

OPINION: BUILDING A BETTER LOYALTY PROGRAM

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Scientific Games senior director of digital engagement Amy Warner explains why lottery loyalty programs are here to stay.

From neighborhood salons to multinational coffee chains, it seems like every brand has a loyalty program these days. They've become a staple in the lottery industry as well, ever since 2009, when Scientific Games launched the first loyalty program in the industry for the Arkansas Scholarship Lottery.

According to Warner, lottery loyalty programs are here to stay – but not all programs are created equal. A lottery expert with 15 years of experience in the industry, Warner shares her thoughts on the future of digital loyalty platforms and why lotteries should invest in them.

What are some of the benefits of lottery loyalty programs to lotteries and players?

Warner: For lotteries, the number one benefit of a loyalty program is that they turn anonymous players into known players. Once a player becomes a known player, lotteries can use the information they gather through the loyalty program to understand how players interact with all their products and then use customer relationship management to further engage with them on a personalized level.

For players, it's a great way to get an extended play experience for their entertainment value and increase their chances of winning great prizes with a loyalty solution.

How have lottery loyalty programs evolved over the past few years?

Warner: When we launched the industry's first loyalty program in 2009, it was a fairly simple "enter ticket, get X points" type of program. We've now evolved that into a robust achievement-based solution using a powerful bonusing engine – similar to what you'd see used on an iLottery platform.

We've been inspired by major brands in other industries that have used their loyalty programs to drive specific product sales. Our programs can empower lotteries to align with their marketing efforts by incentivizing certain player behaviors. For example, if you wanted to increase trials of a new product, you could set up an achievement that incentivizes players to enter the new product with a product they generally purchase. Strategically, you're encouraging your most active players to try new games.

We've also evolved by offering engagement-type achievements that reward players outside of a game purchase. For example, players might earn points by completing their online registration, watching a video on responsible gaming or answering a quick survey. These actions incentivize engagement with the lottery.

The image shows a screenshot of a lottery website's promotional section titled "September Getaways" with a "Total of 18" indicator. It features three promotional cards:

- Lucky Stars Promotion:** "SECOND BULLETIME LUCKY STARS PROMOTION MAY 15 - AUG. 22, 2023". It shows "1 of 5 Draw Games" completed. Rules: "No Limit", "Valid until 08/31".
- Flip Flops & Mountaintops:** "OCT. 11, 2021 - JAN. 4, 2022 FLIP FLOPS & MOUNTAINTOPS HOLIDAY ESCAPE PROMOTION". It shows "4 of 5 Draw Games" completed, with "3 of 5 Draw Games" and "1 of 5 Draw Games" sub-progress bars. Rules: "No Limit", "Valid until 08/31".
- Summer Special:** "SUMMER Special". It shows "1 of 5 Draw Games" completed. Rules: "No Limit", "Valid until 08/31".

Each card includes a "Learn More" button and an "Enter Ticket" button. A "Show More +" button is located at the bottom center of the promotional area.

What are the challenges with loyalty programs and how can lotteries overcome them?

Warner: One of the significant challenges lotteries encounter with loyalty programs is realizing the return on investment. When a program is not executed effectively, it can become costly with minimal returns. To overcome these hurdles, it's essential for lotteries to invest in key components, like a flexible platform, robust analytics and exceptional CRM solutions.

These pillars help form the foundation of a balanced point economy, offering valuable data insights and personalized communication tools that enable precise measurements of increased engagement down to the dollar.

What does it take to build and sustain a successful lottery loyalty program?

Warner: We start by developing software based on analytics and insights that shed light on a lottery's needs in the digital space. You have to pair that software with proper marketing and the right account management expertise to really maximize ROI.

Knowing how to utilize a flexible platform and pull the right levers at the right time allows us to support the lottery's product goals and generate additional revenue, along with improving the player experience. As the industry leaders in the loyalty space, we have access to benchmarking across all of our programs to effectively move the needle for our lottery partners.

Can you speak to the role a mobile app plays with loyalty programs?

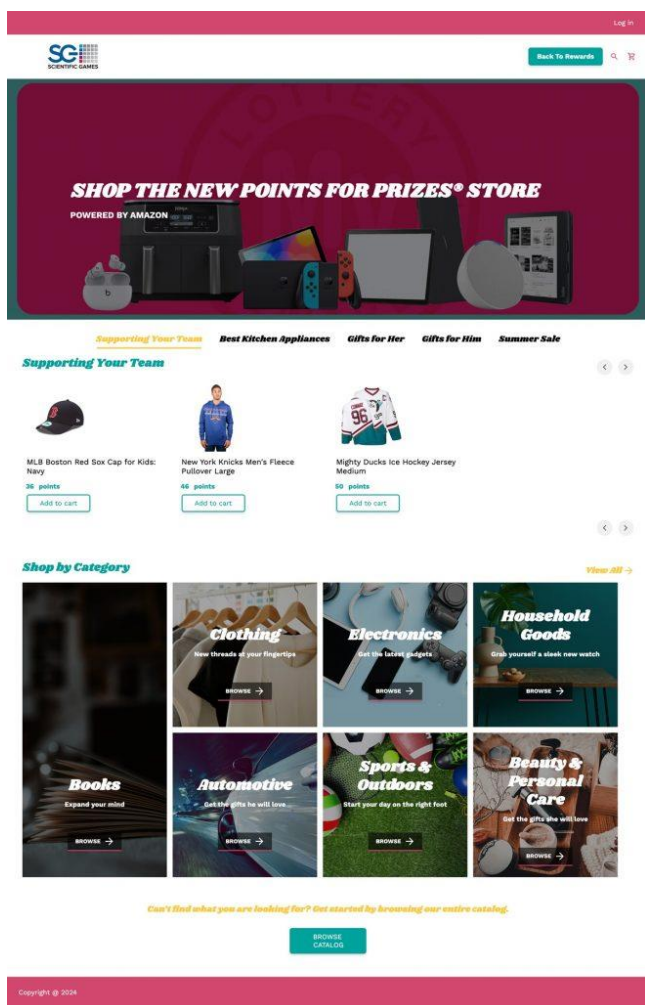
Warner: Mobile apps are hugely important for loyalty programs. More and more consumers are engaging with the brands they love through their phones and other mobile devices, so lotteries need to be mobile-friendly to meet players where they are. By creating an engaging, user-friendly app with all the information a player might need, lotteries can improve the player experience and encourage higher participation in loyalty programs.

What makes Scientific Games' loyalty solutions special in the industry?

Warner: Our experience has allowed us to create best practices over the past 15 years, all centered around our key pillars of acquisition, retention and engagement.

Our solutions are flexible and modular-based, so we can pair the specific modules that will align with the lottery's goals and objectives, like our award-winning CRM solution. This solution helps us use data to increase ROI in specific email campaigns and help lotteries see huge revenue uplifts by incentivizing specific player behavior.

Like everything else at Scientific Games, our loyalty solutions are data-driven and take the entire ecosystem into account. We use our insights to help lotteries understand how their players engage with their games – not just with one product at a particular time, but holistically across the entire product portfolio.



How does Scientific Games' loyalty solution fulfill non-cash prizes?

Warner: Ensuring players have access to a diverse array of free prizes is a top priority for us. It's also a big differentiator – we're the only loyalty partner that offers a robust storefront solution. Our latest enhancement [involves partnering with Gift & Go](#), a technology solution that integrates seamlessly with Amazon.

The partnership gives players access to 1,800 prizes, all delivered within two days. It's an elevated e-commerce experience that prioritizes choice, reliability and value – all enriching the players' overall engagement.

Do you have any early feedback on how this delivery method is going?

Warner: During our inaugural month with the new solution in April, we saw a remarkable increase of 52% of items shipped across four different lotteries than the previous month using our already successful method.

We were also able to reduce the average shipping time of non-cash prizes from two weeks to 1.3 days, which significantly improved player satisfaction. Our participating lottery partners are all thrilled with the new solution.

What does the future look like for lottery loyalty programs?

Warner: There's an interesting statistic that the average

American consumer subscribes to 14 loyalty programs in their personal lives. Loyalty has become part of our culture. As

lotteries strive to grow their sales year over year, they're going to keep looking at those digital efforts like a loyalty program to help broaden their playership and increase engagement.

Consistent innovation of a lottery's digital space is going to be the most impactful way for lotteries to continue to compete for the consumer's entertainment dollar. Through gamification of a loyalty program's functionality, lotteries can use loyalty to excite and engage their players and nurture long-term growth opportunities.

As lotteries develop their loyalty strategies, increasing the lifetime value of their active players will be the best approach for them to hit their sales goals.

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