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## **2024 Raleigh Conference Recap**

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Players are “asking, wanting, and expecting” to be seen in lottery products. Should lotteries be employing more inclusive marketing practices?

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## What's Changing in Retail Tech?

It's been all over the news that retailers are reevaluating self-checkout technology. Target capped the number of items allowed at self-checkout lanes. Dollar General removed self-service machines from 300 stores due to rising shoplifting incidents and scanning errors. The convenience and accelerated transaction times promised by self-checkouts don't offset shrinkage and the decrease in basket totals. "Some customers don't want to use self-checkouts, especially in C-stores," says Mandy Carter, Senior Director of Business Development at Scientific Games who has worked with lottery retailers across the U.S. for 12 years.

Retailers are hyperconscious of their customers' preferences and looking for ways to address self-checkout—which is good news for the lottery industry. Last year, *La Fleur's* reported a 20% drop in lottery sales for many convenience stores after introducing self-checkout. Several major chains are turning to Scientific

Games for tech-driven solutions for the lottery category.

The company continues to stay ahead of trends and improve the lottery retail experience. Its *SCiQ* ecosystem modernizes selling scratch games in stores, improving product management, visibility and security. The system's hardware includes automated scratch ticket dispensers and digital menu boards, as well as backend software and reporting tools.

"Some retailers are redirecting customers to clerk-assisted points-of-sale. So we're placing digital menu boards between self-service and clerk-assisted lanes to help players easily locate lottery products," Carter explains.

### It's All in the Details

Any technology like *SCiQ* that retailers adopt to solve challenges cannot negatively interfere with the customers' journey. Carter and her team work with corporate and independent retailers to ensure this doesn't happen, visiting individual stores to perform detailed pre-site surveys to determine the most effective equipment configuration. "We

take the time to understand every retailer's operational dynamics," she says.

Historically, scratch tickets can be difficult for some retailers to track. Unsurprisingly, Carter frequently hears from retailer partners about the most common issue they face: internal shrinkage. *SCiQ* solves this issue for lottery products using real-time transactional data.

"They knew they had internal shrinkage but there was no easy way to detect it. From the time we installed *SCiQ*, they saw a dramatic change in the numbers—because the system helped them identify and mitigate theft of lottery games. The detailed, down-to-the-second *SCiQ* transactional data helps operators pinpoint exactly when and how every event occurs," Carter says.

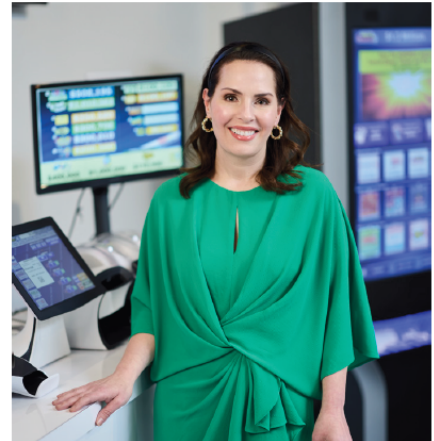
*SCiQ* streamlines accounting and task management, simplifying the day-to-day responsibilities by instantly generating reports that previously took retailers hours to complete manually. The

detailed information displayed on the system's digital menu boards also speeds lottery transactions at checkout, allowing customers to make their game selections before arriving at the registers.

### Data Gold Mine

But when it comes to data, lotteries reap even greater advantages from *SCiQ*. The most significant advantage lies in the depth of insight lotteries gain at the transaction level. With real-time data on ticket-by-ticket sales, they can precisely manage inventory distribution and track performance. This ensures optimal stock levels, preventing any gaps in product availability. The lottery and the retailer are notified about out-of-stocks, which ensures accountability from individual stores. "The visibility and reporting *SCiQ* provides improves retailer buy-in and store performance, which usually results in increased sales for all," Carter says.

Through the *SCiQ* retail ecosystem in one market, Scientific Games was able to identify nearly \$200 million in additional revenue that could be captured by proactive lottery sales representatives and retailers over a one-year period.



*Mandy Carter, Senior Director of Business Development for Scientific Games*

Carter emphasizes, "*SCiQ* data is the gold mine for lotteries. For example, if a new game immediately overperforms, lotteries can adjust shipping quantities to increase penetration across its retailer base or issue a new print run to meet demand before it is too late."

### More to Come

"*SCiQ* provides more enhanced brand marketing than ever before," says Carter.

She sees a huge opportunity for targeted promotions as well as strategic deployment of games to improve ROI. For example, by ensuring that any regionally-specific products—such as games with local sports team themes—are shipped to and merchandised in the correct retail locations around the state. That same technology could also be utilized for promotions in individual stores or chains, allowing unprecedented partnership opportunities. Imagine a customized 7-Eleven promotion offering a discount on a Slurpee when a player buys a \$20 scratch game.

It's no wonder *SCiQ* is in more stores than ever before, with a significant increase over the past two years as retailers seek to modernize the lottery category through the use of technology. The increased enthusiasm among retailers, Carter notes, plays a crucial role in accelerating adoption. "Retailers are getting more vocal, and keep saying, 'We really need this.'"