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LOTTERY AND RETAILERS MODERNIZING TOGETHER

Feature Interviews

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RETAIL MODERNIZATION: A LOOK ACROSS THE LOTTERY INDUSTRY

Jim Acton, Lottery Industry Consultant, Acton Strategies

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ost of us enjoy year-end reviews. And lists are very big. What were the top songs? Top movies? Biggest sports stories? Clothing trends? 10 most creative uses for pumpkins?

Given what we all endured over the last ten months, pandemic-related lists dominated most reviews of the year (most major movie releases were postponed anyway). What TV shows

did we binge the most? Most popular take-out food? Go-to at-home activity?

CNBC recently published an article titled “6 ways the coronavirus pandemic has forever altered the retail landscape.” The list could have been compiled by anyone in the lottery industry.



TOUCH-FREE SHOPPING

CNBC writes: Before the pandemic, a big part of shopping was the hands-on experience: Eating samples at the grocery store. Spending an afternoon in the fitting room. Trying on lipstick at the beauty counter. Swiping a credit card on a long-desired purchase. Many retailers are now trying to stand out for the opposite reason: They are making it easier for consumers to avoid shared surfaces and limit interactions with employees or other customers. That's led to investment and expansion of contactless checkout approaches — particularly by grocery stores. As a way to provide a more touch-free experience, several grocers have expanded availability of smartphone apps customers can use to scan items and tally up orders.

ACCELERATION OF E-COMMERCE

CNBC writes: Customers shopped online before the pandemic, but a desire to limit trips to stores unleashed new demand and encouraged retailers to roll out new options. The result: new habits. Americans will continue to shop at stores, but they also may schedule curbside pickup or sign up for grocery delivery services.

In the U.S., over the course of 2020, almost 36% of online nonfood spending was supported by physical stores, according to research by GlobalData. This is up by 2.6 percentage points since the start of the year. This means that as opposed to ordering goods from sites like Amazon, consumers are realizing they can receive the same nonfood items from their local supermarkets and big box stores. This is a good trend for lotteries, which do not sell on Amazon and can only sell to players within their state's borders.

GlobalData also reported that about 68% of U.S. shoppers say they are going to use curbside pickup at stores more in the future and nearly 60% say they will collect more of their online purchases from inside stores. Consumers still want the ease, speed, and familiarity of shopping at their local store but with the added feature of safety.

This is not surprising to lotteries which have seen the amazing increase in scratch ticket sales, a real-life example of the need for instant gratification and the appeal that in-store retail shopping continues to hold for consumers.

Following are the insights of a few lottery industry leaders into how Retail Modernization trends are impacting the lottery industry.

PANDEMIC PUTS RETAIL CHANGES ON OVERDRIVE

“Luck is what happens when preparation meets opportunity”

Seneca, Roman Philosopher

Not many of us would have considered ourselves as “lucky” in 2020. The pandemic uprooted society and caused severe hardship and even worse for too many people. It also forced a major shift in plans for the lottery industry. But years of preparation provided vendors and lotteries alike the opportunity to focus on players and retailers and enact new initiatives, many of which were in the pipeline and ready for launch but scheduled for the future. The pandemic upended that timetable as this is no time to keep powerful new tools, products, and initiatives on the shelf waiting for some right time in the future to actually put to use. The pandemic freed us up to act with a more pressing sense of urgency commensurate with these challenging times.

Jeff Martineck, VP of Global Innovation at Scientific Games, points out that the changes that were needed for the lottery industry to succeed over the past 11 months had been in development in recent years and are now being adopted and deployed at hyper-speed. A two decades-plus veteran of the lottery industry who started his career at the Connecticut Lottery, Jeff leads Scientific Games' global innovation efforts and cross-company innovation teams. The company's focus is on innovation that modernizes the lottery experience to ensure its customers' growth.

“We've seen that convenience has become more important to consumers in choosing where they shop,” Jeff said.

“This trend accelerated in 2020 and we expect it to continue. Where there is curbside pickup, where consumers can get everything in one quick stop, and where they might have touchless payment methods — these types of conveniences have grown in importance.



Jeff Martineck, V.P. Global Innovations, Scientific Games

“Technology has changed how players interact with lotteries. A trend for all retail including lottery is cashless payments, such as tap-and-go, where no money exchanges hands at retail and the player simply uses their mobile device to pay for their purchase. A significant advancement is the comprehensive digital wallet, where players can purchase lottery games seamlessly across all product lines in a mobile environment that also includes responsible gaming features. Some states allow all game entertainment products, while others may be limited. And an interesting impact of these payment methods is that higher price-point players are more likely to utilize this technology.”

CATERING TO ALL PLAYERS

Attempts to modernize the lottery — such as iLottery and technology which bypasses the checkout counter — have typically faced some retail headwinds. Retail partners have been concerned that iLottery would siphon off players and in-store consumer spending, even though the data and evidence make clear that technology transformations benefited the brick-and-mortar retailer by introducing new consumer groups to lottery and bring new players and shoppers into their stores.

IGT's Paul Riley, Vice President Retail