CUSTOMER RELATIONSHIP MANAGEMENT:

The long-term strategy for engaging with players and maximizing sales

Jim Acton, Lottery Industry Consultant

While there might not have been balloons or cake, the 10th anniversary of the North Carolina Education Lottery's (NCEL) entrance into the digital world on Oct. 1, 2022 was nonetheless a critical milestone and worthy of celebration. The lottery's Lucke-Rewards loyalty program's success has been incredible – from zero to almost 1.8 million members, 150,000 active monthly users, and a 93 percent redemption rate for loyalty points. Metrics like these are cause for celebration.

For the NCEL, the launch of the Lucke-Rewards program began a digital journey which over the course of the past ten years has increasingly provided the lottery with a deeper relationship with its players and a better understanding of their interests in lottery games.

"Our loyalty program offers a variety of promotional opportunities to further engage with and serve players, maintaining relevancy beyond a single ticket purchase," said Randy Spielman, Deputy Executive Director for Product Development and Digital gaming. "This allows us to develop more meaningful relationships through insights and interactions that were not available to lotteries before the rise of digital platforms and programs. We now know our players on a level that helps us provide them with the products and content they are seeking."

Lotteries have offered some type of digital experiences for almost 20 years but it is only more recently that they have truly captured the power of knowing exactly who their customer is and what they want to purchase. Players clubs have been a mainstay from the beginning, followed by second-chance programs. Loyalty programs joined around 2008-2010 and more recently, lottery apps have proliferated in the marketplace, offering everything from the ability to check tickets, scan tickets into a second-chance and/or loyalty program and, in some states, purchase products. This has resulted in the ability of lotteries to enhance the current relationship players have with retailers by establishing the direct connection to players.

This shift has had another result – stronger connections with players that allow for frequent messaging and a wealth of information about players and their play habits that can be used to build the foundation for future sales growth. This is more commonly referred to as Customer Relationship Management (CRM), the framework that focuses the mission on the consumer and integration of the digital initiatives that add value to lotteries' products and services. The next generation discussion revolves less around "channels, media, and platforms" and more around the customer.

Following in the footsteps of industries such as airlines, casinos and credit cards, the lottery industry is now using an array of tools to turn information shared by their players into business intelligence which in turn drives ongoing improvement of products, promotions and messaging. CRM is the vision and the catalyst that moves us from the product-driven world of the past to the customer-driven world of the future.

Leading this charge are lotteries, like North Carolina, that have fully embraced this new relationship with players. The end result has been more informed decisions, such as advertising buys on web sites frequented by lottery players and email notifications that include the latest game information. Lotteries are now delivering exactly what
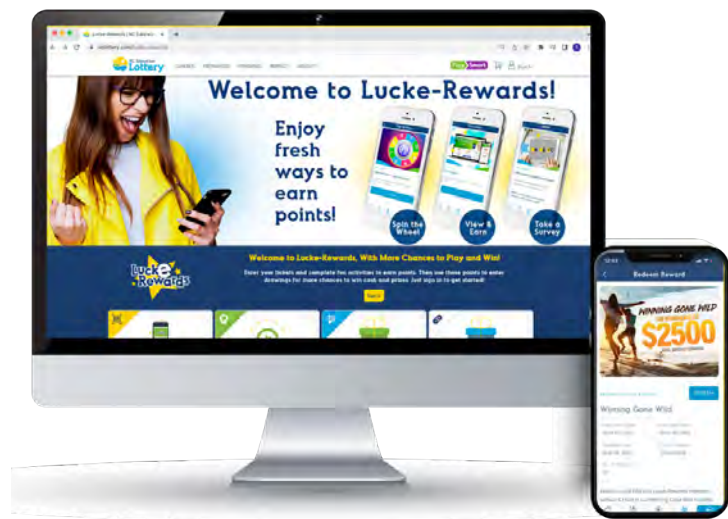
North Carolina Lottery's Lucke-Rewards site

players are looking for in a form that works best for them.

The following is a look at a few lotteries which have used CRM to shape their digital offerings and strengthen their relationships through engaging and entertaining online experiences.

NORTH CAROLINA

As Player Loyalty and CRM Manager for the N.C. Education Lottery, Liz Bowles Button understands the importance of the Lucke-Rewards loyalty program to both the lottery's players and the lottery itself. As stated above, they have more than 1.8 million members (in a state with about 10 million residents) which results in a wealth of information.

"What players show and tell us through their interactions is key to developing critical in-house insights," said Button in July in a presentation at the Professional Development Seminar put on by the North American Association of State and Provincial Lotteries. "Consumer Research, Google Analytics and account driven eCommerce are excellent sources of data. But not a single one of these can provide the holistic,

omnichannel insights a quality loyalty program can."

With more than 10 years of player interaction, Lucke-Rewards continues to provide Button and her colleagues with unmatched information on their players. The information collected through players accounts is used to create an omnichannel strategy to reach players. Promotional opportunities are shaped by the data collected from the players. CRM plays a pivotal role in the lottery's marketing strategies.

From the start of the program, players entered tickets into the platform to receive points to redeem for prizes and drawings. More recently, points are also awarded for surveys, games and watching videos. Social promotions are also popular, particularly wrapped around important dates, such as Halloween and Valentine's Day.

"We have taken our learned lessons and expanded our CRM program," Button said. "We now send out custom winning numbers emails, special offers, monthly campaigns, winner and jackpot awareness, digital couponing and app push notifications. The success is in our numbers – the FY22 open rate average for loyalty emails is 28% and the overall average is 48%. Both great numbers and above the industry average of 21%."

The lottery will continue to expand its CRM and loyalty programs. Players can be provided with engaging offers specific to their preferred sales channel (Online or Retail) and games. And the lottery is continuously looking for ways to make sure it is meeting its players where they are, both at stores or online.

NORTH DAKOTA

For a state of less than one million residents, the North Dakota Lottery enjoys wide support. This support is even more impressive when you consider that for the entirety of its 18 years of existence, the Lottery has

NC Lottery's Lucke Zone membership has enjoyed incredible growth

sold only five online games, including Powerball and Mega Millions, and does not sell scratch tickets.

The success of the Lottery's CRM program managed by Scientific Games demonstrates how compelling technology and promotional offers can motivate consumers. With just 480,000 residents over the age of 18, the lottery boasts more than 3,000 monthly average users and has seen over one million tickets entered into its loyalty program in the last fiscal year alone. Additionally, over 14,000 loyalty members have opted in to receive emails.

While these numbers are impressive and certainly provide a strong base for the North Dakota Lottery to spread their message and promote products, the Lottery did not rest on its laurels.

"Given the environment in which we operate, and the limits on our games, we need to be creative with our marketing and CRM program and how we communicate with our players," said Ryan Koppy, Manager of Sales and Marketing at the North Dakota Lottery. "We have always been proud of our loyalty program and how it provides us with a wealth of data to inform our marketing efforts. But we wanted more, and we worked with Scientific Games to create a program that would reach more players and get them active in our digital world."

In March 2022, the Lottery launched a CRM initiative with a key objective: Increase playership by strategically optimizing lifecycle migrations. Achieving this objective would not be easy but the Lottery started with a few advantages. Its loyalty program enjoyed active ticket entry from members, games are sold online, and the program enjoyed strong support from players.

Scientific Games' award-winning CRM team believes the key to success is reaching out to players at

The North Dakota Lottery has posted impressive numbers

important points in their activity lifecycle. The building blocks of this campaign were automated campaigns and personalized messaging. These automated workflows were built in six weeks and included 16 player journeys and 38 email campaigns. Players moved through activities designed to increase their conversion with the Lottery's website, supported by outreach from the CRM team.

What were the results? As with any campaign involving jackpot games, lotteries need to keep jackpot levels in mind when reviewing results. For the North Dakota Lottery campaign, data was analyzed with and without high jackpot levels. After Scientific Games implemented these workflows and campaigns, the Lottery saw increases in both data sets: a 234% increase in the uplift of monthly retail tickets entered and tickets purchased online combined.
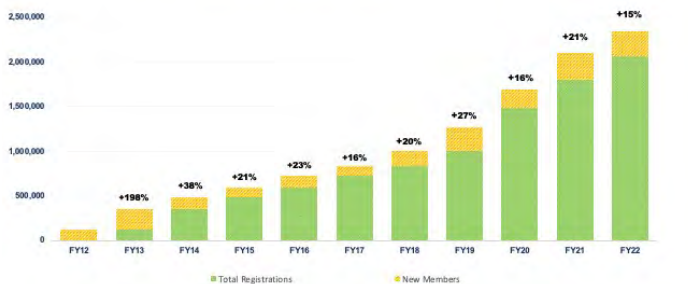
Of course, the key question of any CRM initiative is "Did it increase revenue?" For this particular series of emails, the answer was a resounding "yes." In fact, the Lottery saw an increase in average online sales of more than 14%, with sales increasing even when jackpot levels were low.

Ryan said the North Dakota Lottery was thrilled with the outcome of this campaign and is planning for other similar efforts in the future. He has a few suggestions for lotteries that are planning CRM campaigns.

"Lotteries can sometimes overcomplicate marketing efforts but when you keep it simple, the outcomes can be substantial," Ryan said. "I would suggest minimizing challenges, leaning on your advantages, and identifying the key building blocks of your initiative. Personalization is important. Your players will respond more favorably to programs that are focused on them. It is critical to determine how you will measure success. And when the campaign is over, review how things went so you are ready for your next campaign."