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From the Publisher

The theme of our upcoming in-person conference in Nashville, as well as this issue of the magazine, is that the lottery industry is entering a golden era. None of us has a crystal ball and so it may be a little impetuous to make such a prediction. But the stars are aligning in some very interesting ways for the gaming industry and for lottery in particular. For one thing, people may not be travelling to casinos or social venues as much as before, but everyone can go into their local convenience store and play the lottery. For another, lottery is expanding its land-based retail footprint to include more multi-state national chain stores, and adding more ways to play including in-lane and self-serve purchase options that are super-streamlined for the modern consumer. It may be hard to predict just how the retail and online industries will re-engineer and re-position for the post-COVID19 world, but we can observe the competition for market-share intensifying which means that having the products the consumer wants is more important than ever. And since the consumer wants to play the lottery, retailers need to not only have lottery in their stores but also need to streamline the purchasing experience. **I think we can go a step further and say that the pandemic experience of the last 18 months has only reinforced the fact that consumers love lottery.**

While we envision a golden era for lottery, it won't happen without studying the way business, commerce, consumer behaviour, retailing, and everything else has been profoundly affected by the pandemic; and planning for a world transformed by the events of the last 18 months. The presentations and Roundtable discussions of PGRI's last two eConferences are a good place to start. The panelists and moderators have synopsisized (and Jim Acton edited) those sessions into articles that tell an important story. Last year, for instance, a common theme was that the pandemic was accelerating the rate that already-existing trends were achieving mass-market adoption. This year, industry leaders are talking about the

transformational impact of the direct and residual effects of the pandemic, impacts that go far beyond the hastening of existing trends. For more insights into how post-pandemic trends are reshaping consumer behaviour and how that affects the lottery industry, check out the article "Lessons from the year that changed the world" on page 30.

The whole question of states' rights to determine regulatory policy in the world of gambling and lottery appears to have been settled once and for all. Over the past decade, there has been confusion about whether the Wire Act of 1961 applies only to sports betting or to all forms of gambling and lottery. Now, the First U.S. Circuit Court of Appeals has ruled, and the U.S. Department of Justice has decided not to contest the ruling, that the 1961 Wire Act does not apply to non-sports betting or wagering activity over the Internet. Before this ruling, states were afraid of the possibility that they would be sued by the U.S. DoJ if they implemented online lottery. Now there is clarity, now they know they have jurisdictional authority over regulatory policy as it applies to gambling and lottery, including online gambling and lottery. With that, many U.S. states are moving ahead post haste with iLottery action-plans. And the states that have implemented iLottery programs have been achieving outstanding success on all fronts, most spectacularly on the land-based retail channel. As has been proven again and again all over the world, iLottery brings in new consumer groups who are incented to play lottery at retail as well as online. Everyone wins – retailers, lottery, and players. And as Gregg Edgar's "Digital Engagement" Roundtable panelists attest, digital lottery is not just about online sales. It's about connecting with the consumer on all media and channels to forge the interactive relationship key to sustainable growth in a world dominated by omni-channel operators like Amazon.

I can't tell you how excited we are at the prospect of to seeing you again at PGRI Lottery Expo Nashville! The theme of this year's Lottery Expo:

Welcome to the post-pandemic Golden Era of Lottery: Moving away from Multi-channel, Omni-channel and "channels" altogether. Enter the Metaverse of "New Retail" where the focus is on the consumer experience, presence is ubiquitous, and content matters more than ever.

We want to thank ...

- **Rebecca Paul Hargrove** and the **Tennessee Education Lottery Corporation** for co-hosting Lottery Expo Nashville. One highlight of the conference will be when Rebecca again leads her famous CEO/Industry Leaders Roundtable Discussion.
- And **Gretchen Corbin, CEO of the Georgia Lottery and president of NASPL**, for being the keynote speaker.
- Lottery directors, their team members, and their commercial technology partners who have so effectively led this industry through the most disrupted period in what seems like forever.
- Industry leaders who are sponsoring Lottery Expo Nashville.
- Everyone who will make the WILL (Women In Lottery Leadership) session the tremendous success that it always is.

And a big thanks to all of you for your friendship!

For complete information and conference updates, please visit us at PublicGaming.com. See you in Nashville in October!

Paul Jason, Publisher
Public Gaming International Magazine

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THE BIG PICTURE FUTURE OF THE WORLD

Industry Leaders Tackle the Past, Present, Future



The following article is based on a Roundtable Discussion conducted at PGRI Retail Modernization eConference on April 13.

For seasoned lottery veterans, the well-used phrase “now I’ve seen everything” certainly rings true after the past 15 months. But when industry followers look back on this unique period of history, these leaders will be remembered not only for how they handled the turbulent times but for how their organizations thrived.

Six of those leaders took center stage at the Retail Modernization eConference recently. Between them, they have traveled the world, overseen successful lotteries, launched industry-leading iLottery programs, held office for numerous trade organizations, and created products which have earned billions of dollars for good causes. Their words carry weight, to say the least.

LEADING THE PANEL – titled The Big Picture Future of the World – was

Rebecca Paul Hargrove, President and CEO, Tennessee Education Lottery Association; President, World Lottery Association; and Chair, Women’s Initiative in Lottery Leadership (WILL). Rebecca was joined on the panel by

Stéphane Pallez, Chair & Chief Executive Officer, La Française des Jeux (FDJ)

Doug Pollard, Co-CEO, Pollard Banknote and NeoPollard Interactive

Paul Riley, Vice President Retail Innovation & Partnerships, IGT

Drew Svitko, Executive Director, Pennsylvania Lottery

Sam Wakasugi, Vice President Strategic Business Management, Scientific Games

Any discussion of the “future of the world” has to begin with a look back at the past 15 months. “Let’s start with ‘necessity is often the mother of invention’ and can be the catalyst for some positive and productive change,” said Rebecca to the panelists. “Has anything good happened to you in the last year – something that caused you to change in a positive way and that you think will continue into the future?”

Kicking off the discussion was Stéphane who has run France’s FDJ since 2014. Her company faced the same issues as lotteries across the world – customers locked down in their homes, employees worried about their jobs and safety, beneficiaries

LETTER FROM THE CEO

To all our clients and partners around the world,

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

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

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

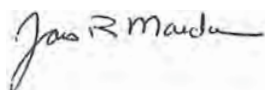
As we emerge from the pandemic and shutdowns, we are ready to expertly help our 480+ regulatory and lottery clients, as well as operators and suppliers to understand new legislation, regulations and cybersecurity requirements. We've reinvigorated our end-to-end compliance and testing road map to better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

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

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

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

Sincerely,



James Maida

concerned about lottery revenue. In the end, FDJ learned a lot about their operations and how to best serve its players.

“We have known that digital is growing but it was amazing to see how quickly our players adopted the technology during the first half of last year,” she said. “Our business has been transformed, not in ways we didn’t expect but in a much more accelerated way. We also learned that our consumers like both worlds. They like digital, but they also remain committed to their local points of sale. They have told us they want both, confirming the relevance of omni-channel distribution. These were some great learnings for us.

“Another interesting thing I learned during this challenging year is that consumers are very attached to the values of brands, the values of companies, and they want evidence of those values in our business, in our actions,” she said. “Consumers think that a good company for them is a company that has a positive impact on society and is able to demonstrate and prove they are a part of the solution to societal and environmental problems. It tells me that we must continuously show our players that we share their values, we care about society, and are acting on those convictions and values.” During the pandemic, FDJ contributed to several national initiatives, through its Corporate Foundation, but also by providing material support for its retailers with sanitary protections, and financial help for the most vulnerable. FDJ employees also contributed to support health workers by donating leave days.

Doug Pollard, Pollard Banknote, observed that the players’ affinity for lottery, noted by Stéphane, evolved and played out in different ways. At the beginning of the pandemic, sales dropped and there was widespread concern about the future. That worry didn’t last long. “What the past year has shown us is the resilience of the product,” he said. “We have always known that people buy our products to win money, but it really reinforced for me the notion that people buy lottery products for entertainment as well. And when other

entertainment products aren’t available, lottery becomes even more important.”

He continued, “Along with the appeal of the lottery games themselves goes the availability of the product and that is why omni-channel is here to stay. We’ve seen its value. Certainly, at NeoPollard Interactive, we witnessed firsthand the explosion of new activity in the iLottery states that we service. iLottery is an area where we can really explore new and innovative ways to deliver lottery products in entertaining ways. That’s how we will keep people engaged in our products.”



We have always known that people buy our products to win money, but it really reinforced for me the notion that people buy lottery products for entertainment as well.

For Sam at Scientific Games, one interesting development was the increased communication between vendors and retailers. Strong retail relationships have historically been directly with the lotteries. But during the challenges of the pandemic, retailers were asking vendors for help to distribute lottery products. “One of the industry’s biggest retailers located in 34 states implemented curbside pickup and home delivery, but asked Scientific Games for ideas on how best to get lottery products to their customers,” said Sam. “Because we have been working on alternative delivery avenues for many years, we were able to quickly respond and work with this company. Everyone needed

to move quickly to respond to the changing marketplace.

“And the results from the collaboration and hard work have been incredible. Fast forward to today and we’re trending up about \$62 billion in instant sales, a 19% increase year-over-year, and that is a result of hard work at lotteries that were dealing with their own internal pressures, retailers and vendor partners. During the pandemic, our industry learned a lot of new and improved business practices and innovative ways to do business that I think are here to stay.”

Paul said that IGT has been focused on technological innovations while simultaneously ensuring that in-person retail has the tools needed to succeed. “There has been substantial growth in self-service during the past year as retailers have been focused on customer and employee safety,” he said. “The expansion of self service within retail is an on-going trend we’ve all been aware of, and it dovetailed with the COVID-induced desire for consumers to minimize their contact with others. So, on one hand, lotteries benefited by their ability to support player self-service, however we also know that nothing compares with the traditional lottery sales model of interaction with a clerk.

“We forget sometimes that our product can be intimidating. It’s important that we recognize this as we try to bring on new players. Players have traditionally been guided through the process of learning how to play by lottery retailers, but that option may not be as readily available to us as self-service proliferates and we start to see the adoption of clerkless and checkout-free retail locations. Increasing online engagement will be better for everyone, including retailers, as that will make it less intimidating and easier for players to play at retail.

For Drew, the past year has seen growth on several fronts, with an explosion of iLottery activity as well as increases at retail. “We’re one of the fortunate lotteries that can sell online,” he said, “and we saw tremendous growth in our online platform.

Continued on page 28



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The Game Changers



PLAYER RETENTION AS WELL AS NEW PLAYER ACQUISITION



The following article is based on a Roundtable Discussion conducted at PGRI Digital Lottery eConference on June 17.

In the scope of lottery industry history, iLottery spans just a short period of time. So you will pardon the iLottery states if this new-ish brand of game has kept them juggling many balls, acting like ducks on water (calm on top, flurry of activity under water), busy as beavers. Pick your “really busy” idiom and it fits.

Some of the frontline workers on iLottery were featured on a panel titled *Player Retention/New Player Acquisition*. The panel, moderated by **Drew Svitko**, Executive Director, Pennsylvania Lottery, included:

Shannon DeHaven, Vice President of Digital Engagement, Pollard Banknote

Stephanie DuVal, Digital Engagement Manager, Virginia Lottery

Jessica Fritz, Digital Marketing Manager, Michigan Lottery

Merv Huber-Calvo, Senior Director, Growth Marketing, Scientific Games

Karri Paavilainen, Senior Director, PlayLottery Content, Operations and Connected Play, IGT

Jessica Powell, Director of Ignite Player

Marketing, NeoPollard Interactive

Peter Sullivan, Chief Executive Officer, Jackpocket

For those lotteries featuring digital sales options for their players, the workday is filled with discussions and activities centered on how to attract new players to the site and, once they have taken the steps to sign on, how to keep them active in the digital world. Drew kicked off the discussion by posing a vexing question: How would you describe the tradeoff between, or the relative importance of, new player acquisition versus player retention?

The predominant answer? Don't make me choose.

“I see this as two independent but crucially important work streams that actually deliver better results when they're working together,” said Merv Huber-Calvo of Scientific Games. “When budgeting, you'll spend more as your program grows and matures. Player acquisition costs are a bit more fixed as you're making ROI calculations based on your cost-per-acquisition versus what is the lifetime value of the players you're actually bringing in. You then apply the calculations across all of your campaigns and digital channels. The retention of players is a bit more complicated

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because you have to apply a different ROI analysis to the different player types. For instance, you'll spend more on your higher value players. The amount you spend over time is going to grow as your program grows. But making this investment is what will keep your program successful."

This particular discussion highlighted a key issue that lotteries are facing today because an animated discussion ensued, next from Jessica Powell of NeoPollard. "I think one of the biggest challenges of our industry is the divide between acquisition and retention and considering them as two different departments," she said. "It's time we forgot about above the line and below the line and focus on the most important thing – the bottom line. There has to be an overarching marketing strategy to connect with players, get them into the funnel, and then retain and maintain relationships with them."

Recently departed from the Michigan Lottery (where she served as deputy director digital operations for the last five years), Pollard's Shannon DeHaven agreed with Jessica and Merv about the need to concentrate on both acquisition and retention. "But your approach to budget allocation can't be a 'set it and forget it,'" she said. "You have to constantly reevaluate where your spend needs to be allocated. As Jessica said, there is a funnel but it's not necessarily a clear line and it should be regularly reviewed to determine where the most revenue is generating from. Is it the retention efforts or the acquisition efforts? Lotteries have limited marketing budgets so it's important to carefully spend in the most appropriate way."

Speaking as the CEO of an iLottery company that operates across a number of states, Peter Sullivan of Jackpocket said determining the payback on your spend will help guide your budget allocation. "Even outside of the lottery industry, there are three components to how businesses determine budget spend – what is our cost of acquisition, what is the weekly/monthly spend on a given segment, and what is the cost of retention," he said. "And one of the most important KPIs, along with ROI, is the payback period. Different segments of your audience have different acquisition costs and you're willing to spend a higher acquisition cost for a player that has a higher average

spend and a higher propensity to continue to play. The payback period is when you understand how long it took for the cost of the acquisition to get paid back and for you to become profitable with that customer. Once you've cleared that hurdle, other business decisions fall into place more readily."

With that set-up, Drew pulled apart the different components of the discussion. "Let's focus on the player journey chronologically and start with player acquisition," he said. "iLottery player acquisition is different from the traditional side where we are retailer focused. Let's drill down into those differences."



The major difference from retail is that we're able to measure the results from our efforts in almost real-time and make optimizations on the fly."

IGT's Karri Paavilainen outlined four of the most prominent differences. "First is the media selection for promoting products which in traditional lottery is heavily mass broadcast media such as TV, radio, Out-of-Home and digital, while iLottery is almost all digital and more accurately targeted," he said. "Next, the lottery's tactical digital advertising is almost all offer-based marketing while retail tends to target lifestyle messaging and promoting winners. Another retail tactic is to advertise the jackpot spikes and then go silent. With digital, its 24/7/365 of continuous ongoing visibility. The final difference is that digital allows you to measure and understand the effects of your investment. You know immediately if you are successful. Traditional is a bit harder to

connect your investment with the end result. The learnings are post campaign while digital is ongoing."

As stated by others on the panel, another important component of acquisition is affiliate marketing. Under this model, a lottery compensates a person or company for generating traffic to its iLottery site which results in an actual player spending money. The entity that brings the players to the iLottery site receives a commission based on the new players level of spend.

In Michigan, Jessica Fritz said this model has worked well. "Affiliates have proven to be successful for us since we went live with the program in December 2017," she said. "So far, this acquisition route has accounted for 34,000 registrations and more than 15,000 first-time deposits. But that's a total net return from affiliates of \$6.8 million since the launch. It's important to us as it's a channel through which we can reach players who wouldn't normally see the rest of our advertising, blogs and web sites surrounding iGaming and other ways that we capture player interest. Some of our more high-value players have come through the affiliate channel, especially during the past year when some of those players were looking to reroute their entertainment dollars from other forms of gaming that weren't available. Next we hope to expand the affiliate program to retailers to allow them to be rewarded from acquiring iLottery players."

Switching to what messages attract iLottery players, and representing the industry's newest iLottery program - Virginia, Stephanie said that some of the same things that work at retail also work in the digital world. "Just as at retail, our biggest acquisition driver for iLottery has been large jackpots that push players to the site and gets them interested," she said. "We've also attracted players who are looking for branded products like Powerball and Mega Millions or our Virginia Lottery in-state games. And just like at retail, merchandising big wins will always get players interested. The major difference from retail is that we're able to measure the results from our efforts in almost real-time and make optimizations on the fly."

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SHEM'S



DIGITAL ENGAGEMENT FOR ALL LOTTERY OPERATORS



The following article is based on a Roundtable Discussion conducted at PGRI Digital Lottery eConference on June 16.

In 2021, mention digital advancements in the lottery industry and many people will assume you're talking about iLottery and the sales of lottery products through apps and web sites. And why not? After the pandemic, the logical assumption was that a progressively growing list of lotteries would be looking to launch iLottery programs

But give a quick look at the list of lotteries and their digital offerings and you'll see more Arizonas – which is legislatively prohibited from selling online – than New Hampshires – which offers all products online. And even lotteries where iLottery is legislatively allowed are not rushing to add platforms. But are these directors without iLottery crying in their beers? Not!

Gregg Edgar, Executive Director of the Arizona Lottery, who moderated industry experts on a panel titled “Digital Engagement for ALL Lottery Operators.” Gregg was joined by panelists:

Sina Aiello, Vice President, Loyalty, Pollard Banknote

Kelley-Jaye Cleland, Chief Product & Program Officer, New Hampshire Lottery

Jay Finks, Executive Director, Oklahoma Lottery

Ryan Mindell, Lottery Operations Director, Texas Lottery

Amy Warner, Director, Digital Engagement, Scientific Games.

“It’s important for us to talk about what is available for ALL lotteries because not all of us have iLottery, not all of us have the ‘joys’ of being a fully digital gaming entity,” Gregg said. “In Arizona we just got locked out of digital gaming for the next 20 years through new tribal gaming compacts, but that doesn’t mean there isn’t a wealth of things we can do in the online space. Whether it’s iLottery, a player’s club, a loyalty program or just social media platforms, the digital experience is an increasing part of our lottery ecosystem. How we use these tools to optimize our relationship with our players is at the heart of the conversation with this panel.”

With those opening words, Gregg asked the panel about “engagement” and how their organizations define the word.

Kelley-Jaye, who heads up New Hampshire’s successful iLottery program, said, “Engagement to me is about creating a relationship through knowing and understanding what the other party wants, likes, needs, and enjoys. Engagement is not

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one-sided – it involves two or more parties. For example, if we send an offer to someone and they don't open it or they do and then don't act on it, the offer didn't resonate with them, and that could be for various reasons. If the offer is received and acted upon, that starts the engagement process. We now know at least one thing about this player – that they liked the offer they acted on. Thus begins a process of interaction and learning more about what the player likes and does not like. That's one example. Engagement can happen through social media sites, survey responses, feedback on our site, or other player communication channels.”

Sina from Pollard continued with this line of thought. “Any interaction with players will result in engagement, whether that's through an email, the website, an app or in a loyalty program,” she said. “We know that our players are in the digital space now so that is where we have to be. If it's not through an iLottery program, then we need to provide entertainment value through the extension of a retail ticket or utility through an app.”

Amy said that engagement takes many different forms. At Scientific Games she works to ensure lotteries' digital programs are engaging as many players as possible to extend the entertainment experience. “Given the restrictions many lotteries face, we need to focus on what they can do to drive digital engagement and loyalty,” she said. “I'm very passionate about loyalty programs because they offer a lot of benefits for lotteries. When all tickets are eligible all the time, you are engaging all your players. Then you mix in second chance promotions for even greater reach. So lotteries can be very strategic with a new product line that they want to feature and really help drive game performance.”

For lotteries without advanced digital offerings, engagement can be as simple as an email. In Texas, which does not have iLottery, the lottery looks to the “blocking and tackling” of player outreach. “A simple email or digital signage in a store can be meaningful interaction with our brand,” said Ryan. “But your web site provides a link to your players that enables you to build on

those interactions. Your app, whether or not you're selling on it, provides meaningful interaction that promotes positive brand associations that help reinforce and build your relationships going forward.”

Jay was the long-time marketing director in Oklahoma before being named director, so he is intimately familiar with techniques for reaching players. “The key to successful engagement is offering multiple touchpoints for players,” he said. “Loyalty is the perfect platform as there is so much you can do with one ticket. The player can enter one ticket or a group of tickets, and can then decide which promotions she wants to participate in. And then there might be smaller prizes and drawings for a large prize that will attract players. Along the way we can customize offers to the players. There are so many levels of engagement available that do not include iLottery.”



Given the restrictions many lotteries face, we need to focus on what they can do to drive digital engagement and loyalty

While players clearly enjoy many benefits from digital interaction (from quick information access to prizes), lotteries are the recipients of a very valuable commodity – data. And player data is worth all the hard work it takes to launch and maintain digital programs.

Sina said the data collected from Pollard's various platforms helps direct their outreach to players. “Data is the crown jewel of our platforms,” she said, “because it really

informs absolutely everything we do. The campaigns we undertake, the customization of content relative to a specific player – the whole design process must be informed by information about the players and what works and what does not work, it's all driven by the data. For example, if we know a player enjoys our crossword games, a banner will come up on their carousel with crossword messaging. And their rewards might be crossword coupons versus just a generic buy one-get one type of coupon. Data is what enables us to deliver the messaging and promos that are relevant to the player's preferences. The data might show us that we have a really engaged instant player so why not introduce them to draw-based games with an offer for double the points for entering draw game tickets into their account. In this way, data is helping us enrich the player's individual experience.”

Amy said that when Scientific Games digital specialists talk with lotteries about enhancing their digital programs, they often start with data. “We know who plays instant or draw games and how often they play,” she said. “We also use the data to power our couponing programs. Couponing has been huge, and data shows that players play a lot of different games and are more willing to try new things if they have a coupon in their cart. Data is empowering CRM (Customer Relationship Management) with more sophisticated capabilities. The data provides us with the information we need to shape and enhance the whole player experience.”

Gregg steered the conversation towards results. Digital platforms cost money and to justify that expense, lotteries have to show that their initiatives will bring in players who will buy products. “But when you're looking at player engagement, it is something that is hard to quantify,” said Gregg. “We're very metric driven in Arizona and we use metrics to define how we can improve what we're doing. But how do you define and measure ROI and impact?”

Kelley-Jaye described how New Hampshire quantifies its digital programs, with the key being achievement of their identified goals. “Initially, the results you want include

more impressions, clicks, likes and other responses,” she said, “but ultimately the ROI is judged by the deposit amount. How much money was brought in from a campaign minus the investment cost. But we can still dig deeper into the ROI per campaign to look at things like average deposit per user. If the goal is to bring in more women, we want to measure against that goal, i.e. did we bring in more women? Is the goal to bring in more men of a certain age? Did that happen? We’ve been working closely with NeoPollard on the ROI of our bonusing engagement so that we can further identify our goals and make sure we can achieve them. While we are ultimately judged on the revenue we bring in, there is so much more that goes into a successful program that will ultimately result in increased playership and revenue.”

In Oklahoma, Jay has found that engagement and participation are always followed by increased sales. That simple observation leads to a “build it and they will come” approach. “Our ROI for digital is based more on participation and getting people on board,” he said. “Are we engaging more people and increasing our numbers so that our participation levels go up? I’d love to see the tools to measure performance and clarify impacts with more precision. Many of us have had an explosion of sales but how do we keep that going in the future? We won’t have 30 and 40 percent increases in the future but smaller, ongoing increases are fine. We know that our core players have been engaged but do we know if our light or lapsed players have come back? Are our digital programs translating into increasing our player base? I want to figure out how we get the 21-year-old and that’s where this evolution to digital is the key.”

Texas is doing all it can to build a digital ecosystem that will attract players even without online play. So far so good, says Ryan. “The trend-lines are straight up for us,” he said. “I think this is common across the industry but it’s good to see a growth environment right now. And we certainly had room to grow in the digital areas. Our participation numbers are at rates I haven’t seen before and we have a lot of momentum. We added digital coupons to our app and

our app usage is now significantly up year over year. Our player-base now expects a robust digital offering so we are locked in to providing it for them.”

One question that lotteries face is identifying their target audiences. Gregg said, “When you look at a lottery’s digital strategy, are you trying to convert existing lottery players, core players, into a digital category? Are you trying to find digital game players, folks who congregate or operate in the digital space, and bring them into the lottery world? We had a fear that our older demographic would get lost but my mother is in her 70s and she’s playing Candy Crush all the time. She’s in that space. So how do we definite our digital targets?”



Data is the crown jewel of our platforms,” she said, “because it really informs absolutely everything we do.

For Amy, there is no question that people are already deep into the digital world and lotteries need to keep pace. “There’s a lot of competition out there for consumers’ attention, discretionary spend and brand loyalty,” she said. “The average American belongs to 14 loyalty clubs. The digital world has exploded. If a player gives you their dollar in today’s environment, they expect something extra because all sorts of other entertainment options are also vying for that same dollar. If we can streamline the process by making players comfortable with using a digital wallet, we can compete with casinos and other gaming entities—and we can responsibly grow lotteries’ player base. So a big focus for me is looking at the digital

competition and figuring out how we can excite people to engage with lottery.”

An offshoot of that thinking, according to Sina, is upping the fun of lottery. That is one of the goals of Pollard and NeoPollard. “We have a great opportunity to amplify the fun and entertainment value of the lottery brand,” she said. “That’s how we see the future of the platforms and programs offered by lotteries. Even if a lottery can’t sell online, most can offer free games through their digital platforms. To me, that’s a gateway to the digital world because it puts the product in front of the player, teaches them about the lottery and its products, and lets them have a little fun. At Pollard, we call these Express Games, and they have high engagement and really capture the players’ attention. There are many tactics to attract players, keep them engaged and keep them coming back.”

Gregg wrapped the panel discussion by returning to a point that is important to all lotteries – how to maintain a balance between the expansion into the digital world and boosting their retailer community. For lotteries like Arizona and Texas that don’t sell tickets on online, this is a critical balance and one that has a great impact on revenue.

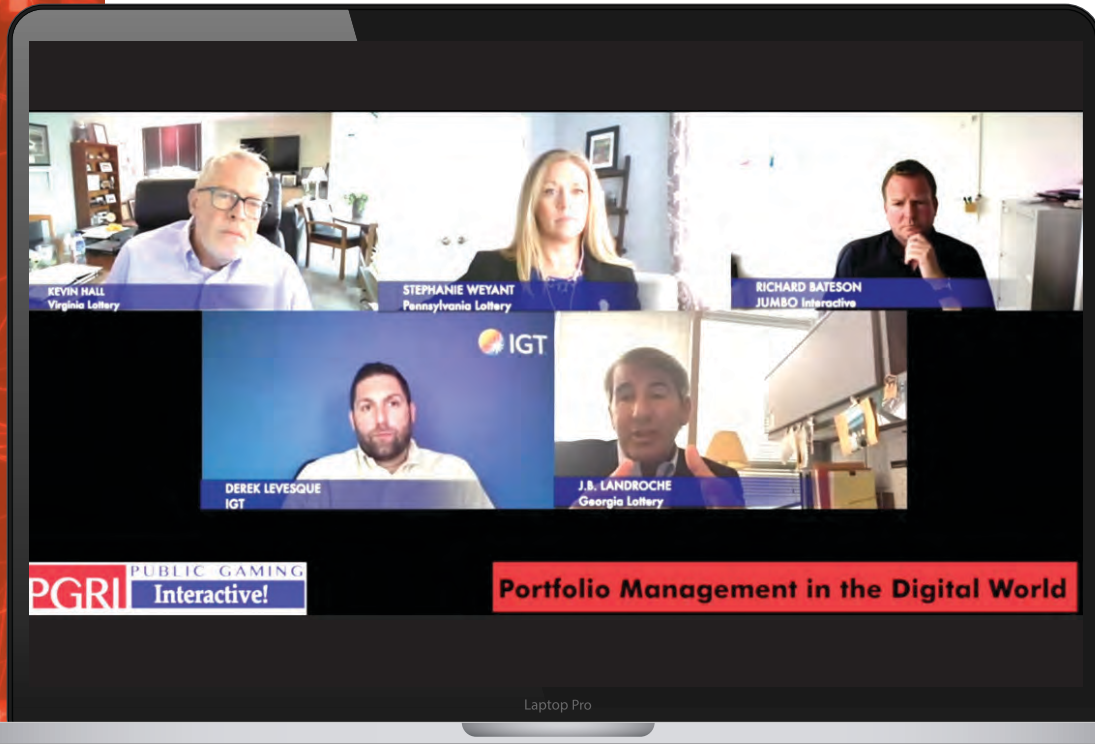
“One question is, ‘are we talking with new players or are we talking with established players?’” said Ryan. “Because a new player can be attracted with the types of digital offerings they see in other areas of commerce. We’re creating an environment that’s going to be more welcoming to those new players. And when these players are at retail, we have QR codes in our app that provide coupons for retail sales. So they come to us through our digital offerings and then they can use digital to inform their at-retail buying decisions. And these programs are also good for our core players because they are also receiving offers they can use at retail. In the end, we have a wealth of data that will again drive our decisions for all players.”

Jay said that in Oklahoma, they continue to roll out initiatives that operate within their mandated restrictions but provide options for their players. “While we don’t offer iLottery, there’s much we provide to

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PORTFOLIO MANAGEMENT IN THE DIGITAL WORLD



The following article is based on a Roundtable Discussion conducted at PGRI Digital Lottery eConference on June 17.

The numbers on online shopping are eye-popping. According to Digital Commerce 360, a leading retail research organization, online sales were up 32 percent in 2020 over the prior year for a total of \$792 billion. For the first quarter of 2021, sales were up 30 percent over Q1 2020, nearly triple the increase of all quarters in 2020.

For the lottery industry, where at-retail sales have broken records in nearly every jurisdiction, the increase in the use of the digital sales channels hit a bit differently. While only around a dozen states are selling products online, most lotteries have a digital presence which only grew in importance over the past year-plus.

With all eyes on how digital sales will progress, this panel – titled “Portfolio Management in the Digital World” and consisting of iLottery veterans – offered a look at how lotteries can balance their online and retail products.

Kevin Hall, Executive Director of the Virginia Lottery which just celebrated its one-year anniversary of digital sales, served as moderator for the panel which featured:

Richard Bateson, Chief Commercial Officer at JUMBO Interactive

J.B. Landroche, Senior Vice President Corporate Affairs, Georgia Lottery

Derek Levesque, Senior Manager, U.S. Digital Business Development, IGT

Stephanie Weyant, Deputy Executive Director, Marketing & Products, Pennsylvania Lottery.

Stephanie said that one result of the increased focus on online shopping is that lotteries will now be held to the same high standards as businesses such as Walmart, Target and Amazon. “We see that the online players skew slightly younger than traditional lottery players and many of them shop online,” she said. “So they expect the same experience as Amazon and Netflix, with more game content and frequent updates to the site. They want more winning experiences. To them, it’s not so much a single purchase but a session, a longer-duration experience. And just like online shoppers, our digital players expect our platforms to be mobile friendly, intuitive, and frictionless. So overall I would say that the online player expects a different experience than our traditional player.

In the end, however, online and retail work together to attract players and drive revenue and we have to work equally on both offerings.”

In Georgia, J.B. said that their digital program has allowed the lottery flexibility and differences from what is offered at retail. “We do have slightly higher price points and top prizes currently offered at retail as compared to online. However, the interactive format allows us to offer a wider variety of play styles and the flexibility to attract players with bonus levels and interactive game mechanics. We are able to mimic the instant gratification that players receive from scratch tickets sold at retail.”

Derek said that from his work with IGT’s clients and observing the industry, he sees some common approaches that lotteries are applying to preserve a balance between digital and retail. “There are definitely nuances to each lottery, whether it’s a game preference, payout or just a particular player demographic that influences decisions,” he said. “Building an online portfolio that engages players is very important. This is where data plays a key role. We use it to understand the player and the games they play repeatedly so we can apply the insights and continue to build on the success of those games to engage more players, whether it’s through the theme or the mechanics. For digital, we can use the data to inform decisions and make changes quickly. For the retail product, those changes are made over a longer timeframe.”

The Virginia Lottery is the new kid on the iLottery block and the oldest program (Michigan) is still less than 10 years old. But in Europe and other parts of the world, digital lottery is old hat, just another part of the channel mix and product arsenal. And there are certainly lessons to be learned from those with experience all over the world. Cue Richard, who in a previous job oversaw the digital program for the UK lottery and now works for JUMBO which works with lotteries across the world.

“If you look at player expectations, lottery is not in isolation from other digital platforms, with players wanting greater interactivity,” Richard said. “We want greater engagement with our players and our games need to show that as well. Retail scratch ticket players want instant gratification and the

chance to dream. We want to translate that to online players who might want an instant reveal or want a story to be told. So we need to balance everyone’s needs and expectations. We also must keep in mind other competing opportunities that exist in so many states, such as casinos and online sports gambling. This competition impacts both retail and online and we need to stay ahead of this discussion.”

internal product team manages our entire product portfolio – scratch games, Fast Play, monitor games, draw games,” she said. “One team handles all of these games. We added one dedicated iLottery product manager to help with the increased workload. Some of the pros to having an integrated team is that they bring over a knowledge of all the traditional games and that sets up some really great cross product line opportunities. Since they’re managing all products, they



With world class sites like Facebook, Amazon and Google leading the way, players expect the same quality from lotteries and their vendor partners. There are many non-lottery options for gaming and entertainment dollars, so it is imperative that the products and experiences we offer are relevant, fun and engaging.

The rise in popularity of online sales does not mean lotteries are taking their feet off the retail gas pedal. If anything, it has resulted in enhanced communication between the traditional and retail sides of the house. The key word is portfolio management. “While our digital platform is managed separately, there is collaboration from the entire lottery team including those focused on the traditional product and retail channels,” said J.B. of his Georgia Lottery colleagues. “And we work closely with vendor partners, especially the interactive team at IGT, to manage the portfolio of games. Our product development team’s knowledge of our traditional scratcher games in the retail space provides invaluable expertise as we evaluate and refine our digital prize structure, price points and game themes to appeal to both existing and new players. And when possible, we try to align releases for promotions and marketing purposes between the two groups. It is truly a collaborative effort.”

In Pennsylvania, Stephanie’s product group has a slightly different structure. “Our same

can tie these games and promotions together. So with the one group managing the entire portfolio, they have a wide view of products and are better able to tee up some great marketing opportunities.”

“Of course, online products present different opportunities to the group and the approach is in fact different from retail,” she said. “You don’t have a limit on the number of games you can sell online like you do at retail. You can test and learn in real time in the online environment. We might launch an online game with a theme that maybe we would be a little hesitant to do at retail.”

Running one of the nation’s largest lotteries, Kevin has seen a lot in his time at the helm of the Virginia Lottery. iLottery was different: “One of my biggest surprises as a new iLottery state was the frequency with which we have to launch new products in the digital space to meet customer expectations,” he said. “It’s a challenge and an opportunity.” The panel certainly agreed.

In Pennsylvania, Stephanie said, “On the iLottery side, we’re launching one new

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EMBRACING THE NEW WORLD OF OMNI-GAMING

SPORTS-BETTING, TRADITIONAL LOTTERY AT RETAIL, ONLINE GAMING, AND ILOTTERY ALL GROWING TOGETHER

Moti Malul, Chief Executive Officer, Neogames

The U.S. games-of-chance market is undergoing a seismic shift from fragmented sets of product “verticals” that vary from state-to-state to an omni-gaming model in which more and more game categories are available across more and more channels of distribution. Legislators are recognizing that prohibition does not prevent people from playing, that it instead just drives the activity under-ground so that players are forced to resort to illegal, unregulated criminal operations that do not pay taxes. The antidote to this is to regulate the games-of-chance industry. Enlightened lawmakers everywhere are implementing regulatory frameworks to protect players and channel economic benefit back to society. 2021 is becoming the year in which iLottery programs are more widely brought into the world of legally regulated forms of gaming.

Neogames is applying its fifteen years of global iLottery experience to its mission to serve clients with the omni-channel platform, innovative interactive games, and full suite of business and technology services to generate outperforming growth. Riding on the waves of a successful NASDAQ IPO, Neogames CEO Moti Malul enjoys his colleagues all around the world to work together to make the coming few years represent the iLottery era of Digital Transformation.

MAKING THE CASE FOR ILOTTERY

- Significantly higher financial return to the state and to good causes than sports betting
- More benign form of “gambling” than sports betting – less problem gambling, lower social costs
- Operates well right along-side all other forms of gaming including sports betting, iGaming and traditional lottery-at-retail
- Provides the platform necessary for the Interactive relationship with the players that is key to a sustainable future for lotteries
- Drives high synergies with digitization of lotteries at retail through omni strategies

neogames®



Paul Jason: Let's start with a basic question. Why are U.S. states rushing to regulate sports betting more than they have ever done for iLottery? Does sports betting generate more financial benefit for society (funding for “good causes” or in the form of tax receipts) than iLottery?

Moti Malul: Sport Betting is definitely the hottest topic in gaming regulation across the US, and the simple evidence of that is the fact that within less than 3 years since PASPA was repealed, more than 30 states have authorized sport betting in various shapes and forms. It is interesting, and in some ways unfortunate, that it has overshadowed the efforts of allowing lotteries to go live with iLottery programs. I believe the power of voice created by the sport gaming giants and the excitement that people in the US have for finally being able to bet on sports, which has been common around the world for many years, provides for that slightly imbalanced prioritization and attention. This imbalanced view is even more glaring when you consider the significant difference in contribution to state good causes and budgets by the verticals. Let's take for example a simple case and compare \$100m in GGR (Wagers minus Wins) in Sport Betting vs the same in iLottery. On average, according to most tax structures in states that have regulated sport betting, at best the state will receive 10-15% of that, and this is even before adding to the

equation the ability to deduct bonus money, which could be pretty aggressive as we know is the case in sport betting where reported data shows that bonus reach 45-50% of GGR by many. Now take the same \$100m in GGR from iLottery, and you will see that based on the range of commercial deals with iLottery technology and service partners, and after blending in other costs of modest promo dollars, marketing costs and teams, lotteries will typically see more than 75% of that turned into contribution to good causes. That's 4-5 times on a dollar spent!

Now I'm not suggesting that states should not regulate online sport betting. In fact, what we see in all states where we operate iLottery side-by-side with regulated Sport Betting, is that the two different game categories appeal to different audiences and that both thrive one next to the other.

And this is before considering the obvious reasons to enabling iLottery for its ability to create the platform for the truly interactive relationship between players and lotteries that is vital for the sustainability of our industry.

So – I'm not sure I know the answer to your question as to why states have taken so long to regulate iLottery and are now rushing to legalize sports betting, but it's clear that iLottery authorization is meeting a bit different challenges, interest groups and stakeholders in the path for approval. Hopefully, now that lawmakers see the compelling logic to regulate instead of prohibit, and are applying it so quickly to sports betting, they will apply that same reasoning to iLottery. It appears that they are doing that to some extent, though the momentum of sports betting continues to outstrip iLottery. Think about it – it was almost ten years ago that the U.S. Department of Justice cleared the way for states to have the authority to implement iLottery if they so choose (by clarifying at the end of 2011 that the Wire-Act of 1961 only applies to sports betting). It was less than three years ago that the federal prohibition against sports betting was struck down. Now, about 30 states have already legalized/regulated sports betting in three years compared to only about 10 that have authorized their

own state lotteries to make lottery games available online in ten years. That is disheartening because we now have almost the same number of states regulating iGaming as states that regulate iLottery. I can't emphasize enough that this should not be an either/or decision. iLottery, sports betting, iGaming and other forms of gaming should all be regulated for all the same reasons – regulation serves the interests of society and the players so much better than prohibition.



“Hopefully, now that lawmakers see the compelling logic to regulate instead of prohibit, and are applying it so quickly to sports betting, they will apply that same reasoning to iLottery.”

We are doing our very best to assist the lottery industry in the US, working closely with Directors in different states to provide them with the vast experience, data and evidence to help promote the benefits of iLottery. We appreciate that lottery directors in the US understand that well and in most cases are as eager to implement iLottery as we are.

How do we apply “best practices” when regulatory structures, consumer attitudes, and gaming cultures vary so widely throughout the world?

M. Malul: First, there are many commonalities about human behaviour, the way markets operate, and the way marketing is performed throughout the world. People may play games-of-chance for different reasons, but common throughout the world is a love for lottery. Common throughout the world is the need to connect buyer and seller, operator and consumer. Common

throughout the world is the need to communicate with a diverse audience. Common throughout the world is the need to create games that appeal to the players.

Second, we can learn from our differences as well as commonalities. For example Neogames Studio applies science to the goal of deconstructing the game attributes down to a molecular level in order to analyze and understand more precisely the properties and impacts of each component part. Nobody would presume that a game that is successful in France or Portugal will be similarly received in California. But there are many elements to successful games in one market place that can be paired with other game attributes to reproduce successful results in other markets.

This is where data-analytics enters the picture.

M. Malul: Exactly. The one “best practice” that is a key to success is the effective application of data-analytics. That is a universal principle that applies everywhere. The methodologies used to extract, capture, and organize data and convert data into useful business intelligence are constantly evolving, but the best of those are being applied all around the world regardless of variables like gaming culture that are unique to each market and jurisdiction.

Data-analytics is what enables us to isolate and identify the attributes of a great game to see which component parts are the killer-apps that can likely be applied to equally great effect in other markets. It is what enables us to segment the market and customize the messaging to appeal to different player sensibilities. Data-analytics enables us to understand the differences and similarities between markets and player groups. In fact, it is the insights derived from data-analytics that enable us to customize the portfolio of games and marketing strategies for each individual market, to appeal to the unique characteristics of the players in each market. We know that “all markets are local”. That is why we need data-analytics to help us sort through the enormous brain-trust of past experience to guide our current strategies and actions.

And the more insights we glean from the data, the more we realize how we are only

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A NEW DAY TO PLAY, A NEW WAY TO WIN!

A third weekly drawing, a new add-on feature, a second draw show, and a new live stream service – if it seems like POWERBALL® is picking up the pace this summer, it is! After months of groundwork, Powerball is ready to debut a new Monday drawing and a new add-on feature called Double Play® on

August 23. Double Play® will offer players in select jurisdictions another chance to match their Powerball numbers in a separate drawing with a top cash prize of \$10 million. The expansion will carve out three nights a week for the Powerball brand (Monday, Wednesday and Saturday) and offer players a whole new way to win.

“Powerball has remained

a premier brand over the past 29 years because it has continuously raised the bar for what a jackpot game can deliver,” said May Scheve Reardon, Powerball Product Group Chair and Missouri Lottery Executive Director. “We are excited to see how players respond to the latest enhancement of the game.”

Getting lotteries ready for potential changes to the

Powerball game started last fall. The Multi-State Lottery Association hosted a series of nine Powerball information sessions for lottery directors and staff. The information sessions provided MUSL staff, Chair Reardon and Vice Chair Drew Svitko, executive director of the Pennsylvania Lottery, the opportunity to share an analysis of the game and several options for the Powerball brand to



A NEW DAY TO PLAY



NOW 3 DAYS A WEEK
MONDAY WEDNESDAY SATURDAY



A NEW WAY TO WIN



START PLAYING AUGUST 23!

progress. The options of a third weekly drawing and Double Play rose to the top.

The Powerball Product Group anticipates larger, faster-growing jackpots with the addition of the Monday drawing. The group also expects to see an increase in the number of cash prizes and jackpots awarded on an annual basis due to a higher frequency of play. In addition, ticket sales from a third weekly drawing and Double Play are expected to increase contributions to funding vital public programs and services in all U.S. lottery jurisdictions.

“This is really a win-win for players,” noted MUSL Executive Director J. Bret Toyne. “Because we are not changing the matrix of the Powerball game, the game odds and set cash prizes will remain the same. There will just be more opportunities to play and bigger jackpots to play for.”

The Double Play® add-on feature will be offered in 13 lottery jurisdictions at launch: Colorado, Florida, Indiana, Maryland, Michigan, Missouri, New Jersey, Pennsylvania, Puerto Rico, South Carolina, South Dakota, Tennessee and Washington. Additional lotteries may choose to sell Double Play at a later date.

Players can add the Double Play feature to their Powerball ticket for an additional \$1 per play. The Double Play drawing will be held after every

Powerball drawing on Monday, Wednesday and Saturday. Players will play the same set of numbers in both the main Powerball drawing and Double Play drawing, and Powerball tickets that include the Double Play add-on will be eligible to win prizes in both drawings.



Double Play® will have a full production draw show at the Florida Lottery draw studio in Tallahassee, where Powerball drawings are held. After the successful launch of a new Powerball draw show in September 2020, MUSL went back to source original music with the assistance of OH Partners, Arizona Lottery’s agency of record, and the graphics and animations with the assistance of Mike Vasilinda Productions, the Tallahassee-based production company of Powerball drawings.

The new Double Play draw show incorporates Powerball’s signature brand colors of white and red into its color palette. To further differentiate from the main Powerball drawing, the draw machines were shifted to the right of the set, and a talent voiceover was utilized instead of a host. Black and red ball sets were also ordered to further distinguish the

Double Play drawing from the Powerball drawing, which uses white and red ball sets.

Players can watch the Double Play and Powerball drawings live online at Powerball.com with a new live stream feature that launched earlier this summer. The live

stream is also available on several lottery websites, and MUSL anticipates expanding the service to additional lotteries depending on demand.

Introducing players to the new draw night and Double Play concept was a major collaboration of MUSL member lotteries. In December 2020, Powerball Product Group Chair May Scheve Reardon, former DC Lottery Executive Director Beth Bresnahan and Oklahoma Lottery Executive Director Jay Finks formed a subgroup to develop a flexible media and marketing plan to assist lotteries with the rollout.

The group established a timeline that targeted August 2 as a start date for a national media and player education campaign. Knowing some lotteries would have to inform lottery commissions and players sooner due to the rolldown of advance plays, the group

developed talking points to help explain the changes and a technical release, followed by two additional news releases for national media.

Meanwhile, Double Play lotteries began a collective effort of designing and selecting a Double Play logo. Lotteries submitted potential designs for group review, and ultimately, the winning logo came from the Pennsylvania Lottery. The Pennsylvania Lottery’s marketing team then produced art files and a Double Play Style Guide for participating lotteries to use.

With the Double Play® logo finalized, the Oklahoma Lottery created marketing assets that were distributed to all 48 U.S. lotteries. Some of the assets were specific to Monday draws, Double Play or a combination of both. Lotteries were able to use the marketing assets as-is, customize them or use them as a springboard to develop other ideas and concepts.

“Our goal was for the assets to be a conversation starter for lotteries,” Finks said. “By getting these in front of lotteries in early spring, we hope it got marketing teams thinking early about how to promote and explain these changes to their retailers and players.”

With the front and back-end work complete by MUSL, lotteries and vendors, Powerball is finally ready to offer players a new day to play, and a new way to win. ■

But traditional sales at retail far exceeded any of our early expectations. One of our great learnings was that we can use online to increase revenue but also to drive people into the stores. To the earlier point, this omni-channel relationship provides us with incredible opportunities to build our player base and reach players in different locations, both at home and in retail. We are excited about the opportunities presented by both these channels working together.”

BUILDING LOYALTY

One area of growth in the lottery industry has been Players Club, and the pandemic only accelerated their popularity. Rebecca asked her panel to explore how the player experience is enhanced through brand loyalty and players clubs and posed the question, “How important is it that we implement players clubs in the ‘new world?’”

“VIP clubs are not just important to players but also to lotteries,” said Doug.

“Players are trading their data, information about their preferences and play-styles, for chances to win money and other prizes. It is then up to the lottery to use that data to further enhance value to the players and to otherwise move the business forward. For iLottery states, starting with a database of players is critical to the success of an online program. You need to offer fun, engaging and entertaining activities for players to do when they enter the players club. Once they are members, they provide a valuable foundation for your future efforts.”

As the director of a lottery that has benefited from a players club pre-dating iLottery, Drew agreed with Doug. “We have collected reams of data and the challenge is applying it in the best possible manner,” he said. “The data helps strengthen our relationships with players through more personalized communication that incents players to go into the retail locations and to our iLottery site. We have almost 1.5 million members in our VIP Club and those relationships are critical to our success throughout all the sales channels.”

Lottery loyalty programs lag behind the loyalty programs of other consumer brands in terms of their broad adoption and relative sophistication. This presents an opportunity

for Lotteries to consider leveraging existing loyalty programs.

“There is intense competition for market share between national chain retailers, and their loyalty programs play an important role in this battle,” said Paul. “In our discussions with national chain retailers, they have expressed a strong desire to incorporate lottery sales into their loyalty programs. This provides a more consistent experience for their consumer, allows the retailer to get a more holistic view of their consumer, and most importantly would allow for cross-promotions and the ability to incentivize players to buy lottery and other products in the stores.

That data is the lifeblood for retailers as it informs most of the consumer marketing decisions they make. For lotteries, there is lots of potential to improve in the practice of capturing, organizing, and applying player data.



One of our great learnings was that we can use online to increase revenue but also to drive people into the stores.

“Data is probably one of the most underutilized tools in our industry,” said Sam. “Some states have done it well, while others have barely scratched the surface. At Scientific Games, we’re focused on providing as much actionable data as we can about consumers and lottery sales because our customers’ retailer networks are asking for this information to support their marketing efforts. When you look at other industries, lottery is lagging and needs to advance.”

In Europe, Stephane sees similar opportunities for lotteries to develop more and better loyalty programs and turn a

negative into a positive. “We feel we need to work together with our regulators to create loyalty programs that can use data to develop more efficient responsible gaming actions,” she said. “We will know our players better and be able to create programs that are designed for their individual needs. We can also identify when there might be issues for certain players. From a marketing standpoint, it makes total sense to learn about your customers, enhance products and messaging, and offer incentives that appeal to players.”

THE WORKPLACE HAS CHANGED

The panel wrapped with a discussion of workplace changes or, more specifically, the morphing of our homes into offices. The big question: What will stay with us and what will go away with the pandemic?

Paul Riley pointed out the new couch he added to his at-home “office”. “Like companies across all industry sectors, we’ll certainly be looking at real estate and how the shift to remote – temporary for some, permanent for others – will impact our office space needs,” he said. From IGT’s corporate perspective, there’s recognition that a completely remote workspace is particularly difficult on new employees in establishing the personal relationships that can help them be successful moving forward in their careers – another important reason to be back in the office.

“I know most of my co-workers share the desire to get back out and see our lottery customers and re-engage in person with our friends at other companies,” he said. “We definitely miss tradeshow where we can meet and exchange ideas and provide the benefits of actually seeing, touching and interacting with products. Hopefully over the next six months or so, we’ll see a return to normalcy.”

Sam concurred with the need to see people in person and added that he thinks some aspects of remote working could be here to stay. “As far as the physical office, there may be a percentage of workforce who never return,” he said. “I think most companies including lotteries have made efficient use of

Continued on page 38

one™

When Doing Good Just Comes Naturally

Protecting the environment is a cause that many lotteries support with their revenues. Scientific Games' **ONE** Suite provides valuable insights in to consumers that drive sales and enable our lottery partners to deliver on their promise to keep our environment healthy and accessible for generations to come.



Reimagine
Next



Reimagine **Next**

Lessons from the Year that Changed the World

What trends are here to stay, and how can lotteries apply lessons learned?

What do disposable gloves and bread machines have in common? Almost nothing—except that in the most unusual COVID-19 economy, both items topped the list of fastest-growing e-commerce products in Europe and the U.S.

In a year of never-heard-before statistics, it's just another one for the "Only in 2020" list.

As the world emerges slowly from its COVID haze, daily think pieces analyze consumers' pandemic purchasing patterns. The data show that despite varying approaches to national management of the crisis, trends in consumer purchases for many types of products were similar across the world.

Despite the similarities in overall consumer behavior, lotteries in Europe and the U.S. saw very different results in instant game sales. Some U.S. lotteries had their best year ever in terms of sales, and some European lotteries had their worst year.

With global consumer trends so similar, why did lottery performance across the world differ so greatly? This question was the impetus behind two online surveys conducted by Scientific Games in April 2021. With representative samples of just over 1,000 consumers in both Italy and the U.S., the company's analytics and insights experts took a close look at changes in player behavior.



Liga Magdalenoka-Keen

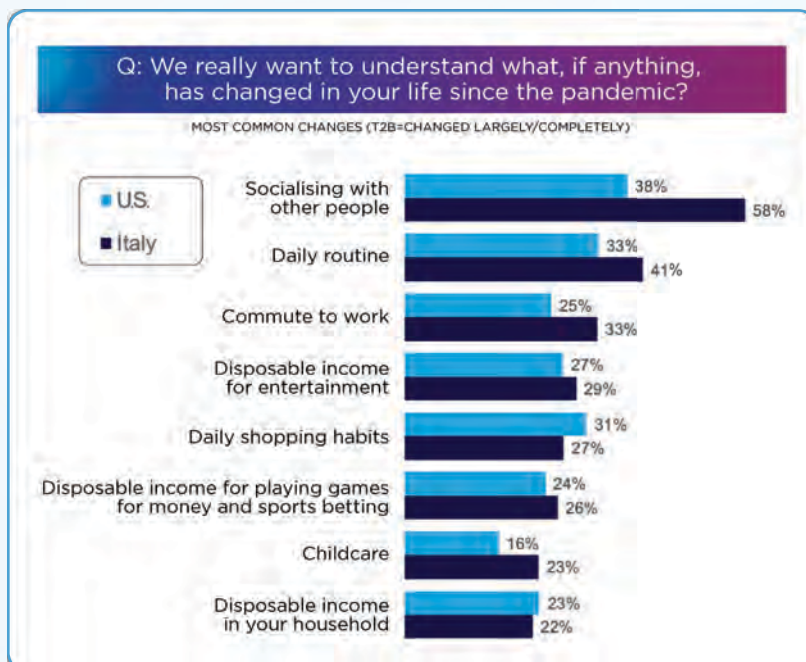


Tim Menzia

Scientific Games' Liga Magdalenoka-Keen, Director of Insights (International), and Tim Menzia, Director of Market Research (U.S.), condensed the survey results into three main lessons for lotteries: The importance of being...



With more than 55 years of experience in research and analytics between them, they assert that infusing these three attributes into a lottery's strategy will continue to motivate players and drive responsible growth even after the world recovers from the pandemic.



The Importance of Being Accessible

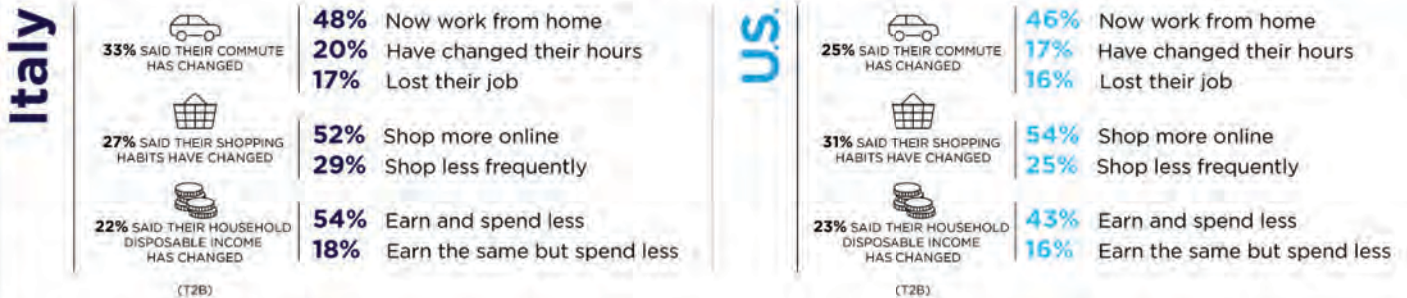
Survey respondents overwhelmingly said that their routines and habits changed greatly during the pandemic. This was especially true in Italy, where 58% said they significantly changed their habits of socializing with others and 41% said their daily routines changed.

To the question "What has changed specifically?," the answers from Italy and the U.S. were nearly the same. A third of responders in Italy said their commute has changed significantly, compared to 25% of U.S. respondents. About 30% in both Italy and the U.S. said their shopping habits have greatly changed, and almost a quarter said their household disposable income has changed.

What does this mean for lottery? It means that players' relationships with lottery games are changing, Magdalenoka-Keen reported. They are establishing new routines, shopping in new shops, and spending more time online to shop and for entertainment in general.

Changing habits mean people are staying at home more and spending less

WHAT HAS CHANGED SPECIFICALLY?



Put simply, if consumers can't find products, they can't buy them. Most manufacturers of packaged goods have had multi-channel retail strategies in place for years. When the pandemic struck, these strategies paid off because their products remained available to consumers. The same principle applies to lottery—the more access points lotteries have with players, the easier it is to keep players engaged.

"It is critical for lottery products to be available in as many touchpoints as possible, especially in locations where consumers shop and engage with other products and services," Magdalenoka-Keen said. "Lottery products need to be visible at retail and fully stocked."

Adapting to New Purchasing Behaviors

The upheaval in consumers' daily routines and habits had a big impact on purchasing behaviors in both Italy and the U.S.—but in opposite directions.

Purchase frequency reduced across all retail categories in Italy, including lottery. Scratch-off purchase frequency decreased 24% in Italy during the pandemic. However, those fewer trips were maximized with larger shopping baskets on average, mirroring the general shopping trend in the country and across Europe. More games were purchased per shopping occasion.

With fewer restrictions on physical movement than in Europe, U.S. consumers' scratch-off purchase frequency actually increased by 40.2%.

Despite the disparity in purchase frequency, a remarkable similarity emerged—players in both countries started to see the value in higher-price-point games. While consumers made fewer trips to the store, the number of tickets purchased at higher price points rose significantly.

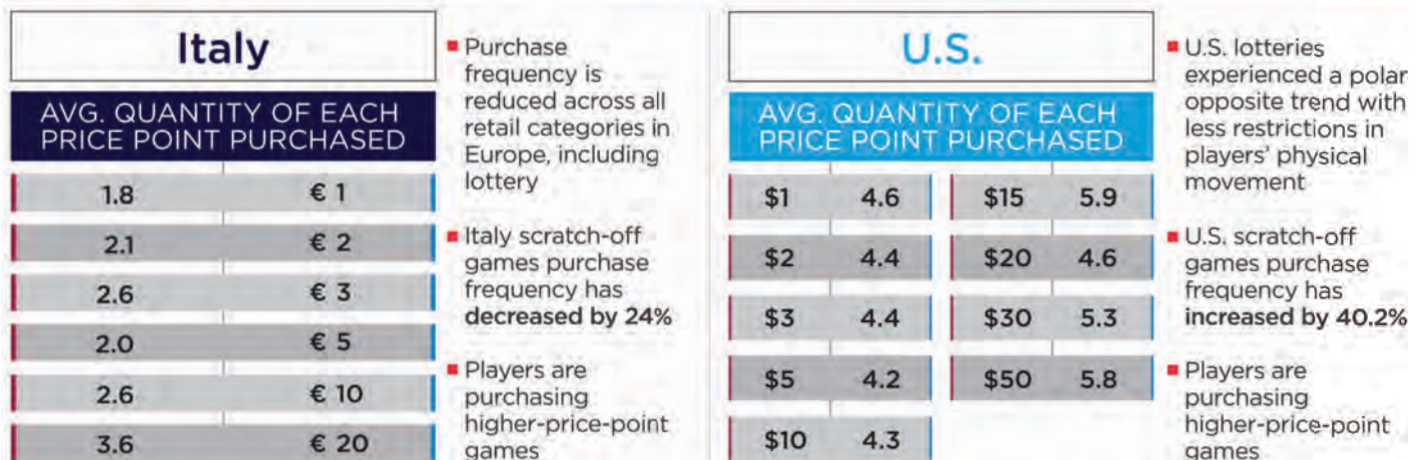
"Players were going to retail stores less often but with bigger budgets to spend, and likely bringing winning tickets from their previous shopping trips as well," Magdalenoka-Keen said. "It all allowed players to purchase more games and try the price points they previously didn't play."

The findings in the U.S. echoed European consumers' increased appetite for higher-price-point games.

"We conducted retailer interviews in two U.S. states last year, and one of the consistent findings for each state was that retailers have noticed their instant scratch customers buying games at higher price points," Menzia said. "This really validated what consumers were already telling us."

Again, what is the key lesson for lotteries? According to Menzia and Magdalenoka-Keen, the rising popularity of higher-price-point games signals that lotteries should adapt their game mix to meet this new, increased demand.

Staying relevant in uncertain times and adapting to new purchasing behaviors



“Not only do retail game bins need to stay full, the higher-price-point games now need to appeal to different types of players who are interested in upping their game,” Menzia said. “Also, from our studies we learned that players who purchase \$10 and \$20 games are more likely to repurchase instant scratch games in the next 12 months. Adapting doesn’t just drive trial—it supports repeat business.”

The Law of Attraction

For the past year people have been proactively seeking new forms of entertainment. With choices being so limited, especially within the gaming sector, research shows that this has been an opportune time to get more consumers interested in lottery and gain new players.

Despite scratch-offs being extremely popular historically, Italy has experienced over 8% player growth during the pandemic. In addition, nearly 90% of these new players have continued to play lottery.

“This is a tremendous repeat rate, signaling that Italy has provided a gaming experience that is attractive,” Magdalenoka-Keen said. “New players enjoyed playing and have returned to lottery as a result.”

Surprisingly, most new instant game players in Italy fall into the two player segments that Scientific Games identifies as Enthusiasts and Passionates. The company characterizes these segments as the most engaged and loyal lottery players who genuinely appreciate the instant game entertainment experience and tend to remain loyal.

“These two segments account for about 80% of instant game annual spend, so they are incredibly valuable to the lottery,” Magdalenoka-Keen pointed out. “We need to look after these players and their needs and motivations.”

With few options for entertainment and not as much physical restriction as in Europe, more new consumers started buying instant games in the U.S. Almost 20% of instant scratch players in the U.S. just started playing in the past 12 months—twice as much as in Italy. This was greatly due to the lack of gambling options during the pandemic, especially with widespread casino closings and minimal options for gambling online with real money, Menzia said.

“Lottery was literally the only game in town for quite some time,” Menzia observed. “Like Italy, a significant number—86%—of these new players in the U.S. have stuck around and continued to engage with lottery in the past five months.”

Extended-play instant games were the primary attraction for new players in the U.S. About 26% of new players fell into the segment Scientific Games calls Visitor EXT, those who are very attracted to extended-play games.

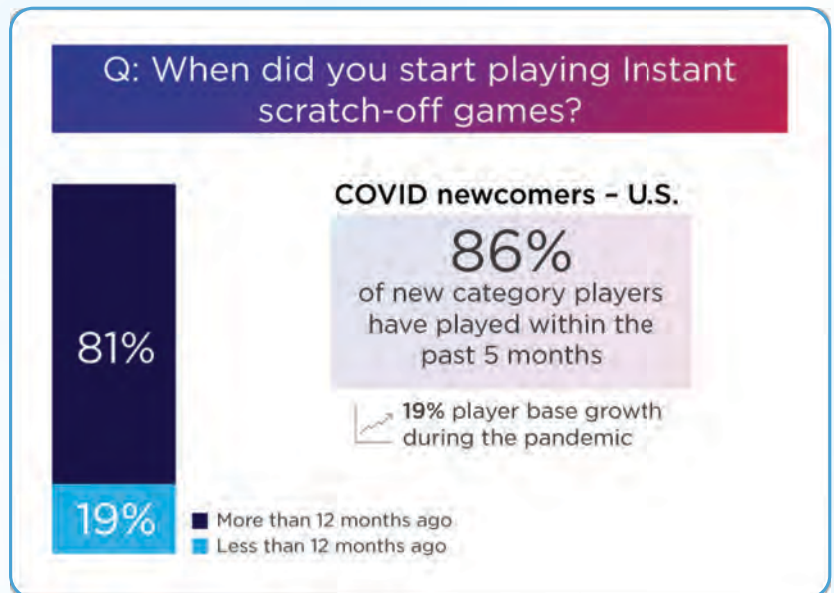
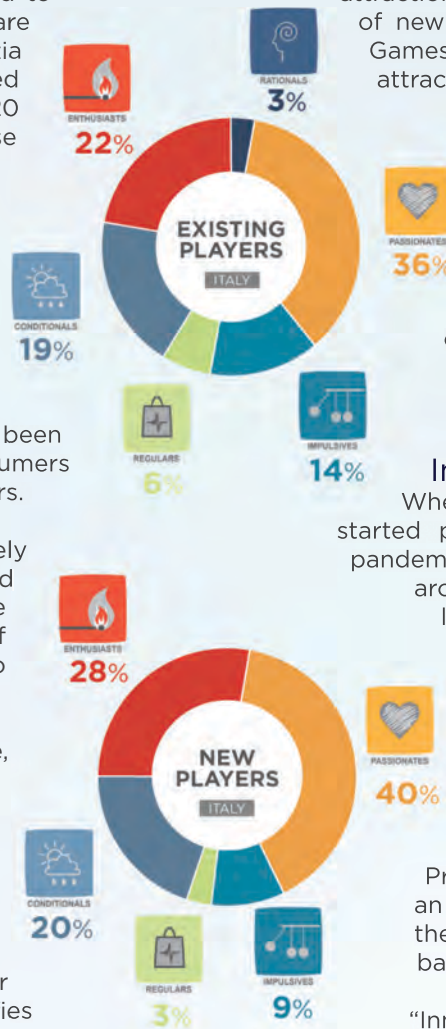
“Much of our qualitative research conducted in 2020 found that the popularity of extended-play games rose significantly during COVID,” Menzia said. “This stems from the desire for increased play time. In these players’ minds, extended play games offer a bigger bang for the buck when it comes to entertainment.”

Motivating Players through Innovation

When it comes to high-quality players who started purchasing lottery products during the pandemic, what can lotteries do to keep them around moving forward? And how do lotteries bring back players who stopped playing during the pandemic? According to Magdalenoka-Keen and Menzia, it all comes down to motivation. Knowing what motivates these players and meeting their expectations will show these key segments that they are valued and appreciated.

Providing a variety of top prizes, as well as an array of play styles, across price points is the key to motivating players to keep coming back for more, Menzia said.

“Innovation is very important,” he added. “Players are always looking for new types of games. If lottery doesn’t deliver, consumers will look elsewhere to fill that entertainment void.”



What's next on the innovation roadmap?

EUROPE

- Digital + Physical game= Phydigital
- Linked games
- First €50 game
- Small-top-prize games at higher pricepoints - Blowout games

U.S.

- Linked games
- Game families
- VariPlay Duo
- Blowout games

Menzia and Magdalenoka-Keen suggest some new concepts that European lotteries could introduce include ideas such as: combining digital and retail games, linked games, introducing a €50 game, and small-top-prize games at higher price points. For U.S. lotteries, they point to linked games, game families, *VariPlay Duo* and *Blowout* games.

Regardless the strategy a lottery chooses, introducing new and exciting games and concepts helps capture new consumers' attention or regain lapsed players.

"There are many innovative areas to explore," Magdalenoka-Keen concluded. "You just need to focus on at least one new innovation for your players, and decide: What is the next game-changer to take your lottery to the next level?" While nothing is ever a sure bet, strong insights and analytics have proven again and again that growth is possible.

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THE FIGHT IS OVER

NATION'S FIRST LOTTERY AGAIN LEADS THE WAY, THIS TIME FOR ILOTTERY *Jim Acton, Lottery Industry Consultant*

More than two years ago, New Hampshire Lottery Executive Director Charlie McIntyre decided to take on the U.S. Department of Justice. His goal – keep his state's iLottery program running.

Many court filings, a trip to Washington, and a favorable lower court ruling later, Charlie finally got the outcome he sought. Did it come in the form of a breaking news announcement or a call from high-level DOJ lawyer? Not exactly.

"The deadline for the DOJ to appeal the ruling was June 21," said Charlie, "and June 21 came and went without a word from Washington. In the law world, that's called a win."

The U.S. Department of Justice declined to appeal the First U.S. Circuit Court of Appeals' January 2021 ruling that the 1961 Wire Act does not apply to non-sports betting or wagering activity over the Internet. This basically ends the case in favor of the New Hampshire Lottery, which initiated the case following a 2019 memorandum that reinterpreted the language of the Wire Act. This ruling confirms that the Wire Act is limited to sports betting and paves the way for state-run lotteries to continue to sell lottery products online without threat of prosecution.

Prior to the appeals deadline passing in June, attorneys general from 26 states released a joint letter seeking clarity from the DOJ

surrounding the Wire Act and its application in other federal circuits, so that all stakeholders in the lottery industry may confidently move forward in this growth area.

To date, six states, plus the District of Columbia, have introduced full iLottery programs that sell instant and draw-based games online, while an additional four lotteries offer draw-games only. With the ruling, more lotteries are expected to begin offering lottery products online, particularly with consumers now accessing more products and services online.

Charlie, who prior to joining the lottery industry in 2003 was a prosecutor in Massachusetts, said that when the DOJ issued its opinion in February 2019 stating the Wire Act applied to all forms of gaming and not just sports betting, he knew that New Hampshire had to take a stand.

"It's as simple a fact as some fights need fighting," he said. "While we have been confident in this outcome throughout this process, we are extremely pleased to have closure. This case represents an historic victory for the New Hampshire Lottery and lotteries across the country."

New Hampshire was joined in fighting the DOJ by NeoPollard Interactive, which powers the iLottery programs for New Hampshire,

Virginia, Michigan and North Carolina in the U.S. NPI also celebrated the DOJ's ruling.

"We commend the New Hampshire Lottery for its leadership moving this initiative forward," said Liz Siver, General Manager, NeoPollard Interactive. "Reaching players online is a proven way to meet consumer demand and responsibly generate critical funds for good causes. As market leaders in iLottery, NPI applauds this outcome and looks forward to expanding our partnerships with lotteries to successfully leverage this delivery channel. The time is now for lotteries to engage in this strategic area given the increasingly competitive nature of the digital gaming landscape."

Charlie had many reasons to take on the DOJ, led by the revenue the iLottery program has brought to New Hampshire. Since launching in 2018, the NH iLottery program has generated over \$46 million in net gaming revenue, including net gaming revenue of \$28 million in the recently-concluded fiscal year.

The end to the Wire Act case is also expected to impact legal regulated online poker in the US. Several states are expected to sign deals that would allow online poker operators to form interstate player pools by year's end.

Regulators in Michigan and Pennsylvania are expected to pursue this opportunity soon. It also opens up the possibility of online poker in West Virginia, could attract more operators seeking approval in Nevada, and makes smaller states like Connecticut much more feasible.



For Jackpocket, it is a series of initiatives – digital advertising, media outreach, winner awareness – which add up to success. “We’re using all the standard channels – Apple Search, Google, Facebook, ad campaigns – and making these ads as innovative as possible,” Peter said. “We’re also starting to use mass media as we roll out certain announcements such as big wins from customers. When we launch in a new state, we take the media coverage and make it into a video. Having our story told by a news outlet makes it more credible. Even if we launch the app in a state, we get news coverage. That’s great free advertising for us.”

Once the player is acquired, they need to be retained. If a player registers and doesn’t deposit money into their account or stops playing after a short period of time, the lottery has lost an opportunity to monetize that player over the long term. So how can lotteries make sure they retain their digital players?

Merv, whose team at Scientific Games works closely with the Pennsylvania Lottery on its iLottery program, said lotteries should closely monitor the activities of their digital players. “When a program is growing to a point of maturity, you also have to take stock of just how many active users you are retaining from month to month,” he said. “And as the number of players that have previously left your program grows, and the longer the life of the program, the work to reactivate those lapsed players becomes increasingly important. I like to set goals for our marketing team as we look at player lifecycle migrations and measure the impact of our marketing activities. We look at it in the aggregate but also prioritize higher-value players to make sure that we’re maximizing bonus spend and revenue.”

Most lotteries and vendors make their decisions based on data, and iLottery is no different, particularly with retaining players. This data helps inform the budgetary decisions to keep programs strong and growing.

“Retaining players means retaining dollars,” said Peter. “So on day one when someone has registered, and even before they make a deposit, we are tracking a player with about 100 different points of data that we have honed across our different states. We’re able to quickly understand their activity on

day one, day seven, day thirty, day ninety, and then place them in a user journey that ensures we’re being efficient and that we’re correct with our assumptions when we’re tagging that player. Finding the right people to analyze this data is difficult, very competitive, but critical as we use this data to make the correct decisions for our business.”

HOW ARE OTHERS USING DATA?

Merv at Scientific Games: “Predictive analytics are great for spotting high-value players as early in the player’s lifecycle as you possibly can. You can then do everything possible to retain that player and transition them from a new player to an active player to a retained player. For example, for your active players you can figure out how likely it is that the player is churning (rate of attrition) or in the process of lapsing from your program. You can then focus your marketing, bonusing and messaging to that player in an effort to retain them before they churn. Once they’ve churned, it’s so much harder to win them back.”

Jessica at NeoPollard: “Data is so important and hiring the appropriate talent is expensive, and that’s where lotteries can rely on their vendor partners that do have the tools. We have a tool called NeoCube that performs the predictive analytics in terms of churn prediction, sentiment analysis, even early VIP detection. The more we know about these players, and the earlier we know it, the more we can guide them through the funnel.”

Karri at IGT: “The tools we have created can use data to predict with 85% probability at day ten which players that have entered the iLottery program are most likely to become VIP players. We also use predictive tools to understand the likelihood of a player accepting an offer.”

Drew shifted the conversation to strategy. How do lotteries and vendor partners use tactics like promotions and bonusing to attract and retain players?

In Michigan, the iLottery team has been honing this part of its operation for a number of years. “This is a key part of our retention program,” Jessica said. “We have a regular monthly email schedule where we’re sending out offers, free games, deposit offers to our active players. Currently we

are focusing mainly on our active players, our VIP players, manually looking at how these players are reacting to our offers. And we’re not just providing bonus offers but also asking players to play certain games to get entry into cash giveaways or coupon offers. Bonuses can also be triggered with the mobile app ticket scanner by scanning select retail products. So, there are a variety of ways we look at our bonus strategy.

The Virginia Lottery, which launched in July 2020, has played catch up as they were given about three months to launch the iLottery program. But they are now employing segmentation strategies which look at players’ deposits and purchasing behavior. “While we look at what players do within the first seven and thirty days after deposit, our biggest focus is on the VIPs. As with all programs, VIPs are the most important segment and so they receive the most offers and we make the largest investment in this group. We look for opportunities to cross sell our base players for draw games because we started with draw games before adding eInstants. Since this is the biggest group, we send a lot of bonuses to the draw game players, such as free eInstant games, to move them between products.”

With her experience with the Michigan iLottery program, Pollard’s Shannon DeHaven had a message for all lotteries – start your segmentation early. “Segmentation can begin long before an iLottery program is launched,” she said. “I definitely think that there are some missed opportunities within digital programs, whether it’s a loyalty program or players club. I’d suggest using the information to implement segmentation as soon as you have a customer database. For those without iLottery, when the day comes you will be ready to reach out to your player-base with offers and messaging that are customized by segment. When Michigan launched, we were already working hard to look at our different players. We had Cashword players, we had Keno players, other games, and these players were all a little different and we marketed to them differently. You can start with three or four segments and get to fifty that you are targeting in different ways. We talk about it as it applies to iLottery, but there’s so much more that all lotteries can be doing now.

Karri agreed with this thinking. “The segmentation principles of iLottery are totally

Continued on page 38

PLAYING FAVORITES

WHEN BRANDED CONTENT OFFERS A COMPETITIVE EDGE

IGT research from 2020 shows that in North America 55% of slot players and 68% of online slot players who play weekly or more often, also purchase a lottery product in a given week. With the high crossover between lottery and casino, creating content for multiple product verticals helps ensure that operators can offer players more of what they enjoy.

With 40 years of experience creating successful games for markets around the globe – from instant scratch tickets and digital instant win games to land-based and online slot content – IGT offers a vast content library that consumers enjoy playing at retail, in casinos, and online.

IGT's game portfolio features both proprietary brands and licensed third-party brands, which are leveraged across channels to meet player demand. For example, some of IGT's proprietary slot brands are available as both retail and digital lottery games. Lotteries can choose from instant tickets, Fast Play, and digital instant wins to allow their players to interact with their favorites across multiple channels.

FAMILIARITY MATTERS

Using online research panels to rank top-performing proprietary IGT Slots games, the company calculated a Game Preference Index (GPI) that considered players' experiences and perceptions regarding the games. Among the top-10 high-scoring titles are Cleopatra, Texas Tea, and Siberian Storm, brands that IGT also offers in the digital instant win game

library, which includes a dozen of these popular IGT Slots brands. Brands such as Cleopatra and Double Diamond have also performed well as instant tickets. Since 2017, U.S. sales of Cleopatra instant tickets exceed \$40 million.

Along with proprietary games, IGT focuses strategically on acquiring licensed third-party brands to translate into entertaining and compelling games across multiple product verticals. Among these are universally popular TV shows and movies, including the hits Wheel of Fortune® and Ghostbusters®. "IGT's Wheel of Fortune® slots franchise is the most successful slot theme of all time," says Jennifer Fales, IGT VP Global Licensing. "Since the slot game's 1996 debut, IGT has made more than 250 variations of the player-favorite slots brand and distributed them in countries around the world."

The ability to extend such familiar and popular brands across product verticals provides a major benefit to lotteries, strengthening their connection with players and driving sales. For example, more than 50 versions of Wheel of Fortune® instant tickets have been sold worldwide since 2015, with retail sales totaling over \$1 billion. And although each game is tailored to its vertical, the brand name, symbols, and artwork ensure recognition and appeal. When creating instant win titles based on licensed properties, IGT adapts them specifically to accommodate the online lottery play style, while the theme and iconic artwork remain immediately familiar to players.

With their recognizability and mass

appeal, licensed games can serve as acquisition drivers for casual players who have a brand affinity – a strong reason for lotteries to include trusted brands like Wheel of Fortune® in the retail and online product mix, to invite player trial. Indeed, IGT customers report that the instant win title, Wheel of Fortune on the Road®, in-market since 2019, remains among the top games that new players try within their first week of play.

2021 marks the 25th anniversary of IGT's player-favorite Wheel of Fortune® Slots game. The Wheel of Fortune® franchise has continued to grow in brand recognition, offering IGT's instant win Wheel of Fortune games a strategic advantage for player acquisition. In addition, among jurisdictions that offer digital instant win games, lotteries can capitalize on IGT's many licensed brands by offering players a true omnichannel experience comprising a retail scratch ticket, turnkey second chance promotion, digital instant win game, and a Fast Play game.

IGT's commitment to designing high-performing, branded instant win content continues with two new Wheel of Fortune® games and a progressive Cleopatra game, due to launch early in 2022. For more information, contact your IGT Account Manager today! ■

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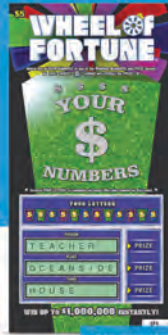
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The Wheel of Fortune® franchise has continued to grow in brand recognition, offering IGT's instant win Wheel of Fortune® games a strategic advantage for player acquisition.



Digital
Instant Win



Scratch
Ticket

Wheel of Fortune®



PlayCasino
Online Casino Game



Slot Machine

IGT focuses strategically on acquiring licensed third-party brands to translate into entertaining and compelling games across multiple product verticals. Among these are universally popular TV shows and movies including Ghostbusters®.



Digital
Instant Win



Scratch
Ticket

Ghostbusters®

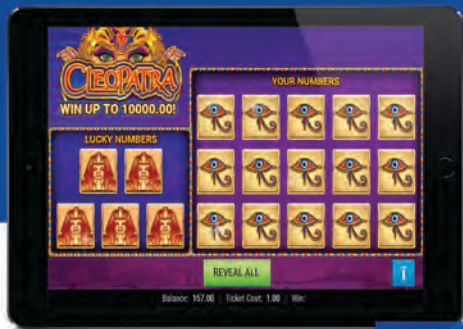


PlayCasino
Online Casino Game



Slot Machine

IGT's game portfolio features proprietary brands that are leveraged across channels to meet player demand. For example, some of IGT's proprietary slot brands are available as both retail and digital lottery games.



Digital
Instant Win



Scratch
Ticket

Cleopatra



PlayCasino
Online Casino Game



Slot Machine



meeting software. Could this be the start of the evolution of business meetings, perhaps even moving to Facetime calls instead of regular phone calls? Perhaps, but the bottom line is that we have an incredible number of options for communicating with each other. So while in-person connection is always preferable, we've successfully proven remote work is possible with technology."

As Co-CEO of Pollard Banknote and NeoPollard, Doug said he is hopeful we'll return to as close to normal as possible – for everyone's good.

"I'm really worried about the long-term impact if we don't get back to physical conversation and informal meetings," he said. "That might be in the workplace, it might be company executives calling on lotteries, it might be going to tradeshow. Video calls are efficient and functional, but they do not invite the kind of informal interaction that can actually be the key to important insights and relationship-building. The meeting concludes, we all

hang up, and I wonder if we are not missing out on some of the most vital aspects of what happens when we are together in person. I think I have come to appreciate the value of small-talk as a pathway to big ideas."

"A company like ours has survived because of innovation and it's hard to get innovation right. So, if we don't get back to more in-person meetings, even under a hybrid model, we're going to have to figure out a way to have better Zoom or MS Teams conversations than we have right now. I think we are all looking forward to a return to more personal interaction and conversation."

On the lottery side of the business, both FDJ and the Pennsylvania Lottery are taking a measured approach to their employees' return. "One positive outcome of this period has been that our employees are now much more at ease with the use of digital meetings and other meeting tools," said Stephane. "I agree with Doug and think everyone realizes that this completely remote

work-style is not sustainable. On a positive note, I'm hearing that more people want to get back into the office, not on a full-time basis, but they want to frequently interact with colleagues and sit together and discuss initiatives. Our employees want choice, though – just like our customers."

Drew said, "I don't see Pennsylvania moving back quickly to a full normal model, but we are certainly moving towards a hybrid model that allows us flexibility for some work units to work remotely and others to not. We're turning more offices into hoteling space, a space that anyone can use and schedule online. We're paying more attention to our long-term space planning, deciding what we need for the future. In the end, decisions need to be made based on what is best for our employees and the lottery organization."

Those – and many other – decisions will help guide the lottery industry into this post-pandemic period. If the leaders of lotteries and vendors are any gauge, the future should be bright for many years to come. ■

Player Retention from page 35

applicable for the retail player database," he said. "Retail has the same player lifecycle – new, active and churning players - and this data is invaluable to identify your best players, even without iLottery. You gain so much information about the player, particularly on what games they are playing and at what price points. Just like iLottery, you can then provide players with offers for either digital or retail purchases.

With this information, lotteries can more accurately market to their players. Drew asked the panelists to comment on how they will focus their retention marketing this year.

"At Pollard, we're very focused on helping our customers with retention based on brand loyalty, whether that's an iLottery customer or a traditional lottery customer," Shannon said. "We want to focus on experiences that allow us to continuously gather insights on our players. And we can build programs that allow for frequent and quick changes, like swapping our prize options. Attention spans aren't what they used to be and we need to be ready to change at a moment's notice. We want to be more nimble in the products and services we bring to market. This will

help us reach and keep our players."

NeoPollard is staying focused. "We have two big themes for the year," Jessica said. "It's always putting the players first and that's the reason that we joined marketing with our business intelligence group. We use all of that data and come up with big insights and really challenge ourselves to ask 'why is the player doing this?'. Our second initiative is to 'fail faster.' We need to test and learn and continue to push ourselves and understand what is working. Start small and build into bigger programs, and learn from the players what they want."

IGT is making sure the player is at the core of all they do. "We are rolling out some new tools and platforms to accommodate the data management and reporting that provides the player insights," said Karri. "Retention marketing should include personalization that reflects the player's activities on your platform. We also will deploy omnichannel communications, a mix of paid media with emails and texts, that reach the players at different levels."

Merv and his Scientific Games CRM experts are focused on reaching players

as they are interacting with the program. "Everything is heading towards real time delivery of messages and reaching players in the moment," he said. "Along with that is personalization of messages which can be done when you have identified your segments. Omnichannel is critical, resegmenting in Facebook and Google so the player is responding. You've seen a lot of investment by the operators in front end and mobile app development. This allows a focus on the conversion funnel and providing the player with a feature-rich program and accompanying tools."

As Drew aptly pointed out in his wrapping remarks, most lotteries have increased or new competition, whether it's casinos or sports gaming, and lotteries have to compete like any other business. "People have all sorts of options for spending their entertainment dollars," he said. "Casinos, restaurants, bars, sporting events, movie theaters. In Pennsylvania, we consider all of those as our competition. And we all need to be ready to compete for the attention and spend of our players, both current and future." ■

HOW A SECOND LOTTERY DEVELOPMENT CALENDAR LEADS TO GREATER RESULTS



Brad Cummings CEO & Founder, EQL Games

*Third day of Powerball...
Double Play offered as Powerball add-on...
Lucky For Life now seven days/week...
In-state draw game changes...*

There is no shortage of activity to keep a lottery's system provider busy. Even the day-to-day machinations of running a multi-million-dollar business are enough to strain the resources of a tech group.

However, no matter what is put on a lottery's plate, there is one thing that doesn't change - the mandate to raise money for good causes. One way to ensure that players are engaged and playing is to offer new and exciting content. But adding new content often collides with the workload strains just discussed.

How can the need for revenue-generating content survive in a world of finite support time? Enter EQL Games (formerly EquiLottery Games) and our new technology offering which allows us to operate as Secondary Systems Partner to lotteries. Now your systems provider can focus on its core duties while EQL Games is working on new content and technology which will strengthen the lottery's product offerings and, ultimately, attract new players.

Most people in lottery know EQL Games as the company that created the industry's first lottery game based on the outcome of live sports. Well, those games are still available with the same partners - MLB, NBA, NHL, NASCAR, Team USA, and others. But it was the integration with lottery systems in our quest to get these games live that led to the cre-

ation of Secondary Systems Partner technology.

For decades, the lottery industry has operated on each lottery having a single development calendar they crafted with their systems provider. When each state only offered one

products. But the path to implementing a new draw game is more perilous than that of launching scratch games. The need to focus on the current core games creates detours that put the journey on an unknown length towards any new draw game's final destination.

Enter the Secondary Development Calendar. We have created technology that doesn't compete with your current systems provider but rather allows the vendor to focus on its primary responsibilities while new content is being developed. This

systems provider but rather in consultation. When ready, a simple API connects the Integration Hub to your system, and the new products delivered through our SDS are ready for market.

As the world quickly moves technology to mobile devices, these technologies can also help with mobile development. A dedicated secondary technology provider allows lotteries to keep pace with the latest mobile developments. Specific mobile and web applications can be launched which create maximum player engagement and allow for the launch of add-ons that will attract players to the lottery.

While EQL Games is interested in working with lotteries on the potential to add a secondary systems partner, there are a few key qualities lotteries should consider when looking for such a partner:

- Strong technology team able to develop in current code and technique for efficient development.
- Industry provider who understands the strengths and weaknesses of how lotteries are currently constructed.
- Game studio that allows for next level content creation.
- Vision for what the future holds in lottery and gaming.

Fortunately, we know a vendor who checks each of these boxes...

For more information on how a Secondary Systems Partner and an Integration Hub can help lotteries maximize the product offerings to their players, please contact me at brad@eqlgames.com or (502) 644-1454.

ADVANTAGES OF A SECONDARY DRAW SYSTEM (SDS)

- 1 Faster and less expensive game development**
- 2 Financial flexibility to pilot more game types**
- 3 Ability to seamlessly offer multi-state pooling for progressives**
- 4 More easily develop existing game add-ons**
- 5 Changes made to multi-state games won't slow down other priorities**

multi-state game, and there were no multipliers, no instant draw games, no third-party integrations, and no iLottery... it worked. In today's world of dynamic product offerings and the need to quickly change content to respond to a changing marketplace, the development funnel is full and, in many cases, clogged.

We have seen this firsthand at EQL Games. Over the past five years we've met with just about every U.S. lottery and have traveled down the path to implementation of our

allows lotteries to create and launch innovative products while avoiding "this or that" discussions. Lotteries can now launch innovative, revenue-generating products in a timely manner.

This new way of looking at product development is achieved through our GLI-certified Secondary Draw System (SDS) and Integration Hub - technology through which new products can be built and launched following the timeline of a Secondary Development Calendar. And this is done not in competition with your current

EL General Assembly 2021 Highlights and Outcomes



THE EUROPEAN
LOTTERIES
FOR THE BENEFIT OF SOCIETY

- EL Members elect new Executive Committee
- Resolution on Corporate Social Responsibility adopted
- Mandatory Responsible Gaming Certification for all Members
- Annual Report 2020 published

EL elects new Executive Committee for the period 2021-2023

During the special live EL General Assembly announcement event on 4 June 2021, **EL Members elected the new Executive Committee and (re)appointed Hansjörg Höltkemeier as President for the period 2021-2023.**

Re-elected EL President Hansjörg Höltkemeier said, "For the second time in EL's history, we held the 2021 General Assembly as a virtual edition. With the experience of last year, the Association decided for a digital but interactive way to connect with EL Members while at the same time striking the right balance between the "legal requirements" of a General Assembly and an attractive format."

Hansjörg added "I am personally very happy to be re-elected as EL President. I am proud of what the Association has achieved, and which continues to work in a professional way. I look forward to fulfilling my responsibilities together with a strong and experienced Executive Committee, to serve for the benefit of society. Together we can turn uncertainties into new

strength and provide new momentum that will take us into the world of tomorrow."

From ambition to action: EL CSR Resolution and mandatory RG certification

An important project in recent months has been a support programme for those Members not yet certified under the Responsible Gaming Framework. During the General Assembly EL Members adopted the mandatory certification of all Members, as well as a Resolution on Corporate



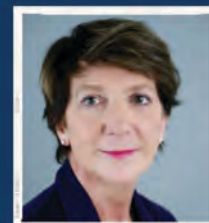
Olli SAREKOSKI, Veikkaus Oy (FI)



Jean-Luc MONER-BANET, Loterie Romande (CH)



Hansjörg HÖLTKEMEIER, Deutsche Klassenlotterie Berlin (DE)



Stéphane PALLEZ, FDJ (FR)



Mario MUSA, Hrvatska Lutrija (HR)



Olgierd CIEŚLIK, Totalizator Sportowy Sp. z o.o. (PL)



Romana DERNOVŠEK, Loterija Slovenije, d.d. (SI)



Francesco PAROLA, IGT Lottery (IT)



Jesús HUERTA ALMENDRO, SELAE (ES)



Jannie HAEK, Loterie Nationale Loterij (BE)



Robert CHVÁTAL, Sazka a.s. (CZ)

The newly elected members of the EL Executive Committee are (in alphabetical order): Robert CHVÁTAL, Sazka a.s. (CZ), Olgierd CIEŚLIK, Totalizator Sportowy Sp. z o.o. (PL), Romana DERNOVŠEK, Loterija Slovenije, d.d. (SI), Jannie HAEK, Loterie Nationale Loterij (BE), Hansjörg HÖLTKEMEIER / Deutsche Klassenlotterie Berlin DKL (DE), Jesús HUERTA ALMENDRO, Sociedad Estatal de Loterías y Apuestas del Estado (SELAE) (ES), Jean-Luc MONER-BANET, Loterie Romande (CH), Mario MUSA, Hrvatska Lutrija (HR), Stéphane PALLEZ, La Française des Jeux (FDJ) (FR), Francesco PAROLA, IGT Lottery (IT) and Olli SAREKOSKI, Veikkaus Oy (FI). More information on the EL Governance here

Social Responsibility (EN - DE - FR - ES) another key topic for the Association.

Romana Dernovšek, President & CEO, Loterija Slovenije and Supervisory Chair of the EL RG/CSR Working Group expressed her happiness and gratitude with regard to the adoption of the mandatory RG Certification and the CSR Resolution.

"We, Members of EL put our values first. Responsibility, sustainability, and integrity are the way we do business. By adopting the EL CSR Resolution and making the Responsible Gaming Certification mandatory, we have shown that we really do live up to these values. This is our way to continue prioritising the well-being of our players and to empower sustainability initiatives and programmes for the benefit of the society. I am proud to have been part of these processes and look forward to supporting all EL Members on our common journey".

Further highlights

EL welcomed NOVAMEDIA/Postcode Lotteries (NL) as a new Regular EL Member and Degree53 (GB) as a new Associate Member. A revised Responsible Gaming Certification Framework and changes to the EL Statutes were adopted - including the move of the Statutory seat from Switzerland to Belgium, the forming of an Advisory Board and making the statutes "pandemic proof".

EL publishes 2020 Annual Report

2020 was a year like no other. **In the third edition of the Annual Report (<https://www.european-lotteries.org/news/el-publishes-2020-annual-report>),**

Digital Engagement from page 21

players through digital – web site, apps, social media updates," he said. "And let's not forget about payments as well. This is so important as more people move away from using cash at retail. We're fortunate in that we can accept all forms of payment but now we need to consider how we can award players through their mobile device, which will move us to where the rest of the world is with payments. It's basically putting lottery in line with other products at retail."

Even for a successful iLottery jurisdiction like New Hampshire, retail is still the key focus. "About 70 percent of our sales are still through our scratch product sold at retail," said Kelley-Jaye, "so it is still

our main focus. But we try to undertake omnichannel initiatives such as launching a scratch ticket that rewards players with online play. We need to increase driving players from online to retail and things like couponing online players to play at retail will be an increased focus for us. But we have not forgotten important initiatives like retailer winner-awareness and check presentations with winners at retail locations which are very popular with players and retailers. We are not looking to move players from retail to online. Instead, we want to attract new players through our digital programs, including iLottery, and keep them engaged.

EL reflects on an unforgettable year. Services to Members continued despite the pandemic, and EL quickly adapted to the "new normal". A move from physical events to successful online meetings, a state-of-the-art new website and e-learning platform, all proved that the Association could continue its services fully to Members.

There is no doubt that the pandemic which presented Europe and the rest of the world with the biggest health, economic and social crisis in modern history, had a significant impact on the lottery sector. Yet, national lotteries upheld their historic support to society in times of need. EL Members continued to fulfil their core values of responsibility, sustainability, and integrity by supporting local communities.

The 2020 Annual Report includes examples of how EL Members supported society during the global pandemic, as well as testimonies from the EL President, Secretary General and EL Team on how the pandemic had an impact on their lives professionally and personally.

Looking ahead

Despite the many challenges faced over the past year, the 2021 EL virtual General Assembly successfully and positively brought together over 70 Members from across Europe. The work of EL now continues with further webinars, e-learning modules and continuing to advocate the interest of EL Members. The work also begins for the 2022 Industry Days in Wiesbaden, Germany and the 2023 Congress and Trade show in Sibenik, Croatia. More information can be found on the EL website www.european-lotteries.org.

Gregg spoke for the many lotteries that can't/won't sell products online. "Our digital world in Arizona is now defined for us which is a bit of a blessing because we know what the rules are and how we'll be playing for the next 20 years," he said. "So we're looking at ways we can thrive in the digital world, ways we can transform our digital footprint and drive our cultural connection to a younger demographic. Not offering iLottery does not mean the end of creative thinking. We're excited about what is ahead of us and how we can build on our success." ■

CRUISING INTO THE TOP 10



Michigan's instant business is firing on all cylinders. The Lottery's commitment to innovate and its collaboration on strategy with longtime partner IGT has produced seven-year, double-digit growth, propelling the state from number 22 to number 7 in U.S. instant sales.

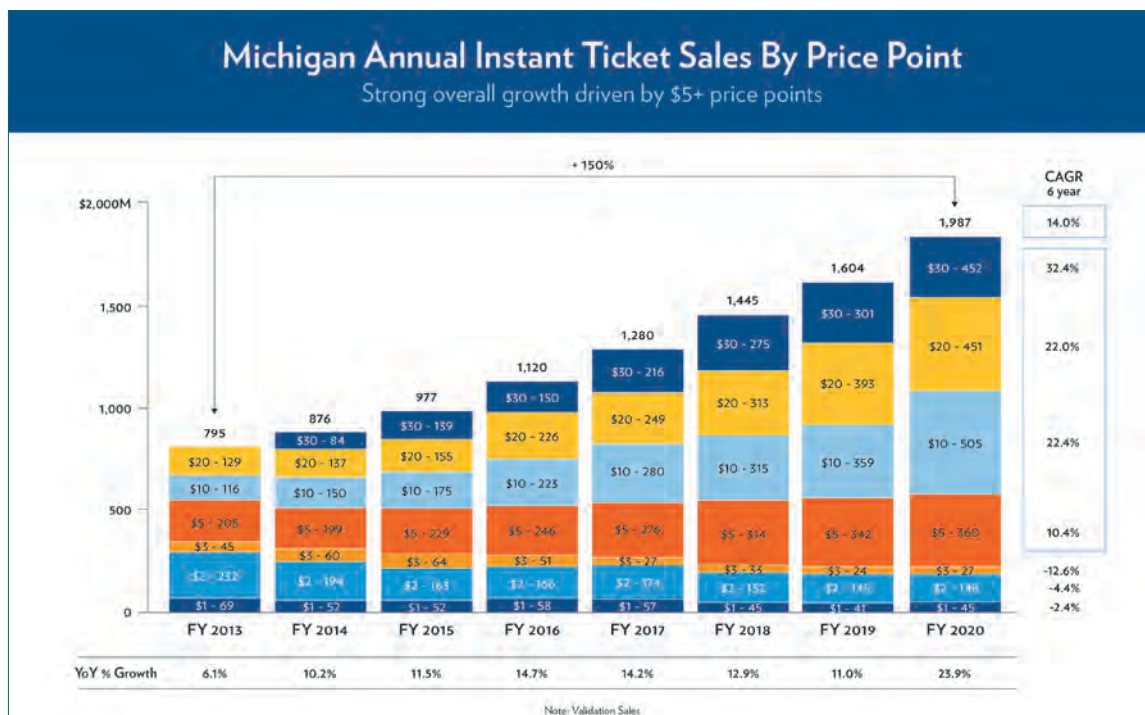
Advancing from number 22 into the top 10 in U.S. per capita instant sales isn't an easy or common move. Michigan accomplished that feat in the past five years by taking a broad view of its instant

business and pursuing improvements on multiple fronts with longtime strategic-planning partner IGT.

From instant ticket planning and prize structure optimization to planogram development and changes in launch cadence, the improvements were extensive, but the key to success wasn't any single

initiative. It was all the Lottery's actions working in concert to drive responsible and sustained growth.

Today, Michigan is among the country's fastest-growing lotteries, with seven years of double-digit instant growth and corresponding growth in gross profits in support of the state's education programs.



HOW DID MICHIGAN DO IT?

A few years on from the 2008 recession, when the state's scratch ticket sales remained flat, the Lottery initiated a conversation with IGT that laid the foundations for growth. Michigan's Club Keno program and daily draw games were performing well, but, among other factors, the state's ratio of draw to instants games was about 70/30 when the rest of the country was closer to the reverse, or to an even 50/50. There was no doubt that more could be done to drive the state's instant ticket sales.

"The Lottery invited us to present ideas, given that instant average growth between 2010 and 2012 had been only 0.8%. We took a bottom-up analytical approach and left no stones unturned in identifying opportunities for growth," says **Stefano Monterosso, IGT Senior Vice President Lottery Product & Sales Development.**

"They gave us a quantitative deep-dive into all the data sets," says **Glenn Strong, Michigan Lottery Deputy Commissioner of Games & Marketing.** "The analysis was compelling and different from others we had seen. We didn't agree on every single recommendation, but the IGT team's presentation confirmed the growth potential and suggested some very sophisticated services that could complement some of our other initiatives."

Following that market review, the Lottery and IGT drew up a preliminary plan in 2012 and an initial set of recommendations. The relationship has continued to strengthen and evolve along with ongoing changes to Michigan's instants program.

By 2015, when the initial changes began to bear fruit, the Lottery achieved double-digit growth, which has continued over every calendar and fiscal year since.

Among the large-scale improvements implemented by the Michigan Lottery:

PLANNING

■ **Planning from a Portfolio View**

The Lottery and IGT teams work together defining each component of the portfolio along with a plan to maintain and refresh it. This paradigm streamlines and gives direction to the planning process. Each time the teams meet, they reassess the portfolio to ensure that all components are captured and decide if any need to be added or removed, based on performance.

■ **Launch Cadence** Rather than launching new games every three weeks, the Lottery began introducing three to four new games on the first Tuesday of each month. The schedule allows retailers to better anticipate and focus on game releases, and it gives the Lottery more time to educate retailers and place POS materials. The emphasis shifted from selling novelty to developing strong games that would sell well at a steady rate over time.

■ **Move from "Space-to-Sales" to "Space-to-Product"** Product placement at retail is key to attracting player attention, given the impulse nature of instant game purchases. IGT worked with the Lottery to optimize the in-store product mix, so that instead of reflecting the existing price-point sales mix, it reflected the target product mix that had been identified as achievable. This was probably the most critical factor in shifting in the average price point purchased.

PRODUCT PORTFOLIO

■ **Prize Structure Design** IGT advised on sweeping changes to the Lottery's prize structures. "When you move from launching 75 or 80 games per year to something closer to half

CHANGES THAT PRODUCED DRAMATIC & STEADY INSTANTS GROWTH IN MICHIGAN

WAREHOUSING AND DISTRIBUTION

- Changed bi-weekly launches to monthly, reducing annual games launched from around 72 to 38
- Encouraged retailers to face more new games
- Optimized distribution with refined algorithmic ordering protocol

PORTFOLIO OPTIMIZATION

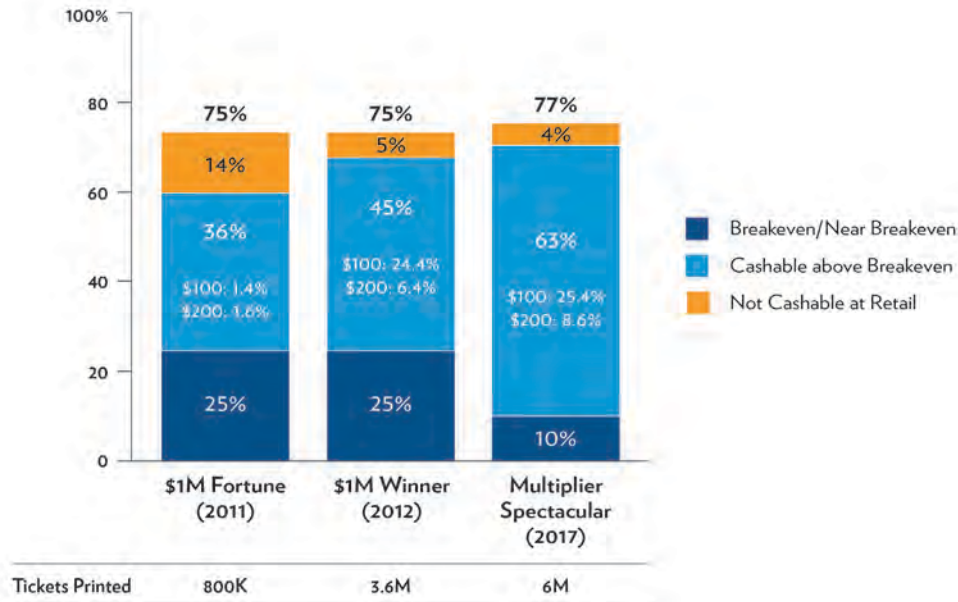
- Prize structure optimization, especially at higher price points, focused on mid-tier prizes
- Planogram development for all retailers
- Strengthened core game offering with line extensions to higher price points
- Launch and continued expansion of \$30 price point

RETAIL EXECUTION

- Bin expansion at the highest performing retailers
- New game activation and planogram compliance
- Introduced IGT Merchandiser Program to support the Lottery's sales team

Allocation of Payout from Selected \$20 Prize Structures

Strategy: Reduce allocation of breakeven and near-breakeven prizes, top prize, and prizes not cashable at retail and reallocate to meaningful mid-tier prizes



that amount, you need to modify the games to engage players longer,” explains **Patrick Bentley, IGT Director of Sale Development**. For the past six years, IGT has collaborated with the lottery’s product development team to develop the prize structures for the Michigan Lottery’s new instant games. After the concept and artwork for a specific game have been finalized, IGT analyzes what type of prize structure will best serve the market at the time of launch, to be implemented by the printer. “We know players like to win, and we have a unique design strategy to optimize the prize structure by putting more of the prize money into prize tiers that are more meaningful to players than break-even prizes, but easier to win than the top prize,” says Bentley. “Where we’ve done that, players have responded positively.”

■ Addition of the \$30 Price Point

Michigan was an early adopter of the \$30 price point in 2014, and IGT has done extensive analysis on \$30 games to refine and optimize their prize structures, as well as to determine the best way to position multiple games at this price point in the market. IGT helps to assess the demand for the games and ensure that the Lottery is launching enough and at long enough print runs to meet the demand in the market.

DISTRIBUTION AND SALES

■ Planogram Development and Compliance Enforcement

The Michigan Lottery began using a planogram for all of its retailers in 2013 and defined compliance benchmarks for its sales reps and the

IGT merchandisers. “You can see how compliance improved over a few years and has now reached the highest possible rate and been maintained there,” says Bentley.

■ New Game Activation

The first week of a new game’s sales can affect the whole month. The positive impact on sales will be stronger if players see the new product in stores immediately when it becomes available. The Lottery implemented an incentive for both the retailers and sales reps aimed at activating books in the first four days of the week of a new game’s introduction. Where in the past it might have taken the Lottery a full month to get a new game activated, Michigan regularly has more than 95% of its retailers activate new games within a week and often within a few days of launch.

■ Merchandiser Sales Program to Support the Lottery’s Sales Force

The Michigan Lottery operates its own sales force, and in collaboration with the Lottery, IGT created a Merchandiser program in 2009 to supplement their work by making sure instant products are loaded in the bins of the vending machines for planogram compliance and the equipment is running correctly. “Our team supports the Lottery’s sales staff by helping ensure that retailers get frequent visits, the correct games are being displayed, and there are limited out-of-stocks,” says **Steve Foust, who leads IGT’s Instant Ticket Specialist, Merchandiser Sales, and Special Events teams**. The Lottery’s sales force and IGT’s merchandiser program contributed to the Lottery’s success in activating games in the first week.

\$30 MICHIGAN LOTTERY

ULTIMATE MILLIONS™

WIN UP TO \$4,000,000!

OVER \$45 MILLION IN \$200 & \$500 PRIZES!

Get a "\$100" symbol, win \$100 instantly!

Get a "\$200" symbol, win \$200 instantly!

Get a "\$500" symbol, win \$500 instantly!

BONUS

Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize shown below that number. Get a "10X" symbol, win 10X the prize shown below that symbol. Get a "20X" symbol, win 20X the prize shown below that symbol. Get a "50X" symbol, win 50X the prize shown below that symbol. Get a "\$" symbol, win all prizes shown!

WINNING NUMBERS

YOUR NUMBERS

WIN UP TO 30 TIMES!

0-353-V01D00-000

LOOKING AHEAD

Some of the initiatives undertaken by the Michigan Lottery are structural changes that, once implemented, require monitoring, and most of them depend on each other for success. The wide range of enhancements and changes were designed not to achieve a one-time sales bump but to serve as the foundation for sustainable growth.

Based on industry sales data between FY12 and FY20, the U.S. lottery that experienced the most growth in total instant sales was Michigan – by a large margin. “We knew some changes might make a big impact in a single year, but our focus was on changes that could make positive impacts year after year,” says **William Griffin, Michigan Lottery Deputy Commissioner of Sales.**

“No matter our customers’ circumstances, we can support them by providing data and information to inform their strategic choices,” says Monterosso. “In all areas, the customers are the decision makers. We closely examine their specific local circumstances and adapt our recommendations and their sequencing to those.”

The teams have already envisioned other improvements to keep the growth trend going. The Lottery is scheduled to roll out new IGT retailer terminals and peripherals beginning in September 2021. And in the latter half of 2022, Michigan is due to receive a new IGT Aurora system and business applications.

Aurora, IGT’s high-performance, high-reliability lottery central system solution, has open interfaces with a modern architecture to support Michigan in meeting all its needs today and enable the Lottery to respond rapidly to changing market conditions.

Among the new IGT business applications, Order Wizard’s predictive ordering algorithm will help to ensure that retailers will be replenished with sufficient inventory to avoid revenue-draining stock-outs, while not over-stocking games that result in costly returns. Order Wizard also ensures that the retailers get the right games in the right quantities at the right time to optimize the instant ticket display at retail.

The Michigan Lottery’s original request for IGT’s ideas to grow instant sales has evolved over many years to an ongoing day-to-day collaboration. One of the reasons it has worked so well is the Lottery didn’t pursue just one tactic or another. The Lottery took a broad view and made improvements that touched all parts of its instant business over time. ■





PULSE of the Industry

These news stories comprise a very small fraction of the gaming and lottery news stories posted every day to PublicGaming.com. Too, these stories are the highly edited short versions. You can visit our news website PublicGaming.com and access all of its departments for free, including search to read the full version of the articles. Sign up for our free e-newsletter by sending your e-mail address to sjason@publicgaming.com.

NORTH AMERICAN NEWS

MUSL Board President and Powerball Product Group Officers Re-elected for FY2022

MUSL Board of Directors & Product Group Officers for Fiscal Year 2022
President: Sarah Taylor (IN)
Vice President: Rose Hudson (LA)
Secretary: Norm Lingle (SD)
Powerball Product Group Chair: May Scheve Reardon (MO)
Vice-Chair: Drew Svitko (PA)
Lotto America Product Group Chair: John Myers (WV)
Vice-Chair: Adam Prock (MN)

John A. Martin appointed to serve as director of the Maryland Lottery and Gaming Control Agency



Martin, the agency's managing director and chief revenue officer, will succeed Gordon Medenica, who announced his retirement in April. Since 2015, John A. Martin has served as the Managing Director and Chief Revenue Officer of the Maryland Lottery and Gaming Control, where he oversees the \$2.5 billion state agency and its 4400 retailers. His current responsibility is managing the top line revenue for traditional lottery products. Prior to being director, he was the assistant director in Maryland for four years with oversight of Sales, Creative Services, Product Development, and Communications. Before moving to Maryland in 2009, John was the Deputy Director of the Office of Sales Management for the 9000 retailers at the Ohio Lottery.

Grover Gaming, Inc. is opening a new game development studio in Wilmington, North Carolina.

The U.S. Department of Justice ("DOJ") has declined to appeal the First U.S. Circuit Court of Appeals' January 2021 ruling that the 1961 Wire Act does not apply to non-sports betting or wagering activity over the Internet.

The end to the Wire Act case is expected to change the face of legal regulated online poker in the US.

Scientific Games Announces Decisive Steps as Part of its Strategic Review



Strategy to Become Content-Led Growth Company with Particular Focus on Digital Markets and to Drive Long-Term Sustainable Value with the intention to Divest Lottery and Sports Betting Businesses, Creating Path to Significantly De-Lever and Positioning the Company for Enhanced Growth.

As part of a new contract with Bremer Toto-Lotto, Scientific Games will provide the new, advanced WAVE terminals along with the Company's new SYMPHONY™ EDGE™ terminal software, cloud-based SYMPHONY terminal management system, and software maintenance.

IGT Secures Contract Extension to Deliver High-Performing Instant Tickets to the Ohio Lottery Commission

IGT Enhances VLT Footprint in Western Canada Lottery Corp with Market-Leading Content and Hardware



Agreement to supply 700 new VLTs is IGT's third contract with WCLC in five years – to provide 700 CrystalDual® 27 video lottery terminals (VLTs).

IGT PlaySports Enters Louisiana to Power Sports Betting at the State's Largest Casino Resort

IGT to Continue Operating La Junta de Protección Social Lottery in Costa Rica

Jackpot! IGT and Sony Pictures Television Celebrate 25th Anniversary of Wheel of Fortune® Slots

Inspired launches V-Play™ Soccer 3.0, Matchday 3.0 and European Tournament with OPAP, the leading Greek betting and lottery operator

GK Software establishes partnership with Abacus for lottery



The Abacus Lottery Fusion Platform brings retailers, lottery, and vendors together - to ensure lottery can be played as seamlessly as possible across all channels of a retailer's point of sale solution. CLOUD4RETAIL is GK Software's flexible, open commerce platform providing services for the operation of

integrated unified commerce environments from in-store and online touchpoints through to mobile devices. The platform is enriched by innovative services such as AI-based dynamic pricing, personalization, fraud detection, and mobile applications.

Virginia Lottery and IWG First to Launch Linked Progressive Jackpot e-Instants

Embracing the New World of Omni-Gaming from page 25

scratching the surface for how data can inform and guide our game development, messaging, promotions, strategies and decision-making.

What is an example of a data-driven insight that we wouldn't know from common-sense, anecdotal observation and focus groups?

M. Malul: Let me give you a simple example from tests we have done on Draw Games players and especially during jackpot runs, and this is consistent all over the world. We know from observation that the motivations of draw-game players are different from Instant game players. Data analytics just give us more insight into how they differ, and even amongst Draw Games players there are sub groups with different purchase motivations. We look at tens of thousands of plays combined with different promotion types and the data show, for instance, that the draw game player responds much more positively to certain kinds of upsells than others. Let's say you want to incent the player to increase their purchase of Powerball during a jackpot. The regular bonuses of online would usually call for "Deposit/Pay \$10 and get a matchup of 100% bonus". However, you could also say "Increase your purchase from five tickets to ten tickets and pay for only seven." This first bonus is objectively a better value, but the draw game player is more likely to respond to the second offer of paying only for seven tickets because it resonates with what they want to do here and now when they come to purchase a ticket during a jackpot run. Observing and analyzing these data, and correlating it with other data-points and matrices that describe player behaviour, we can infer much about the underlying psychology of why people act the way they do, why certain play-styles will respond more positively to one kind of message over another, and those inferences in turn guide ongoing and deeper analyses of the data.

Washington state Gov. signs sports betting compacts with 15 tribal casinos

Connecticut Lottery Lucky for Life® draw game expands from two drawings per week to seven drawings per week

The point is that data-analytics tells us what works and what does not. Without that, we are just guessing based on relatively small test groups or what players tell us in surveys. The data do not tell us the "why", just the "what". But then we compile the data and add layers of analyses and modeling to derive a very clear roadmap of how to build games and promotional packages that appeal to all the different play-styles.

Data also assist to significantly optimize marketing budgets for both Acquisition of Players as well as their Retention because you can spend your dollars attracting players from sources which convert better and/or bring in players with a higher lifetime value. Data analytics also helps to ensure that your budget of promo dollars is spent where it needs to be and not spread in a sub-optimal way across unproductive groups.

The next phase in evolution will be the combination of Predictive Analytics and Real-Time decisions. We are already using Predictive modeling and continue to refine them in order to be able to predict LTV within just a few days after sign up, potential churn before it happens, likelihood to become VIP players and more. These models enable enormous efficiencies and much more relevant player engagement strategies.

However, the world is moving towards real-time. That means that implemented messaging or treatment should take place as close as possible, and preferably within the interaction with a player. For example, today we already enable presenting different marketing banners and promotions to different players in real-time based on their segment and specific behaviour which proves itself to be most effective. But this can be greatly improved. For example, if we connect predictive LTV data back into acquisition, we can refine digital campaigns as they go and pay less or more with accordance to the quality of the source. We could also

Atlas Experiences and Luke Combs Exclusively Collaborate to Create a \$1,000,000 Cash Concert Second-Chance Lottery Promotion

Texas Lottery completes its website re-design with transition to texaslottery.com, replacing its txlottery.org domain.

let the Portal or Mobile App be aware in real-time what games the player is more likely to play based on their segment so that the channel can repurpose the way it presents and suggests games recommendations to the players.

There are many other such use cases and some of them are already in play with our customers, showing significant impact.

To augment all the great technical solutions, games studio and the wide range of services we provide our customers, we are just about to launch NeoCube, a Business Intelligence and Data Warehouse that integrates the performance metrics of all our customers with KPI's that enable them to see opportunities for growth, for implementing changes that will shore up weaknesses, leverage strengths, and enhance results. Our customers will be able to see how they are performing against various iLottery KPIs and utilize a very advanced BI engine to analyze and interpret the metrics. The solution uses aggregated data and not player-specific data, which is quite frankly not needed in big-data initiatives. It's the correlations between multiple data-points that reveal the pathways to improvement. What kinds of promotions and messaging work best with which games? Who has the best conversion rates during jackpot runs, and what strategies are being applied to achieve those results? And this is just the beginning as we will add more and better modeling tools to help our customers gain more and deeper insights into their operations.

What are our expectations as Covid hopefully unwinds?

M. Malul: I think we are all looking forward to a year of getting back to normal. Without knowing what the future holds, we look forward to seeing everyone at PGRI Nashville and other industry events, and continuing to serve the industry as it progresses into the digital era. ■

game every other week; on the traditional side we launch four to six new scratch-off games every month. Our online players like the new games and they expect more games more frequently. The industry has established that bi-weekly is the minimum for iLottery. Our data is showing that we might be able to launch weekly or even more games bi-weekly, which we plan to test. I compare traditional lottery to a cruise ship which travels at slower and more methodical speed, whereas iLottery is a speedboat. Different speeds for different players.”

Richard said that at JUMBO interactive, they look at the frequency question through different prisms. First is content. “You’ve got to offer content that is relevant, and that might depend on the calendar. We know what types of content will work well at the holidays. But we spend a lot of resources on data to get a better view of the player – what content are they responding to, how often are they interacting with the program, where do they fit with their cohorts? Then we can start personalizing like Amazon does. The second part is offering the right types of games to players. You have players who want the chance to dream and gravitate towards Powerball and Mega Million. Others want the quick gratification that goes along scratch offs. The data you’ve collected helps to inform this process, including how often to offer games. You have a much more focused view and we’re not just providing new games for the sake of it, we’re providing new games that are relevant to the player.”

Staying on the topic of data, Derek said that the proliferation of data has made decision-making a lot more informed. “I’m really thankful I didn’t have this job five years ago without all the data I’m provided now because it would have been a lot more difficult,” he said. “But we have data down to levels that allow us to understand which demographics are playing what types of games, what games are resonating with certain groups, etc. And it all helps us build portfolios and roadmaps. As important as the games we are launching is also the timing of those games. Ensuring that our roadmap is diverse but also well-timed so that we’re making sure we address all the different player segments within a two- or three-month period. Because we’re launching so often, we have the opportunity to be innovative so that sales and player retention/acquisition are of the highest priority.”

Also important is the user experience and all iLottery programs and their vendors spend much time and resources on this component. The key, according to Kevin, is “to create a customer experience that is as frictionless as possible.” Picking up on that, J.B. said that years of online activity with other businesses has created expectations amongst lottery players of similar experiences. “With world class sites like Facebook, Amazon and Google leading the way, players expect the same quality from lotteries and their vendor partners. There are many non-lottery options for gaming and entertainment dollars, so it is imperative that the products and experiences we offer are relevant, fun and engaging.”



You don’t have a limit on the number of games you can sell online like you do at retail. You can test and learn in real time in the online environment.

Taking the user experience one step further, the Pennsylvania Lottery has adopted an omnichannel strategy whenever possible. Stephanie said it was a promise they made to retailers when they launched their program, that they would utilize strategies to drive new online players to retail.

“We are launching the same themes across multiple product lines, called cross-product-line launches,” she said. “Through this, we drive online players to the retailer, and retail players to online through common themes, brands and promotions. We started this with seasonal games, tying St. Patrick’s Day and Halloween games back and forth through bonus codes and coupons. Then we moved to licensed properties, like Grumpy Cat, Wizard of Oz, James Bond, Monopoly, and our NFL games (Eagles and Steelers). We think omnichannel is very important

to acquiring players, retaining them, expanding the base, and getting players to sample different products.”

Derek said that IGT will be dipping into the product move from digital to retail later this summer in Rhode Island. “Many of the games we’ve had success with on the digital channel have been derived from either themes or mechanics that resonate in the traditional market,” he said. “So Rhode Island will begin offering omnichannel games and we will closely monitor the results. Instant wins take a bit longer to get to market than traditional scratch tickets so we’ll start by printing one of our digital games and then launch both in August. My hope is that sales of both are strong and that we give players a choice between digital and retail. We’ll soon find out.”

Richard added that U.S. lotteries could look to follow some of their European counterparts in promoting multi-channel play – citing that multi-channel players are more valuable to lotteries than players who play only at retail or only online. He went on to say that in establishing a multi-channel “eco-system” it is important that lotteries retain control of their players and in particular their accounts – as the ability to market to their own players whether that be through direct marketing or cross promotion is a critical foundation to multi-channel success. Richard pointed out that it may be expedient to allow third party couriers to “harvest” existing lottery players and then mediate the interactive relationship between lotteries and players. But giving up control of the online interactive relationship with the consumers is not the best long-term strategy. Preserving the direct online connection to its players should be elevated to a mission-critical priority for all lotteries.

Kevin closed out the conversation with observations from Virginia. “Every day, we work hard to strengthen that bridge between the digital and traditional sides of our business,” he said. “Every state has to operate within certain guardrails, legislatively, politically, and culturally, and all of us have a responsibility to offer our products in a responsible way. My hope is that we take what we’re learning from the digital side to strengthen and support the traditional player and traditional retailer base, too. That will help make our entire industry stronger.” ■

SPORTS BETTING NEWS

States race to launch multi-billion-dollar sports betting for NFL season

Twenty-one states and the District of Columbia are set to go, and nine more are working on it as fast as they can. The goal is to be ready for the Sept. 9 kick-off day for the National Football League. The floodgates that blocked sports betting opened three years ago with a pivotal U.S. Supreme Court ruling, sparking a gold rush worth billions. Sports betting platforms such as DraftKings, FanDuel, William Hill and the like are competing to make deals in various states to grab as much market share as they can as the industry rapidly expands. DraftKings alone is on track to gross \$2.9 billion to \$4.3 billion a year when sports betting reaches “maturity,” defined as 65 percent of the U.S. population having legal access to it, according to DraftKings’ report to investors in March.

Indian gaming and sports betting

Gambling interests in Florida are holding their breath as they wait for the Bureau of Indian Affairs (BIA) to say whether they may proceed under the federal Indian Gaming Regulatory Act, or IGRA, with mobile sports betting as proposed by the state and the Seminole Tribe of Florida. At the end of last year, the BIA was regulating gambling for 245 tribes in 29 states, according to the National Indian Gaming Commission. At earliest, Florida would commence sports betting Oct. 15, based on state legislation, though the state of play by then in terms of anticipated litigation is anybody’s guess. Florida, Arizona and Connecticut are among the 29 states that conduct gambling in conjunction with Native American tribes, and they are racing to cash in on NFL sports betting this season. Circumstances vary from state to state. For example, Florida has two federally designated tribes — the Seminoles and the Miccosukee — while Arizona has 22. California, the largest U.S. market that does not allow sports betting, has 75 gaming tribes.

Does Arizona decision show the BIA’s hand?

In Arizona, gambling regulators are working overtime to get sports-betting regulations in place in time to legalize sports betting on NFL games. The BIA’s approval on May 24 covers 19 tribal compacts that authorize online/mobile sports betting, with 10 licenses reserved for professional sports teams and 10 for tribes. That Arizona decision would seem to bode well for Florida winning approval to offer mobile sports betting, classified as “class III” gaming. Here is what the BIA said about Arizona’s new gaming compacts, in part:

“The 2021 compact expands the scope of class III games the Tribe may offer on its Indian lands, including in-person and mobile sports betting and fantasy sports,” says the May 24 decision issued by Bryan Newland, new head of

the BIA, which is now headed by Interior Secretary Deb Haaland. Both officials are Native Americans. “The 2021 Compact additionally expands the scope of non-exclusive class III games the Tribe may offer to include on-reservation, in-person and mobile sports betting and fantasy sports wagering, while carving out limited exceptions for state lottery, off-reservation fantasy sports, and state-licensed sports betting.”

Louisiana Gov. Edwards signs sports wagering bill into law

The governor’s signature caps off the legislative process for sports betting in Louisiana, which voters approved in November 2020. It will be legal in the 55 of 64 parishes that voted in favor of sports betting. The bill allows the 15 licensed casinos in the state to serve as a home base for it. It allows the four racetracks in the state to use a license. And then it also allows one land-based casino in New Orleans. The state also approved mobile gaming partners to go along with those 20 licenses.

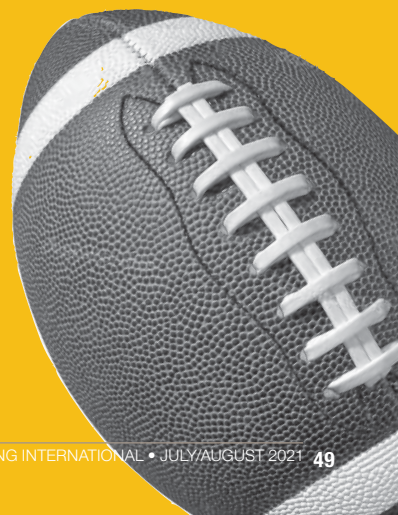
Maine Sports Betting Bill Moves to Governor for Signature

Maine’s sports betting bill, LD 1352, finds itself on the desk of Gov. Janet Mills for her approval.

Mills can now either sign the bill into law, veto the bill, or choose not to sign the document. If she chooses to neither sign nor veto the bill by the fourth day of the special legislative session, the bill will automatically become a law. The bill, if approved, will allow statewide legalization of sports betting and will require online sports betting operators to be tethered with either of the two existing Maine casinos, one racetrack, five OTBs and potentially Maine’s four Native American tribes.

Massachusetts Lawmakers renew push for legalized sports betting

In June, the Massachusetts Legislature’s Joint Committee on Economic Development and Emerging Technologies heard testimony on two dozen proposals to authorize sports wagering, and how to tax and regulate what is expected to be a multimillion-dollar industry. Under one plan, sports betting would be regulated by the state Gaming Commission, and operators would be taxed at 15% for retail and online sales. Operators would be required to pay an application fee of \$10 million, while five-year gaming licenses would cost \$1.25 million.



Sports Betting Awaits Ohio Lawmakers After Summer Break

Among the conversations that'll take place between now and when lawmakers return from summer break will be the future of sports betting in Ohio. The Senate has spent the last few months working on a bill that would allow for sports betting along with other forms of gaming, including e-bingo at fraternal halls and charitable organizations and exploring the possibility of an online platform for lottery games. A coalition of Ohio's professional sports teams has been pushing to legalize sports betting with most surrounding states already doing so. The Senate betting plan created three types of licenses: to allow gambling through mobile devices (Type A license), in-person (Type B License), and at self-service kiosks (Type C License). In the language amended into HB29, Ohio would allow for up to 25 Type A licenses, 40 Type B licenses, and 20 Type C licenses.

New Jersey Lawmakers want voters to expand the state's sports-betting law to allow for betting on college games played in NJ

The NJ Assembly last month approved a resolution, SCR-133, asking voters if they want to allow gamblers to bet on college sports involving New Jersey teams, as well as any collegiate games played within the state. These are currently prohibited under the state's three-year old sports betting law and would need voter approval. Lawmakers want, in particular, to be able to collect revenue from the NCAA Eastern Regional basketball finals expected to be held in New Jersey in 2025. The state taxes sports-wagering revenue at 8.5% for in-person betting and 13% for Internet wagers. But a recent poll said voters oppose the expansion by a two-to-one margin, with only 25% saying they support the change. Meanwhile, 49% stated they oppose betting on college sports, another 23% were unsure. With the election still four months away, people have plenty of time to change their minds.

DraftKings Slumps as Hindenburg Research Alleges SBTech Ties to Illegal Gambling and Organized Crime

Shares of DraftKings slid recently after noted short-selling activist Hindenburg Research published a lengthy report. The report alleges the gaming company's SBTech unit operates in jurisdictions where sports betting is illegal and may have connections to money laundering and organized crime. Founded by Shalom Meckenzie, one of the richest men in Israel, SBTech was part of a 2020 three-way reverse merger involving DraftKings and special purpose acquisition company (SPAC) Diamond Eagle Acquisition Corp. That transaction paved the way for DraftKings to become a publicly traded entity.

At that time, SBTech, which is based in Bulgaria, contributed a quarter of the combined company's revenue and "was the only positive contributor to operating income, providing both financial stability and technology to the deal," according to Hindenburg. However, the research firm, which took a short position in the gaming stock, adds there's a dark side to those benefits.

"Unbeknownst to investors, DraftKings' merger with SBTech

also brings exposure to extensive dealings in black-market gaming, money laundering, and organized crime," said the research firm. "We estimate that roughly 50 percent of SBTech's revenue continues to come from markets where gambling is banned, based on an analysis of DraftKings' SEC filings, conversations with former employees, and supporting documents." In just over a year as a freestanding public company, DraftKings garnered plenty of praise on Wall Street, and even with today's controversy, at least one bank is stepping up to defend the sports betting stock.

The potential for match-fixing hovers over a changing sports betting landscape

Yana Sizikova lost her first-round match at the French Open with partner Ekaterina Alexandrova. It turns out that was the least of her problems. The Russian player, ranked 101st in doubles on the WTA Tour, was arrested at Roland Garros shortly after her match in June over allegations of match fixing. Sizikova is being investigated for her loss at the 2020 French Open, when the 26-year-old and her partner lost to a Romanian pair. Red flags were raised within a French police unit specializing in betting fraud and fixing by the amount of money bet on the Romanians to win a particular game in the second set, when Sizikova served two double-faults.

Washington state panel approves sports betting

The Washington State Gambling Commission has approved amendments to gambling compacts for 15 Native American tribes that are a major step to allowing those tribes to offer sports betting at their casinos. This was the next step in the complicated process of allowing sports betting, following approval last year by the state Legislature. If the governor approves, the issue will be sent to the federal government for approval.

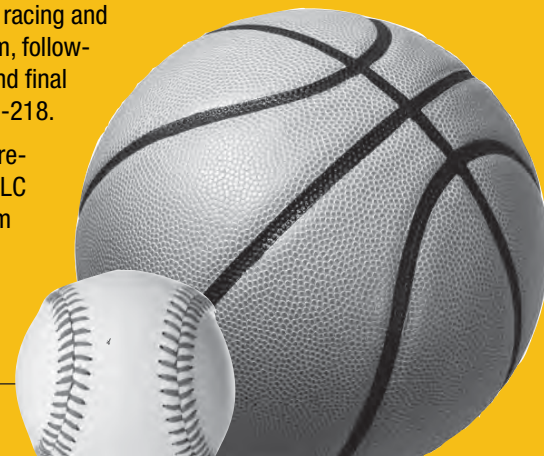
Wyoming Gaming Commission OKs Latest Sports Betting Rules

Wyoming is expected to launch sports betting on Sept. 1. In June, the Wyoming Gaming Commission (WGC) met for a special meeting to finalize the state's online sports betting rules. Earlier in the same day, the WGC posted its latest draft of the rules and eventually decided to send them to Gov. Mark Gordon.

Single-Event Sports Betting Coming Soon to PlayNow.com

BCLC is gearing up to offer single-event sports bets and bets on racing and fighting on PlayNow.com, following the Senate's third and final reading in June of Bill C-218.

Shortly after Bill C-218 receives Royal Assent, BCLC will enable PlayNow.com players to wager on the outcome of a single game or match. ■





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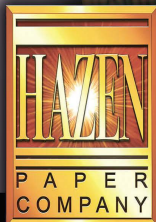
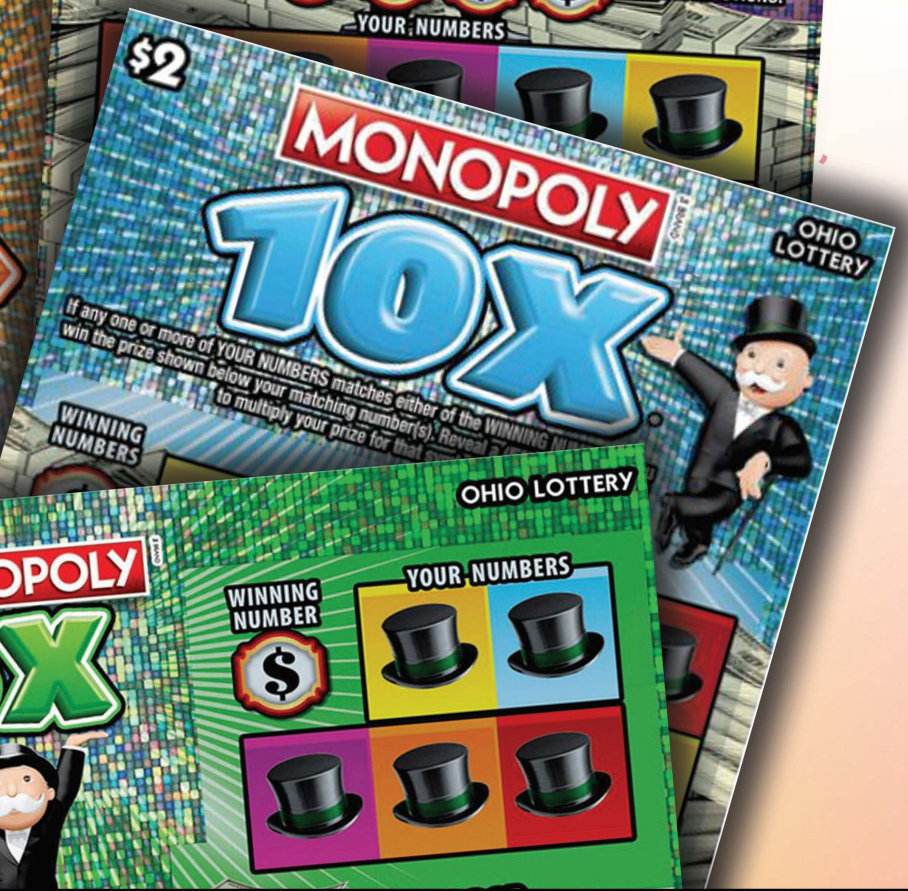
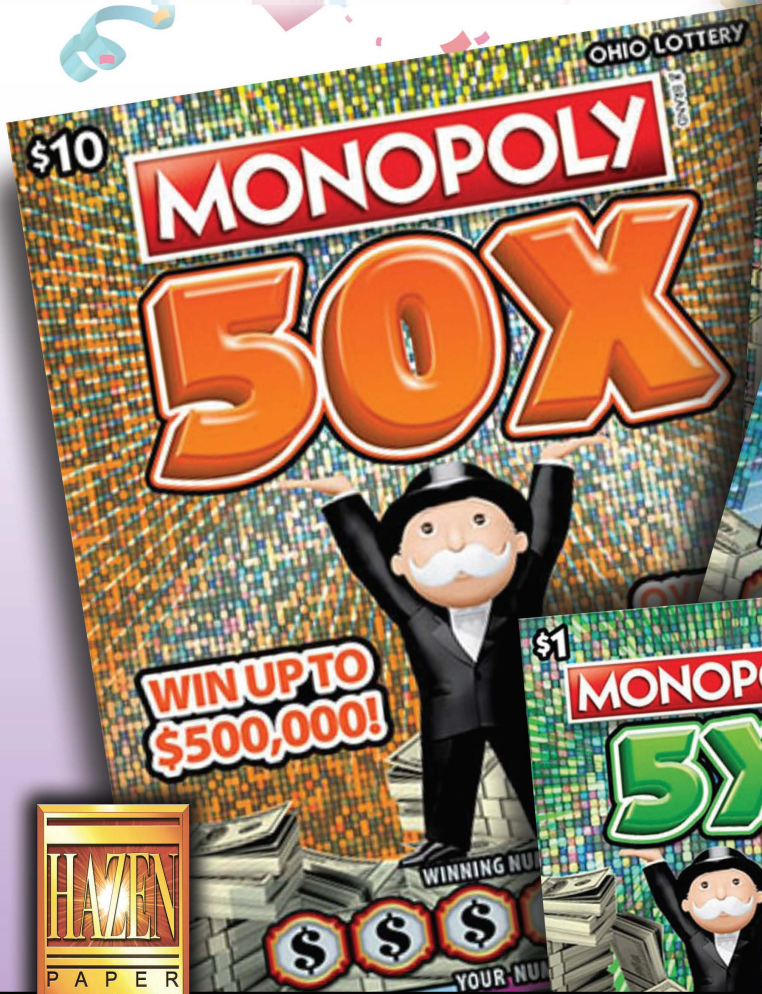
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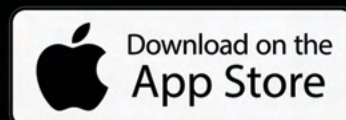
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*The Tennessee lottery generated a 79% sales increase in a quantitative test that isolated holography as the only key variable. For details, visit: www.holographyx.com/TN



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The image displays three distinct game boards from Scientific Games, each with a '\$0' value and a '\$500,000,000' prize goal.

- Top Left Board (Green):** Features the 'the Price is Right' logo and a 'What's Up For Bid' section. It includes a table for bidding:

| YOUR BID | ACTUAL RETAIL PRICE | PRIZE |
|----------|---------------------|--------|
| GAME 1 | GAME 2 | GAME 3 |
| GAME 4 | GAME 5 | GAME 6 |
| GAME 7 | GAME 8 | GAME 9 |

 It also features a 'Punch a Bunch' section with 'YOUR PUNCHBOARD NUMBERS' and a 'BONUS ROUND' section with 'PLINKO BOARD' and 'PRIZE' indicators.
- Top Right Board (Purple):** Features the 'the Price is Right' logo and a 'SHOWCASE 1' section with 'YOUR BID' and 'ACTUAL PRICE' indicators. It includes a 'SHOWCASE SHOWDOWN' section with a 'PRIZE' indicator and a 'WINNING NUMBERS' section with 'YOUR NUMBERS' and 'PRIZE' indicators.
- Bottom Board (Blue):** Features the 'the Price is Right' logo and a 'WHEEL NUMBERS' section with 'PRIZES' listed as 80, 15, 100, 5, 90, and 25. It includes a 'WINNING NUMBERS' section with a vertical column of numbers and a 'WIN UP TO 15 TIMES!' indicator. It also features a 'SHOWCASE 1' and 'SHOWCASE 2' section with 'YOUR BID' and 'ACTUAL PRICE' indicators, and a 'WIN UP TO 21 TIMES!' indicator.