-44 age bracket being the most populous across male and female players.

Player acquisition and promotional strategies

Recent success in growing registered players and active users has been through the delivery of new, engaging online content via the evolution of Fast Play. By transforming a black and white physical ticket into an engaging online play experience, the Illinois Lottery has been able to grow our digital player base.

From an active users perspective, we've seen promotions work well at introducing players to games they haven't played, reactivating lapsed players, and keeping players in the game after big jackpots. Additionally, we have a series of automated communications which target players depending on different factors like which games they play online, days since last play, whether they have money in their digital wallets, etc.
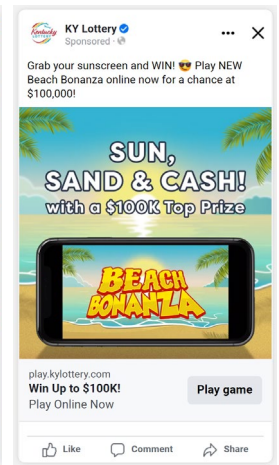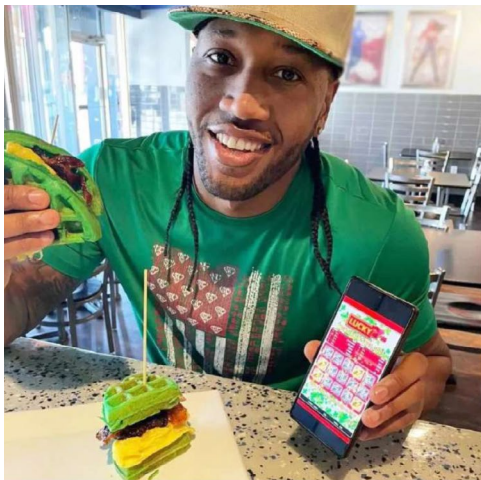
Kentucky Lottery

Player demographics

Many of our iLottery players are definitely new to the Kentucky Lottery; they include players who prefer the online channel for whatever reason and came to us when they discovered our iLottery platform. We have players across all age ranges, but our iLottery demographics do skew slightly younger than our players at retail. That said, while we have online players in the 18-26 age range, the majority of our online players are over 30.

Player acquisition and promotional strategies

We started out very conservatively, as we were one of the first few lotteries to introduce iLottery. We wanted to make sure geolocation and identity features were working properly and that the experience was a good one for the players. In fact, the thing that keeps players engaged the most is a good experience on the platform.

Our players definitely love lottery! They like to play for promotions which give them bonus bucks, free spins/plays or free coupons; they are generally not as driven by a promotion that gives them merchandise. It's very important to have an ongoing promotion or incentive for players to register and make their first deposit. We also focus on registered players who haven't played in a while, offering them value to come back to the platform. During the holiday gift-giving season, we promote iFunds and iGifts, our retail-purchased account funding options, with in-store POS. We usually offer a slightly higher bonus for players who make these purchases at that time of the year, since retailers also benefit.

We also encourage cross-channel play by offering a few games with similar themes at retail and online, promoting them together. We also do that with draw games and Keno. There are other cross-channel efforts, such as adding a bonus code to a game purchased at retail that can be redeemed for something extra on the iLottery platform. Conversely, offering coupon codes to redeem at retail after online game play. Our Fun Club members get extra promotions as well. It's about using all different aspects of our sales platforms – online and retail – so the players can find what reaches them the best.

Loto-Québec

Player demographics

Typically, our online players behave in much the same way as retail players. Draw-based lotteries are the biggest drivers to our website. Once there, players are exposed to our online offering, introducing them to new product categories. The classic roadmap begins with draw-based lotteries, then moves to brick n' click instants, then click instants, before the crossover to iGaming with online slots.

Player acquisition and promotional strategies

Our main acquisition tool is the second chance platform that we are implementing in stages, to eventually include all our games. In 2020 and 2021, we attached a second-chance promotion to our showcase holiday ticket, Célébration. It was very successful in terms of new player acquisition and conversion. We also ran a promotion on a draw-based game and saw an increase in registrations. Big jackpots also drive a considerable amount of traffic to our website and generate registrations. We run promotions sporadically via our newsletters. Finally, to make sure players are aware of our two-channel approach, a reference to online tickets appears on retail scratch tickets that have online equivalents.
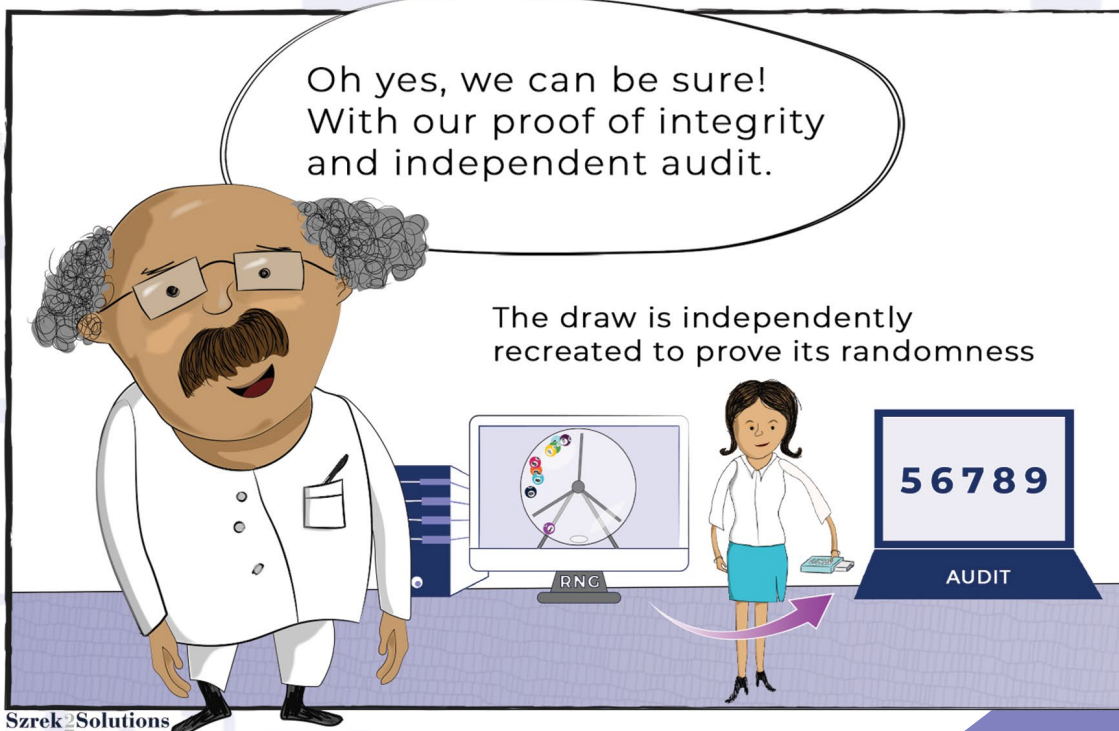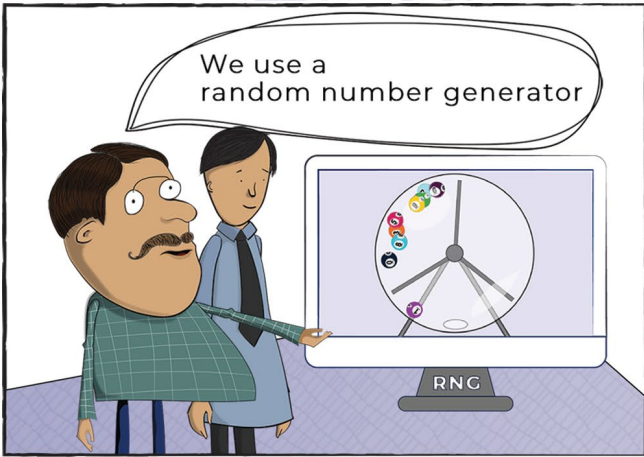
Trusted Draw and Trusted Audit
Transparency in random number generation

Szrek2Solutions

bit.ly/szrek-EDS

New Hampshire Lottery

Player demographics

We don't see a whole lot of difference between retail and iLottery, but online players probably run about five years younger than we would normally see for traditional lottery based on previous research and our old Replay program. About 7% of New Hampshire's adult population are registered in our iLottery system, and we think there's a lot more we can to do educate residents about iLottery. Among current registered players, we have noticed that men will wager more, while women wager less per transaction but play more often. We also see men leaning towards the jackpot games, especially coming in for the big jackpot runs. And while men certainly play eInstants, in general more women play those games.

Player acquisition and promotional strategies

We generally do one or two cross-channel promotions/games a year. The first one was a $2 holiday scratch ticket; anyone entering a code on the ticket to register online for the first time received 25 free plays. More new players registered with that game than anything else we've done, but we didn't get as many actual first-time depositors. We realized over time that we wanted to not only get new players, but also reward existing players. So we started to do deposit-based promotions – a certain scratch ticket would have an online code to reward players for deposits, for example. We also learned to be strategic with these promotions – holiday games provide the best chance of acquiring new players, along with some licensed products. The missing piece for us was sending online players back to retail with coupon offers, and we expect that our new app will make that possible.

There are other opportunities to push our players to retail. We do multi-channel game launches where there's the same theme for both iLottery and scratch. Next year we are looking to include Fast Play in the mix as well, so a common game theme would be across three product lines, two of which are at retail. The more we can do to support our retailer network, the better.

GLI® ILLUMINATING YOUR PATH TO GREATNESS

THE WORLD

of gaming is constantly evolving with innovations like in-lane, iLottery and cashless experiences transforming the lottery landscape. Opportunities are everywhere, and we watch them play out on a global stage. With our unique global vantage point and integrated compliance services, we're able to see industry evolutions as they happen and help you navigate the complexities that go with them. So, when you're ready to show the world what you've got, our team will help you make sure every possibility is

UNLOCKED.

gaminglabs.com

BUY ONLINE NOW
Never Miss A Draw
No Matter Where You Are

North Carolina Education Lottery

Player demographics

Since our portfolio is limited to a subset of our draw games online, the demographics aren't dramatically different for regular players than what we have seen at retail. The average age does skew slightly younger than our overall player base, though, by approximately two years. We do find that the average age of those purchasing online shifts dramatically lower during high jackpot periods for the national games. While this isn't surprising, it provides us an opportunity to communicate and keep them engaged with the program once the jackpot run is over, which isn't the case when they purchase at retail.

Player acquisition and promotional strategies

Our player loyalty program, Lucke-Rewards, has been tremendously successful for us. We currently have 1.7 million players who have accounts at nclottery.com and 843,000 of those are active users in Lucke-Rewards. Players love earning points from their lottery purchases and using them to enter weekly and monthly Lucke-Rewards drawings as well as second-chance drawings associated with our scratch-offs. For example, a second-chance drawing in February had 14.2 million entries. We're doing more bonuses, promotion offers and cross-channel games all the time to not only build our online play program, but to keep lottery games overall fresh and fun. At the end of April, we had 22 promotions underway including five second-chance drawings, two Lucke-Rewards drawings, 12 online activities where you could earn more points for drawings, and three promotions offering either discounts or points for buying online. These promotions have become a major part of our digital platform. Not only are they building a customer base for online play to grow, but they bring more fun and value to lottery play.

Ontario Lottery and Gaming

Player demographics

As the only regulated provider of lottery in Ontario for more than 45 years, we have developed a deep understanding of our customers, even as we have expanded our iLottery business over the past few years. OLG.ca has more than 1.3 million registered players.

Our lottery customers are digitally savvy; they are drawn to the online environment because of the unique benefits of online play, including exclusive online promotions and features like auto-deposit, which deposits winnings directly into a player's bank account.

Often, iLottery customers began as retail lottery players and have deep game knowledge and familiarity with our product offerings and are interested in the convenience of online play. They embrace the flexibility of purchasing lottery products across multiple channels, which includes our transactional app.

Player acquisition and promotional strategies

OLG strives for continuous improvement of the customer experience, giving as much attention to growing our active customer base as we do on acquiring new players. We frequently test and deploy retention activities that often integrate across multiple products and channels. In addition to our bonus offers, some of the convenient options and attractive promotions we have introduced for customers, in addition to auto-deposit, include game subscriptions, so players never miss a draw, and lottery coupons handed out at retail locations that can be redeemed online.

Pennsylvania Lottery

Player demographics

Our iLottery program currently has more than one million account registrations and 325,000 depositors. We've found that iLottery appeals to a slightly younger demographic, about 10 years younger than our traditional lottery players. When we launched online, about 40% of iLottery players were not members of our VIP Players Club, which was a key indicator that we attracted new players.

Player acquisition and promotional strategies

We use different methods to acquire new online players, such as paid digital advertising, the VIP Players Club database, an affiliate customer referral program, a refer-a-friend marketing program, and bonus codes on Scratch-Off and Fast Play tickets. Because we offer Powerball and Mega Millions online, high multistate jackpots also drive online player acquisition. We have been testing different strategies to engage these players outside of high jackpot periods to get them to try eInstants.

We offer daily promotions and bonuses to keep online players engaged and to retain those players. We are also continually working to provide new online games that appeal to players; there are currently more than 100 eInstant games on our site. We do a lot of cross-product line launches around licensed properties and seasonal games. We launch games in different categories with similar design elements to bring them together. We tie together the games with bonus codes and retail coupons, driving online players to try the retail versions and retail players to try the online versions.

Virginia Lottery

Player demographics

We are less than two years into our iLottery program, so a large part of our online customers are comprised of early adopters. While iLottery players do skew slightly younger, the age demographic is not dramatically different than what we see at retail. The larger increase vs. retail is with the 25-34 age group, and we also see a slightly higher participation rate from the 35-44 age group.

Player acquisition and promotional strategies

The biggest driver is jackpot runs, but we obviously have no control over when that happens. A strong engagement program that includes second-chance promotions drives new player registrations. Having a strong, consistent and targeted digital advertising program focused on acquisition should account for 20% to 30% of new customer acquisition, while including an online affiliate program as part of an acquisition strategy could add 5% to 10% to new customer acquisition. In addition, adding all draw games to the online portfolio and leveraging licensed properties as part of the eInstant portfolio both contribute to new customer acquisition. Other tactics include offering an online cash/online game card (online funds purchased at retail), leveraging our mobile app since the vast majority of activity is on mobile, and having strong bonus/promotional offer(s) for new customers followed by ongoing targeted messaging and offers to keep them engaged.

Making the Most of eInstants

As noted in the introduction to this special iLottery report, eInstants can be big business. Like traditional scratch games, lotteries have control over certain elements that drive play, and it's up to an individual lottery to decide how it wants to proceed with the fun and engaging digital product line. Often, strategies evolve over time as new products are introduced and the market changes. For this roundup, we asked lotteries about their eInstant programs, including insights into what makes a successful eInstant game.

Georgia Lottery

Our price points typically range from 50 cents to $20. We currently offer more than 55 eInstants, typically launching two new games each month. Our primary eInstant provider is IGT, which is our vendor for both our retail and iLottery platforms. We are planning to expand our portfolio with offerings from third-party providers.

We work to offer a variety of play mechanics and themes. Some of them are commonly seen in the scratch world, like key number match, match X of Y, crossword, bingo, and Keno. We've found that novice iLottery players often gravitate to familiar mechanics and/or brands because they know how to play those games and thus they are less intimidating to try for someone who may be unsure about how iLottery works. But iLottery also allows us to try new mechanics and offer almost unlimited bonus opportunities to extend play.

The same goes for play speed: Some players want fast-play games so they can just find out if they won; others want a more leisurely, extended play experience similar to casual online games like Bejeweled or Candy Crush. Some players shift between faster and slower games depending on their mood or the time of day.

Themes popular at retail also do well online: jewels, money/cash, luck and numbers (7s especially).

What makes a successful eInstant?

There are a lot of factors involved: graphic design, game mechanic, bonus opportunities, speed of play, etc. We've learned that our players want the option to "auto play," but also the option to play through the game at their leisure. They like games with rich color schemes, like our Ruby 7s game, and fun characters, like the aliens in Little Green Men. They like games that are simple to understand and play but offer a fun and bonus-rich play experience.

Among our most successful eInstants are those based on our highly recognizable scratcher brands, particularly our Jumbo Bucks eInstant game. We launched this game several years ago, but it remains a perennial top performer. Our research indicates that online lottery players instantly recognize the Jumbo Bucks brand and graphics from the popular scratch game and feel that they know and trust the game.
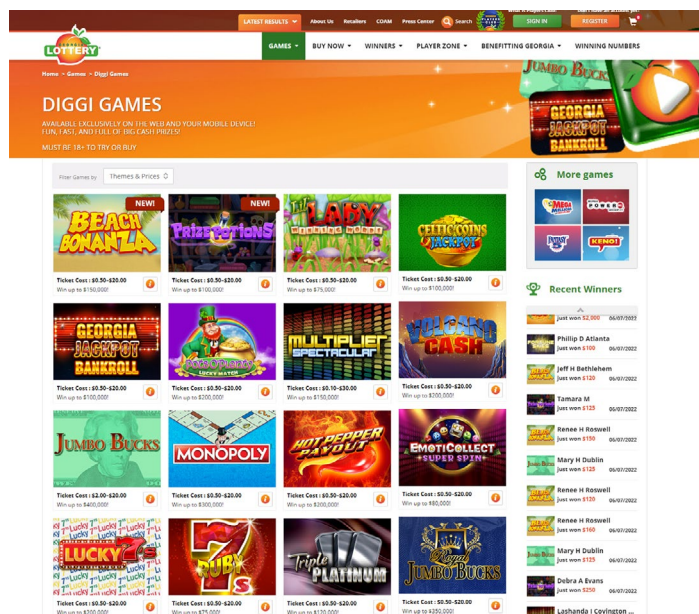
Kentucky Lottery

As only the third lottery to launch eInstants, it was important for us to start out with instant play games that very, very closely mirrored our traditional scratch-off games, including the prize structure. But as time passed, and competition increased (casinos across our borders and historical racing within Kentucky, both with much higher payouts), we had to shift our payouts to remain competitive. It has been a gradual change, but our players responded to it. We're now at an average 85% prize payout.

We launch a new game generally twice a month, typically the first and third weeks. We do a multi-price point game launch, so games can be available anywhere from 10 cents to about $20. We do have a couple of multiticket games that have gone higher, but most of our games are pretty standard at the 50 cent, $1, $2, $3, $5, $10 and $20 price points. We use a wide variety of play styles to appeal to our players, including key number match, symbol match, fast-reveal games, cascading reactor games, progressive jackpot games, and more leisure-style games. That variety lets players choose whether they want faster

action, a higher payout, or more leisurely play. Players will find the game that works for whatever they are looking for at that moment.

IGT is our primary game provider, but sometimes we've asked them to create games for us. For example, our 5 Card Cash eInstant was modeled after our recently-retired hybrid draw game of the same name. It translated quite well to the online channel, since most players enjoyed the instant-win component of the retail version.

What makes a successful eInstant?

A good prize structure and providing players with enough churn prizes. Players also enjoy bonus rounds, extra spins, and additional features in different games. They just want something enjoyable for their money. We started out with higher top prizes, but we've been steadily decreasing them in order to put more money into the $50 to $250 range. We try to keep the top prize high enough so the player can get excited about it, but maybe instead of offering $500,000, it might be $100,000 or even $80,000. That really adds to our mid-tier prize structure.

Loto-Québec

We offer a variety of nearly 150 games in our iLottery section, starting at one cent per play, and launch a new game every two weeks. We strive to launch best-of-breed products that are timely and themed to appear more like lotteries than casino games. To that end, we use a mix of sources for our games. Several of our brick n' click games are developed in-house, and other customized games are developed by our outside vendors. We work with several vendors, who in turn work with design studios.

Our strategy is strong on brick n' click products because they perform the best. We define brick n' click as games in which the retail version is marketed simultaneously, or games with strong branding that is recognized by all retail players. We also offer reactors, which perform

extremely well; they trigger chain reactions, the mechanics of which resemble the slot machine games in our casino section. We attempt to distinguish the two by using the lighter, fun-oriented themes associated with lotteries for these games in our lotteries section.

What makes a successful eInstant?

Successful games have something for everyone. Games offering longer play with bonuses and/or a progressive jackpot increase revenue. Seasonal games launched at the right time of year like Halloween and Christmas generate more efficient marketing messaging. And of course, the use of strong brands (for example to re-skin a game) is always a guaranteed success.

New Hampshire Lottery

We currently launch a new eInstant game every other week; we use games from both NPi and IWG and try to alternate between them. Variety is important, so we try to have a good mix of single tickets, multitickets, bonus rounds, progressives, etc. Some, but not all, of our progressives do well. We are still learning how to highlight these games effectively, because as a small state we face certain challenges. If a progressive jackpot can't get higher than the top prizes in some of the other games, is it really worth promoting?

We offer pretty much the same payout on all games, regardless of the price point, and it averages about 85%. The top prize is what will change – if they are playing a higher price point, the top prize is higher. We do make sure to have low price points, like 10-, 25- and 50-cent options. Some players prefer those, but we also use them for our player

acquisition funnel – we can give 10 free games without going broke. On the high end, we currently offer some games at $30.

For some of our seasonal or holiday games, we are trying now to just bring up old games from the past, and putting our efforts into designing evergreen games instead. For example, we can take an old Halloween game and offer a good bonusing program on it and hopefully do just as well as a new game.

In the beginning, we may have removed a holiday game or two, but now we just push them down to the bottom outside of the season. Our best-selling games always reside at the top, with average games in the middle. We are planning to add a filtering tool to help players find games that interest them. We recognize that we need to do things a little bit differently on the website, to make it more e-commerce driven and add more personalization tools. So we are looking at all of those types of things.

What makes a successful eInstant?

That's still to be determined! Certainly, fun and exciting graphics are a big part of it. Game mechanics also play an important role. Our more traditional eInstants, where the play mimics a scratch ticket,

aren't always as good. Many of the cascading games do well, and players love games with bonus rounds! We only offer bonus rounds with guaranteed wins – players may have to play for a while, but if they get to a bonus round, there's a guaranteed win and it's usually a nice prize.

As for game themes, we still find that Vegas is a really strong theme; gaming themes in general, actually. Two of our best-selling games are Magic Winnings from NPi and Jungle Tumble Jackpot from IWG.

Ontario Lottery and Gaming

eInstants are an emerging growth category for OLG. We are looking to digitize more of our popular retail offerings in the future as we innovate to provide our valued players with exciting game experiences.

Pennsylvania Lottery

Our eInstant games are offered between five cents and $50, and we currently have about 115 games. One or two new games are added to the portfolio every two weeks. Scientific Games is our primary game vendor, but we do use games from IWG.

The focus this upcoming fiscal year is on omnichannel launches. This approach allows us cross-promotional opportunities between all product categories and the ability to offer the same type of game to all our players, regardless of how they like to play.

We plan to launch the same game theme across our three instant-win product categories: Scratch-Offs, Fast Play, and online games. The first is It's Your Lucky Day, launching throughout July as a $5 Fast Play game, a $5 Scratch-Off game, and an online game with a tumble-style mechanic. These three games push the boundaries from the normal luck-themed symbols to offer something different from the traditional horseshoe and wishbone.

Eagles and Steelers will launch at the beginning of August, both as a $5 Fast Play game and as an online game. Non-winning Fast Play games will be eligible for entry into the corresponding team's second-chance drawing.

In September, 50X the Win will launch as a $10 Scratch-Off game and an online game. The Scratch-Off game will feature orange and purple Ice Ink from Scientific Games in two scenes, with each scene showcasing one color as the

main focus and the other as a supporting design color. The online game will feature orange and purple as well. Scientific Games will print the traditional games, and IWG is creating the eInstant games. The price point is either $5 or $10, depending on the game.

The big licensed opportunity after that is The Addams Family, launching as a Scratch-Off, Fast Play and online game along with our Halloween games in the middle of September. The $5 Scratch-Off game will feature varying scenes with the different animated characters.

What makes a successful eInstant?

We've found that strong play mechanics, great animation, high payouts and solid prize structures are the key ingredients to successful eInstant games. We have seen significant success with games that balance a rapid pace with maximum opportunities to win in a round. Bonus games and multipliers are player favorites. We've also had a lot of success with progressive jackpot games and plan to ramp up the launch of those games in our portfolio.
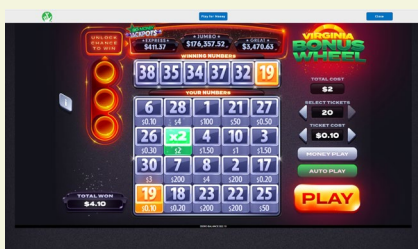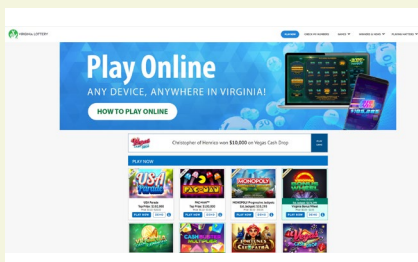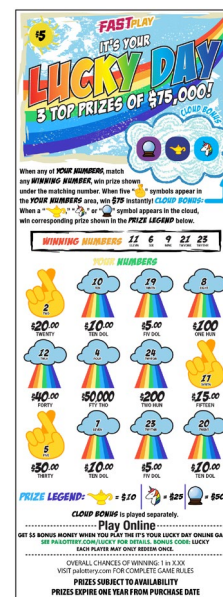
Virginia Lottery

We have about 65 games in the market at this writing, from five cents to $50. We typically launch a new game every two weeks, but there are times when we launch in back-to-back weeks. We use games from our primary iLottery platform provider, NPi, and from IGW as well.

We do some crossover work with scratch and eInstants. We have tried a few times to leverage successful scratcher games and families online, and they've performed average to below average. Licensed properties have been successful (both in terms of sales and acquisition) in sharing themes/games across retail and online

What makes a successful eInstant?

Like scratch, there's no one thing. It depends on what "successful" means. If the goal of the product is acquisition, then the theme and game design are different (like leveraging a licensed property and crossover with retail). If the goal is to target VIPs, then a strong gaming theme and progressive jackpot could be the design that meets that goal. Overall the two drivers, regardless of the goal, are (1) a STRONG math model behind each game, and (2) the game mechanic – and these two go hand in hand. The game can have the best graphics ever, but if the player experience is poor due to the math model, or the game plays too slow due to the game mechanic, it will not perform well. Also important are the use of bonus rounds, auto play features and (like scratch) effective management of the entire portfolio.

Fast Play Goes Digital in Illinois

The Illinois Lottery has taken Fast Play to a new level, first with an iLottery version and most recently with a Scan-N-Play digital reveal.

By Patricia McQueen

As a retail product, Fast Play (also known as EZ Play, InstaPlay, Print 'n Play or Fast Cash, depending on the jurisdiction), has expanded across the American lottery industry in recent years, and is now offered by more than two dozen lotteries. The games combine the variety and instant appeal of scratch tickets with an on-demand ticket printed through a lottery terminal. Part of the draw-based game category of games, players can find the Fast Play game that best suits their interests, in terms of theme, price point, top prize, and rolling jackpot if so desired.

The Illinois Lottery is one of the more recent American lotteries to launch Fast Play, having introduced the game into retail environments in September 2020. A little more than a year later, Illinois became the first American lottery to turn Fast Play into an iLottery game when it debuted on the Lottery's website and app last November.

"We're continuing to look for innovative fun ways to engage with players," said Harold Mays, Director of the Illinois Lottery. "By modernizing the way we deliver our products, we provide convenience and choice for players. With an omnichannel experience, our players can choose to play in retail or online, which strengthens our ability to continue generating essential funding for education."

Fast Play has been transformed from a black and white physical ticket into an engaging online play experience, providing players with innovative design and content for a brand new experience – a completely different way to play Fast Play. Since the launch of digital availability, the Illinois Lottery has been able to grow its player base, increase app downloads, and drive a significant increase in Fast Play sales – all within the Lottery's existing legislative framework that allows online play of draw games.

"We see Fast Play as playing a particular role within the lottery's draw game portfolio," explained Emilia Mazur, Vice President of Corporate Affairs for Camelot Illinois, the Illinois Lottery's private manager. "The frequency of draws is driven by players, the fixed odds payouts of Fast Play are reflective of a typical lottery game, and there's a high contribution to good causes." And now that it's available across all channels in Illinois, it's a true omnichannel lottery game, with engaging content that helps expand the player base.

Always with an eye on responsible play, prior to the iLottery Fast Play launch additional safeguards were

built into the game design. In addition to existing safeguards such as age and location verification and maximum weekly deposit limits, the Illinois Lottery ensured each Fast Play game had a minimum play length with no option for an immediate outcome reveal without playing the game. The Lottery also introduced limits for the maximum number of Fast Play games that can be purchased in a single transaction and in a 24-hour period.

In the first six months after the iLottery Fast Play launch, the total number of new Fast Play players has grown by 40% and weekly per capita Fast Play sales have grown by over 500%. It's also clear that Fast Play is

bringing in new iLottery players – about 15% of those playing Fast Play online are newly-registered players who are playing iLottery games for the first time. But the games are also attracting existing players, as more than half of players already registered have played Fast Play through the iLottery platform at least once. Better still, there has been no cannibalization of retail Fast Play at all.

All this despite it being a soft launch without any advertising support. In FY23, Camelot Illinois plans to launch a dedicated Fast Play marketing campaign to raise awareness of the entire Fast Play portfolio. This now includes the brand new

Scan-N-Play format, just launched in May - which is another first in the industry. For select Fast Play games with Scan-N-Play, players purchase a physical Fast Play ticket in retail and then scan it via the Illinois Lottery app, where the game will come to life onscreen, revealing the prize outcome. It's a similar digital reveal to what iLottery players see with the online version of the game. The FY23 marketing campaign will focus on educating lottery players about all the Fast Play options. ■
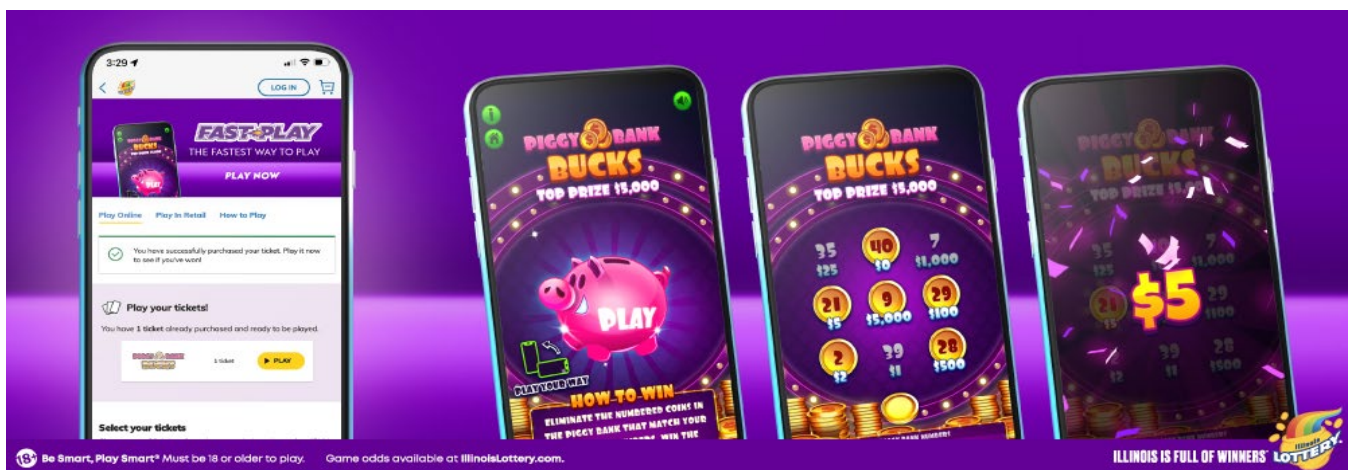
Online Fast Play players see a high-quality digital reveal as they play through each game.

The Scan-N-Play retail version of Fast Play adds a digital reveal when scanned in the Illinois Lottery app.

Understanding iLottery:

Growth Through Expansion, not Cannibalization

By Michael Pollock
Managing Director, Spectrum Gaming Group

The verdict is in, and the evidence is clear: The introduction of iLottery does not cannibalize retail lottery sales. Indeed, both can grow. We at Spectrum Gaming Group began studying this issue in 2010 for the Massachusetts Lottery, and we projected that, despite the skepticism and concerns expressed by retailers, the introduction of a digital lottery product would not cannibalize retail lottery sales.

A dozen years later, we examined the issue again, this time in a report for NeoPollard Interactive that was able to examine actual track records in states that had finally adopted iLottery. The data supported our original thesis.

In evaluating the performance of retail sales in two such states, Pennsylvania and Michigan, retail lottery sales have grown exponentially since the introduction of iLottery. From FY 2017, the year before iLottery launched in Pennsylvania, to FY 2021, retail lottery sales grew by 33%. A similar experience is shared by the Michigan Lottery, which grew by 91% at retail from FY 2013, prior to iLottery's launch, to FY 2021. The data for these two lotteries is shown in the accompanying charts.

Pennsylvania iLottery vs. Traditional Retail, FY 2017-FY 2021

	2017	2018	2019	2020	2021
Traditional Lottery Sales	$4,001	$4,201	$4,503	$4,469	$5,302
iLottery Sales		$20	$378	$724	$895
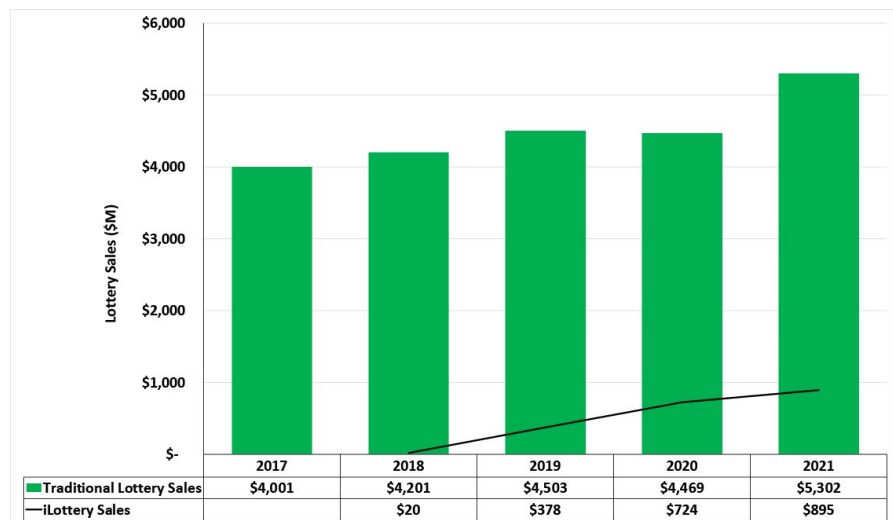
Other states have shown – and will continue to show – similar statistical trends. Why then are retailers still reluctant to embrace the inevitable adoption of digital lottery? To answer that question in the 21st century, we must look to the wisdom of the 19th century.
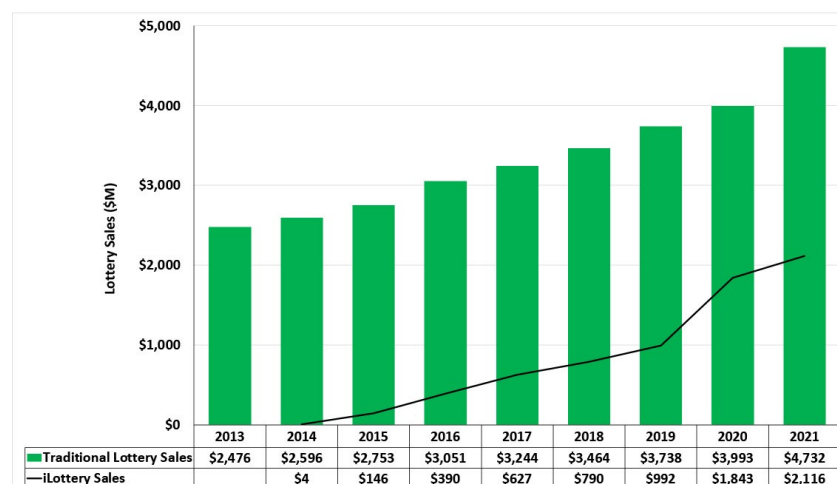
In a quote that he attributed to British Prime Minister Benjamin Disraeli, the humorist and author Mark Twain summed it up succinctly: "There are three kinds of lies: lies, damned lies and statistics."

Data in the 19th century could be befuddling, confusing and misleading. Today, in an age of supercomputers when every action and reaction is captured somewhere in some vast database, the wisdom of Twain remains unchallenged. Data can still befuddle and confuse, and it still comes with that 19th century warning label: Be wary of misleading statistics.

Retailers who either challenge or are slow to embrace the adoption of iLottery should not be characterized as latter-day Luddites, going to war

Michigan iLottery vs. Traditional Retail, FY 2013-FY 2021

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Traditional Lottery Sales	$2,476	$2,596	$2,753	$3,051	$3,244	$3,464	$3,738	$3,993	$4,732
iLottery Sales		$4	$146	$390	$627	$790	$992	$1,843	$2,116

against technologies that threaten their way of life. They are, rather, asking a basic question: Why does iLottery not cannibalize retail sales? Surely, if consumers are faced with an easier means of purchasing a product, why would they not do so? That is basic logic.

Indeed, while that question is simple, the answer is anything but. Lotteries are the most pervasive and popular form of gambling, and they reach consumers in all demographic brackets in varying degrees. The advent of iLottery creates an omnichannel marketing opportunity that simply did not exist prior to the adoption of the internet. As with other consumer-facing industries that have embraced a digital presence, lotteries have a new opportunity to capture a greater share of consumers' discretionary spending.

As we noted in our recent report on the future of iLottery:

A survey conducted by the U.S. Bureau of Labor Statistics noted that for the 12-month period ending June 2018, the average annual spend on lottery tickets was nearly $70, but adults under 25 spent less than $8, and for adults between 25-34, the average spend was slightly more than $40 …

The growth of iLottery has demonstrated an ability to reach younger generations. Data gleaned from the participating iLottery jurisdictions of Michigan, New Hampshire, North Carolina, Virginia, and the Canadian province of Alberta, show that, in Fiscal Year ("FY") 2021:

- *25% of those who played digital draw-based games were 35-44 years old, an increase of 3 percentage points over FY 2016.*

- *27% of those who played digital Instant games were 35-44 years old, an increase of 5 percentage points over FY 2016.*

The data also showed that the average age of adults who played iLottery on mobile devices was 47. That data point makes clear that the willingness of consumers to purchase lottery tickets via a mobile device cut across all age groups. This creates an opportunity to capture a younger demographic, while also making inroads into older age groups.

Enhancing the ability to capture a full range of age groups has motivated retailers of all stripes to create digital channels for their offerings. The goal extends beyond reaching younger consumers, and can best be described as providing consumers with a broader, more convenient range of options.

The reality is that iLottery and retail lottery do not compete against each other, but rather – in myriad ways based on a wide range of consumer behaviors – they both compete for a slice of that huge pie we call "discretionary spending."

If an adult spends $5 on an iLottery wager, where would that $5 have been spent otherwise? Would some adults have trudged to the nearest c-store to buy a scratch-off ticket and perhaps a gallon of milk? Perhaps, although milk is not exactly a commodity that is threatened by online sales. Would others have spent that $5 at a local tavern or bowling alley, while others would have paid to watch a rerun of "The Godfather" for the umpteenth time? Would some have dipped into a vacation fund, or invested $5 less in an IRA, or purchased one fewer necktie? (Do people still wear neckties? Sure, but we don't recommend purchasing one from the $5 sales rack.) Even the people who clutch those $5 bills cannot answer that question with any sense of precision.

Some purchases can be viewed as one-for-one substitutions, such as an electric vehicle vs. a gasoline-powered one, or a streaming service vs. basic cable. That comparison, however, does not work for lottery sales.

The retailers who question why retail lottery sales can grow in this age of digital commerce raise legitimate queries. The answer, however, is equally legitimate. The lottery industry is now competing in a much larger arena against many more competitors. As the number of options for consumers has increased, so have the odds for success. Lottery purchases are much more convenient, and much more appealing to more adults than they were in the pre-digital age. That is why retail and digital sales can both grow. As Mark Twain would likely note, the statistics we cite are telling a story, not spinning a lie. ◾

NASPL and Lottery Industry
Schedule of Events

2022 SCHEDULE

July 25-29, 2022
NASPL Professional Development Seminar
Indianapolis, IN
Hosted by the Hoosier Lottery
nasplprofessionaldevelopment.com

August 1-4, 2022
NASPL Directors' Meeting
Nashville, TN
Hosted by the Tennessee Education Lottery

October 16-20, 2022
World Lottery Summit
Vancouver Convention Center
Vancouver, BC
Hosted by BCLC
worldlotterysummit.com

December 2022
NCPG/McGill University Gift Responsibly Campaign

2023 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

2024 SCHEDULE

March 2024
NCPG Problem Gambling Awareness Month

April 2024
NASPL Lottery Leadership Institute
Dates to be Determined

July 22-24, 2024
NASPL Professional Development Seminar
Omaha, NE
Hosted by the Nebraska Lottery

September 9-12, 2024
NASPL Annual Conference
Kansas City, MO
Hosted by the Missouri Lottery

December 2024
NCPG/McGill University Gift Responsibly Campaign

WORLD LOTTERY SUMMIT 2022 VANCOUVER

LEADING THE JOURNEY. INSPIRING THE FUTURE.

Find inspiration inside and out.

We are looking forward to coming together again in person for an unforgettable World Lottery Summit 2022 in the breathtaking, forward-thinking, eye-opening city of Vancouver, Canada.

In this perfect location, our informative agenda and excellent line up of speakers will allow us to reconnect, learn and engage in important conversations on trends, technologies and topics that continue to shape our global community as we look to the future.

With the ocean, forests and coastal mountains close at hand, you'll wake up every day refreshed and ready to be inspired.

Oct 16–20, 2022

WLA WORLD LOTTERY ASSOCIATION

NASPL

bclc

Stay Connected

Get a 360-degree view of players across retail and digital channels. Provide tailored experiences driven by purchase data and analytics to enhance loyalty, and so much more...

Connect the dots at **IGT.com/ConnectedPlay**

Future Forward. Results Driven.