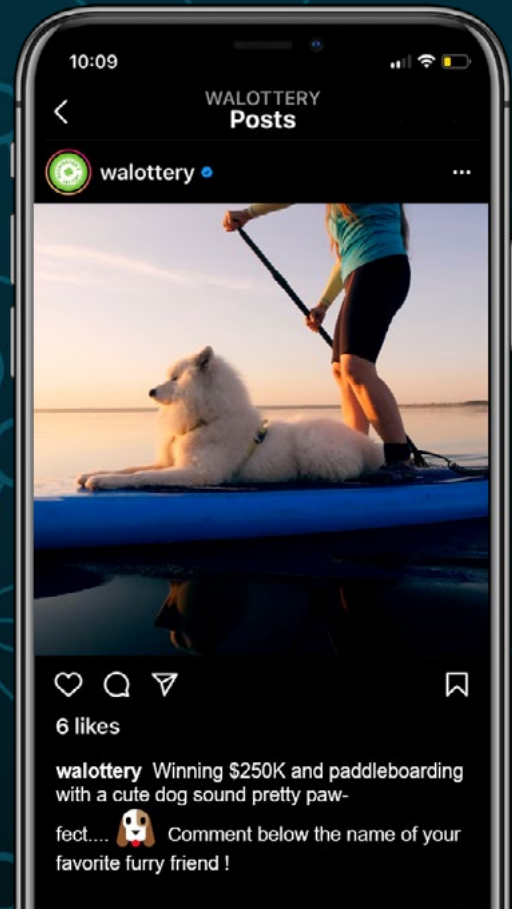
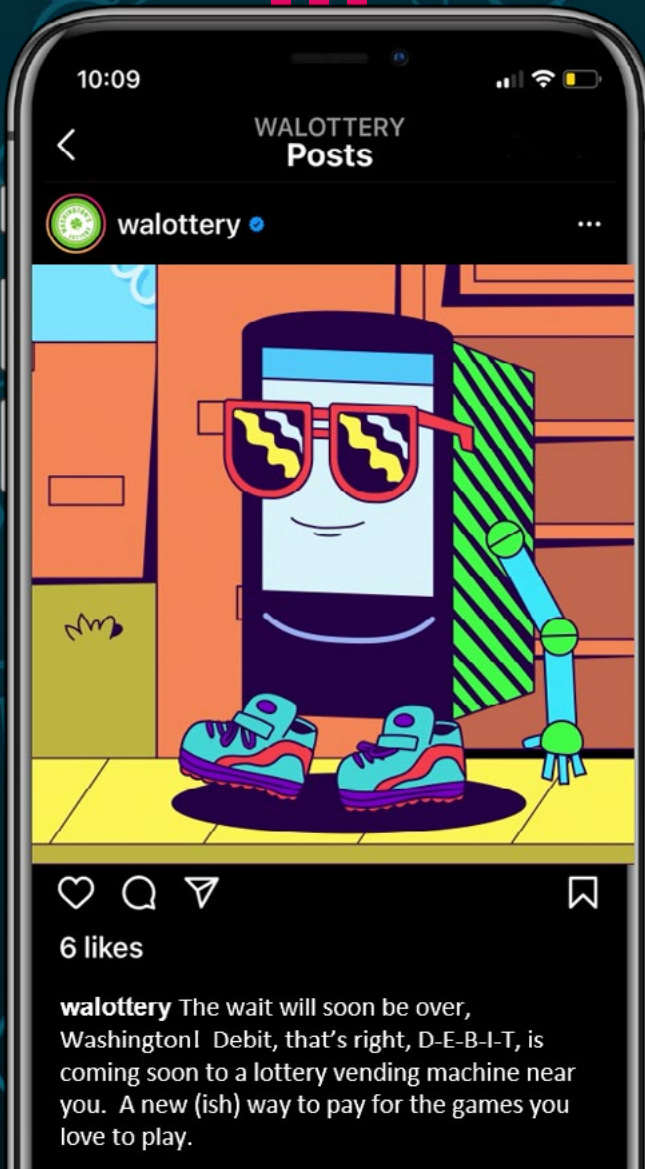


INSIGHTS

JULY/AUGUST 2022

FOCUS ON: Communications

- Winner Awareness
- Social Media Strategies
- Public Relations Challenges





Are We There Yet?

Navigating the intersection of digital and retail



Technology is moving the world forward in ways we never imagined, and the traditional business of lottery will never be the same.

Already digitally connected consumers collided with a global pandemic that dramatically changed the way they manage the flow of their daily lives – including how they purchase and experience entertainment. Add a labor shortage and supply chain

challenges, and there's no turning back now. We've arrived squarely at the intersection of retail and digital.

Who better to make it a smooth ride through than lottery tech guru Steve Beason? The industry vet is back at Scientific Games and revving to go. Beason returns to SG to lead digital and sports betting, previously driving technology innovation at the company as Enterprise Chief Technology Officer and President of

the company's Lottery Systems Group from 2005 to 2016.

It was a smart move and Beason, always the visionary, has a lot to share – not only for what's next in digital, but what's now.

"It's great to be back at Scientific Games, especially in the exciting role leading digital and sports betting – two areas that are growing quickly and vital to the future growth in the lottery sector," said Beason, whose

35-plus year career began with the Hong Kong Jockey Club and included time at several major lottery and gaming companies.

Yes, we've reached the next era of e-commerce, but consumers still want the sensory brick-and-mortar experiences. What's different is that now digital and retail have to link seamlessly into one convenient experience.

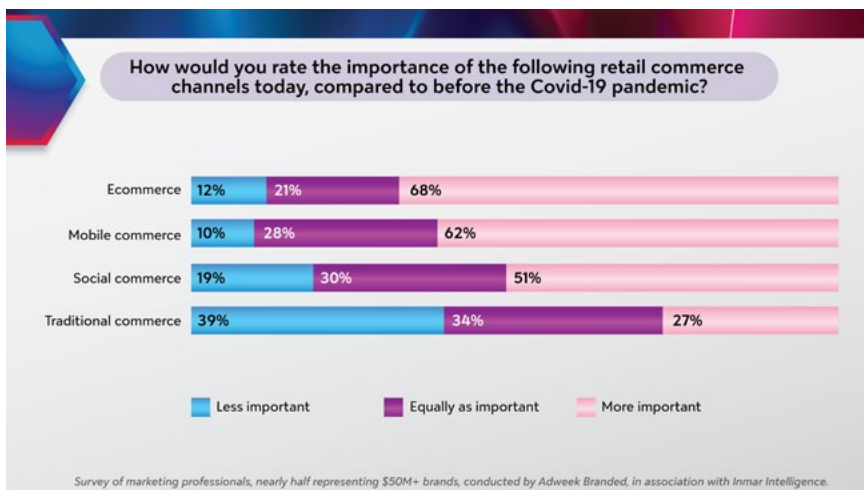
"Leveraging features like mobile wallets allowing cashless purchases across retail and iLottery is a good example of this," he explains.

Lotteries that are pivoting in this new world will succeed. Agile systems technology fueled by player insights is crucial. The right technology and tools, and knowing how to use them, is the path to performance, relevance with consumers and ultimately, sustainability of lottery.

So with the pandemic exposing lotteries to the risks of retail, is it less important to develop retail channels and more important to develop digital? A holistic approach to the entire ecosystem must be taken, with emphasis on not shifting investment in the in-store lottery experience to over-emphasize digital.

What's different is that now digital and retail have to link seamlessly into one convenient experience.

"Players are now able to play a branded paper instant game in the retail channel and see that same game in the iLottery channel, and have promotional advantages given



to them for engaging in cross channel play within the lottery ecosystem,” says Beason.

Not only do consumers want to move back and forth between brick-and-mortar and digital experiences, they also want their interactions with a brand to be linked. Constantly.

Technology enables that link, but for lotteries is systems agility a roadblock to change? A player’s journey and overall experience with the lottery’s brand is completely driven by the agility of gaming systems technology, online platforms and tools.

“Digital engagement programs such as those included in the Scientific Games Enhanced Partnership allow lotteries to increase sales by connecting with players through personalized marketing campaigns. Our SGEF customers who use this value-added managed service typically see a significant incremental increase in cross-channel sales,” he explains.

Investing in an analytics-driven digital marketing strategy is also key to creating a seamless experience for players. This is where solid customer relationship management software (and CRM experts to manage it) is a must-have. Understanding players on an individual level and being able to interact with them on a personal level is key to any brand’s success – and lottery is no exception.

Consumers not only expect brands to engage with them in highly personalized and relevant ways, they demand it. Lottery consumers are not different, and markets must stand ready to deliver to lottery players the right message, at the right time, on the right channel, with the right incentive.

It’s important to understand that consumers expect their in-store and digital experiences to blend as one cohesive experience. Lotteries cannot view the two experiences as separate.

According to an Inmar Intelligence

study of 1,000 consumers, the new era is one of equality between digital and physical retail stores. The study indicated people prefer to shop in a traditional retail store for certain product categories. As an example, 53% said they prefer to shop for consumer packaged goods in a physical store, while 17% want to buy those products online. This means lotteries have to balance creating a great digital experience with their brand AND delivering a rewarding in-store experience.

Let’s not forget loyalty and rewards programs that many consumers now demand with all of their purchasing.

From a technology standpoint, this includes lottery inventory management technology that prevents out-of-stocks and enables quick and easy purchases at checkout with new in-lane technology along with player self-service options.

Let’s not forget loyalty and rewards programs that many consumers now demand with all of their purchasing. And lottery loyalty programs are not an exception from the consumer demand for cohesive omnichannel experiences. Lottery

players expect to be rewarded for their engagement with lottery products across channels – and to be able to earn and redeem both at retail and online.

In addition to using loyalty and rewards to integrate players’ digital and retail experiences, lotteries should be looking at other integration options like buy online and pickup in-store. With consumers controlling their own shopping journeys, convenient access to their favorite products – including lottery games – is crucial.

Inmar found that integration – like BOPIS, curbside pick-up, in-store aisle navigation, updates on inventory, and mobile payments – gave consumers more freedom to choose their preferred experience. Interestingly, their study found consumers were willing to try new technologies and ways to shop if they improved their shopping experience. In fact, the number of those “not interested” in new conveniences was extremely slim.

This is what is happening now, but what’s next? How are marketers going beyond just offering cohesive omnichannel engagement experiences, to influencing and accelerating the adoption of such advancements by investing in cutting-edge technologies?

“We’re investing heavily in predictive analytics and the ability to utilize those insights with engagement tools in real time, in the moment, across channels,” Beason shares. “You’ll see that the winners in this space will not be those who simply react to consumer behavior, but those who can predict and be responsive to such behavior, optimizing sales across all channels in the most responsive and most efficient way.” ■

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