

INSIGHTS

Achieving a State of Winning with iLottery

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Every year, lotteries generate billions of dollars for good causes. But in today's rapidly changing digital and retail landscape, their business must continuously evolve to maintain this incredible impact for stakeholders.

As lotteries consider iLottery solutions, they should take a step back to create a long-term vision for their players' experiences across all channels and how they will engage at brick-and-mortar retail and online.

A winning solution is a holistic omnichannel execution that allows players to have lottery experiences across channels in a seamless and sometimes integrated manner. Lotteries with disparate solutions from various partners (seeking to create the best possible solutions) will often find challenges with competing priorities (digital vs. offline) and integrating experiences. Ultimately, this results in disappointing players with a lack of connection and personalization across channels.

To achieve a state of winning, lotteries should partner with technology vendors who understand this and can guide them through the industry's complexities while continuously delivering innovative solutions, winning experiences for players and retailers, and sustainable growth.

While iLottery has been slowly adopted in the U.S., we're starting to see some momentum as more states prepare for online sales with system procurements that include iLottery capabilities.

Ideally, lotteries should select a provider with deep retail experience AND a strong base in digital technologies. Scientific Games has been serving lotteries for 50+ years, currently including 150 customers in 50 countries – with 30 lotteries supporting their overall growth plans with our iLottery and digital solutions.

The vision for scale and growth in the short and long term should be the aggregation of data across the player journey (offline and online) and a seamless omnichannel experience.

This strategy prioritizes established solutions, but it can also eliminate the possibility of adopting evolving or innovative technology.

The very nature of technology—especially digital technology—is its continuous evolution. In a rapidly changing market where consumer expectations and technological advancements move at lightning speed, it's crucial to embrace this evolution rather than restrict it.

Digital solutions should advance annually, if not more frequently, to keep pace with consumer demands and the ever-growing need for sophisticated security measures. By opting for a solution that has been in the market for 2-3 years, you risk adopting technology that may already be outdated by the time it's implemented.

As an analogy, when purchasing a new personal computer or smartphone, you wouldn't want a model several generations behind. You expect and deserve the latest version with the most advanced features, security, and user experience—especially if this technology will remain in place for years to come.

It's essential to request vendors with proven experience, but it's equally important to demand the latest version of the solution at go-live, not yesterday's technology. This is particularly relevant with iLottery, which is still in its early stages in the U.S. and operates more like a startup environment than a traditional lottery operation. In this context, rigid traditional requirements can stifle innovation.

Another potential limitation is requiring solutions that operate only in North American or U.S. markets. The digital lottery landscape in Europe has been evolving for over 20 years, providing a wealth of insights and learnings that cannot be ignored. Embracing global best practices and innovations—especially from markets with more mature digital offerings—can be a crucial differentiator. Providers with a global footprint can offer valuable lessons from successes and failures, helping avoid common pitfalls and capitalize on opportunities.



Assess In-State Competition: First, examine your competition—whether it's sports betting, traditional casinos, iCasinos, or grey machines. These alternatives are constantly evolving and capturing your players' attention and spending. Educating key stakeholders on the financial risks and the growing impact of increased competition is essential for continuing to drive returns for your beneficiaries.

For example, Scientific Games and the Pennsylvania Lottery strategically planned an iLottery solution, fully considering the state's gaming competition. We introduced digital play to stakeholders, and this iLottery program became the first in the U.S. to top \$1 billion in sales in less than two years.



Deliver a Relevant Solution: To keep players engaged, you must offer solutions that resonate with their needs and preferences. If you don't, they'll find those experiences elsewhere, and you'll lose relevancy. The challenge lies in balancing the needs of today's market with the capability to adapt to what's coming next.



Digital Engagement as a Bridge: Even if online sales aren't yet legalized in your state, it doesn't mean you can't start building a stronger digital presence. Growth marketing through CRM, loyalty programs, and digital engagement channels can help bridge the gap.

By implementing a robust CRM strategy, you can better understand player preferences and create targeted offers that drive engagement. We have CRM programs – growth marketing programs – in place with 11 U.S. lotteries.

Since pioneering loyalty programs for U.S. lotteries in 2009, we have learned that loyalty can be enhanced with digital touchpoints, offering rewards and experiences that keep players connected to your brand, both online and in person. We also have tremendous

knowledge gained through deploying 24 lottery mobile apps to bridge player engagement over the years—our apps have been downloaded 15+ million times.



Use Data to Drive Engagement: By leveraging data from loyalty programs and CRM systems, you can create personalized marketing campaigns that deepen player relationships. Whether through targeted messaging, bonus incentives, or exclusive content, these tools allow you to stay relevant and top-of-mind with your players—without requiring online sales.

Right now, Scientific Games is managing ~ 8 million player accounts for a total of 2.6 billion online entries into promotions for a total retail value of \$10.5 billion.



Education and Advocacy: The digital lottery conversation has been ongoing in the U.S. for over a decade, yet only 16 lotteries have been legalized to sell iLottery. And only nine currently sell instant games, which are the primary sales drivers. Politicians and retailers often resist these changes, so educating them on the benefits of digital engagement and why it's necessary for growth is crucial.

The Bigger Picture: Rising tides lift all ships. If we don't push forward with digital engagement strategies and advocate for modernization, traditional lottery could be sidelined, much like Blockbuster or Blackberry. Staying competitive means anticipating future market shifts and actively driving innovation today—whether through online sales, loyalty programs, or deeper CRM-driven player interactions.

Looking ahead, in today's interconnected world, consumer trends are global. Players in the U.S. are influenced by what they see on social media, YouTube and TikTok, often demanding the same advanced experiences they see being offered internationally. To remain relevant, the U.S. iLottery industry must look beyond its borders and leverage the knowledge and experience of global markets.

While in-market experience is essential, ensuring the solution selected is future-proof, adaptable, and not confined to past standards is equally vital. The U.S. iLottery landscape needs a flexible approach that incorporates the latest technology and hard-won lessons from international markets, ensuring the best possible experience for players.