Store Syndicates Online:
A Retail Innovation that transfers to the Online World with Great Success

Syndicate shares have long been a popular product offering in retail stores for Australian lottery players. A "syndicate" is simply a group entry where players pool their funds to buy a larger entry than they might otherwise purchase as an individual. An example might be where friends or family pool their funds to purchase a ticket and agree to split any winnings.

A store syndicate is a syndicate that's been set up by a local retailer, who then offers shares in this syndicate to their customers in store. Local lottery retailers are used to setting up an appealing mix of syndicates catering to customer preferences in their area.

Store syndicates have been part of the Australian lottery landscape for many years, but until now they've never been available online. That's all changed with the recent launch of *The Lottery Corporation's* Store Syndicates Online initiative which allows lottery retailers to sell shares in their store syndicates online via the Lott App and website. This program, launched late last year, allows lottery retailers to offer shares in their syndicates to customers online. It's part of the Australian lottery operator's omni-channel strategy to offer seamless experiences across all channels.

Customers using the Lott app or website can click on the Syndicates button and access syndicates available within their state. Players can search for store syndicates by suburb name or by postcode and filter results by game, entry price or number of shares. They can also select a favorite store.

Many people like to buy a share (or shares) in a store syndicate from their local retail outlet in the online world just like they do in the physical world. From the retailer's point of view, being able to offer shares in their store syndicates online gives them the chance to share in digital growth, service their existing customers in a new way, and reach new customers. Lottery retailers receive the same commission rates for store syndicate sales completed online as they do for store-based sales.

The Lottery Corporation launched Store Syndicates Online in late November 2022 and it has experienced strong take up. At the company's half-yearly results presentation in February, The Lottery Corporation revealed that about 95,000 customers had bought syndicate shares online in the month following launch. More than 1,700 of the company's network of about 4,000 lottery retailers had offered their syndicates online. And the online channel in that first month accounted for 13% of syndicate entry sales.

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Paul Jason: Where did the idea for the Store Syndicates Online initiative come from?

Antony Moore: It's one of those situations where a crisis accelerated some inventive thinking and ultimately led to an opportunity. The idea came about during the COVID-19 pandemic when our retailers, while they remained open, were experiencing a drop in foot traffic and sales due to lockdowns. The digital team had research that players online wanted to access store syndicate entries and we also had insight that players typically purchased syndicate shares on top of their existing purchase behaviour. We saw taking store syndicates online as a way to benefit retailers and offer more choice to customers.

Has this been done before?

Andrew Shepherd: As far as we're aware, no. We've called it a world-leading initiative in recognition of that.

**Andrew Shepherd,** Chief Customer & Marketing Officer, The Lottery Corporation

Antony Moore, Chief Channel Officer, The Lottery Corporation

How does this initiative align with your strategy?

A. Moore: Like many businesses we have customers with different preferences. Many customers like to purchase in person – retail remains our largest channel and accounts for 62% of turnover as of December 31 last year. And of course we have customers that purchase digitally, and we have many customers that use both channels at different times.

Our omni-channel strategy is about creating as seamless as possible an

experience across channels and allowing customers to buy lottery tickets when and how they like.
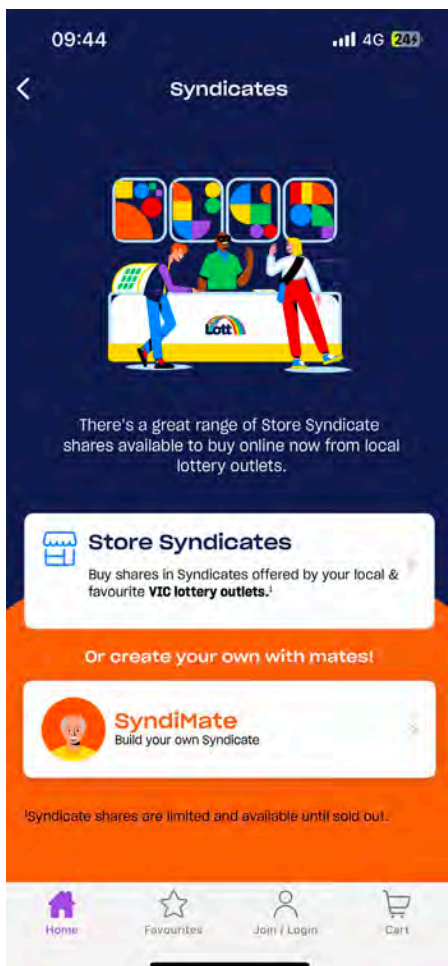
What were some of the challenges to execution?

A. Shepherd: We always like a challenge! This was a significant change and one we wanted to execute in a relatively short period of time. It was something we needed to do while we were completing The Lottery Corporation's demerger from Tabcorp, along with the separation of the two businesses from a logistical and technological standpoint.

It was important to us that we used our internal capacity to design and build the system. That meant more than 100 people were involved from 25 different teams across the business including Digital, Channel, Marketing Operations, Technology, Customer Experience, and key corporate functions.

The project required more than 27,000 hours in tech development and was 18 months in the making. It's really satisfying

to see it up and running and delivering for our lottery retailers and our customers.

What has the reaction been from customers?

A. Shepherd: Customers have embraced Store Syndicates Online as a convenient way to buy shares in store syndicates from their device while retaining that local connection. Players have told us that they've enjoyed the diversity of store syndicate offerings online and the fact they don't have to keep a paper copy of the ticket. We've given our customers the power of choice in terms of how and when they buy in a way that allows our lottery retailers to share in the benefits.

What has the reaction been from lottery retailers?

A. Moore: They've been really pleased. It's a way to get their offering in front of a greater pool of customers as well as serving their existing customers in a different way. Say, for example, they have a regular customer that normally comes in to buy a store syndicate entry, but they go on holidays or they are busy at work, then they can still buy a ticket with their local lottery retailer via the app or website.

And, of course, retailers receive the same commission rates on these online store syndicate sales as they do for in-store sales. Additional sales without additional labour for the retailer is a huge benefit, as well as helping retailers to sell out their shares in syndicates.

What are some other ways The Lottery Corporation is ensuring retailers are aligned with digital sales growth?

A. Moore: We have had a program in place since 2018 to reward retailers for digital growth. Retailers can share in commission from digital sales in two ways: from digital sales to customers of that retail outlet and via a signup bonus when they sign up a customer to the Lott app.

Many retailers have experienced difficult times since the pandemic with customers' purchasing habits changing and difficulties with inflation and staff availability. We recently increased commission rates by up to 200 bps or two percentage points for qualifying outlets. The enhancement of the commission rates and the launch of Store Syndicates Online are two ways in which we are helping to ensure the financial sustainability of our retail network.

What was the most satisfying thing about the project for you both?

A. Moore: The implementation of Store Syndicates Online was a huge step change in our omni channel journey and seeing such a large proportion of our network engage via the platform so quickly was truly amazing.

A. Shepherd: Seeing our cross functional teams work as one to deliver something our retailers and customers love. ∎

About The Lottery Corporation: The Lottery Corporation is the driving force behind Australia's largest lottery games. The Lottery Corporation was created following the Tabcorp demerger in 2022 and is now home to The Lott and Keno – brands and games that have been adding excitement to Australians' lives for decades. Operating in every Australian state and territory except Western Australia, we bring these brands to life, offering exciting games that not only deliver life-changing wins to our customers, but make a meaningful difference in the community.