REBECCA PAUL:
REFLECTIONS ON 37 YEARS IN THE LOTTERY INDUSTRY

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN THE SPOTLIGHT

Most "insiders" know that the lottery industry outsells movie theaters, music sales and other forms of entertainment. Lottery annual sales for 2021 were higher than Starbucks, 7-Eleven, Apple iTunes, and all movie theatre revenues combined!

While lottery is certainly the envy of many other consumer product and service companies, there is one area where others in the consumer products sector lead lottery – customer relationship management (CRM) and how to use the vast data collected through CRM programs. CVS ExtraCare, Starbucks Rewards, 7REWARDS, Caesar's Rewards – some of these leading rewards programs provide boundless offers and purchase-spurring contact to their customers.

The gap has narrowed between lottery and other industries over recent years, thanks to the strengthening of the relationship between vendor partners' analytics groups and lotteries' sales and marketing teams. Progress has been made, with CRM experts working diligently to create engaging platforms and programs which provide useful data to lotteries.

A forensic-like dive was undertaken by a group of industry experts who are tackling these topics daily. The panel was led by **Gretchen Corbin,** President and CEO of the Georgia Lottery. Gretchen was joined by:

Drew Svitko, Executive Director, Pennsylvania Lottery

Stefano Monterosso, Senior Vice President Global Lottery Product and Sales Development, IGT

Marcus Glasper, Executive Director, Washington Lottery

Merv Huber, Senior Director Growth Marketing, Scientific Games

Gretchen opened the panel by pointing out

the ubiquitous nature of so many loyalty programs in the broader consumer products industry. Based on your choices when registering, they know where you are, what you might want based on past purchases and online search activity, and the location of their nearest retail locations. "I've been in New York a short time and already Chick-fil-A has alerted me to their location in Times Square and Starbucks has told me they have a store in my hotel," she said. "As a customer, I appreciate my favorite retailers reaching out to me with suggestions that might make my life a little easier. That is what we in the lottery industry need to be doing, using our CRM capabilities to reach customers, whether it is for retail, online or both."

Gretchen tossed the discussion to the panel by asking "how can we continue to work together to harmonize our efforts, our many different players clubs, loyalty programs and digital initiatives, to strengthen CRM?"

Merv, who directs digital growth marketing for Scientific Games' clients, said it is important that lotteries understand that they must LEAD with CRM, not just make

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it part of the data analytics solution. "Think of your technology offerings as the 'body' with CRM as the 'brain,'" he said. "Look at the best practices of leading companies in other industries. They are sending customers offers that are informed by strong, accurate data. They are using input from CRM segmentation to inform their communication and help retain their customers. This is what lotteries need to be doing. CRM goes far beyond just player messaging. CRM is the overarching strategy that needs to be integrated into all parts of your technology that touches customers – web site, mobile app, loyalty program, notifications, bonusing for iLottery. Lotteries want customers to know that they appreciate their business and want

them to remain active lottery players. With these types of programs in place, and the CRM platform to orchestrate an integrated approach, lotteries can provide the kind of customer experience that the consumer has come to expect based on their experiences with all other consumer-facing companies."

Keeping with the focus on "harmonizing" CRM initiatives both at retail and iLottery, Drew, who oversees a lottery that offers a full iLottery program, said his team in Pennsylvania focuses on its "mindset" when formulating its CRM-related plans. "Everything we do is powered by the data collected through our CRM platform which in turn is collecting as much data as possible from both the retail and iLottery sides of our business," he said. "Obviously the iLottery information is a bit easier to collect as all phases of the consumer interaction leave a digital footprint. But we also have a robust VIP club and popular second-chance drawings and we're extracting a large amount of player information from both of those. We have built one view of many of our players and we can now tailor messages to them and deliver those messages at the right times. These capabilities all serve to enhance the player experience. The collection and use of data has become an incredibly powerful tool for us, and it will only grow in the future."

Like Pennsylvania, Georgia offers both traditional retail sales and an iLottery program. Gretchen said that having both channels provides them with a wealth of opportunities to communicate with their players. And it allows the lottery to operate like its competition in the retail space.

"Like most businesses, we now have measurements on how our products are performing and which customers are responding to which games," she said. "With this knowledge, we can do better by the players, apply the data and business intelligence to our game planning process to make more educated decisions. We can give players what they want, where they want it, when they want it. In turn, as the customer experience continually improves, those players become advocates for us."

Stefano's efforts at IGT are informed by his belief that the lottery industry must keep its focus on how to use retail information to power CRM programs. While iLottery is expected to grow over time, it is still a small part of overall lottery activity. So, like Starbucks, which sells nothing online but has a powerful CRM program based on its mobile app and mobile payments

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system, he said that lottery should also apply modern tools to promote its time-tested sales channels.

"We have the technology that allows us to collect data from players, even for the lotteries that don't have iLottery," he said. "Think about vending machines. We don't know the identity of the players, but we are collecting information on how they paid – cash, credit card, mobile wallet, how much they spent and what they played. Many states offer digital play slips, some offer the ability to have a ticket purchased at retail sent to their mobile device in a digital form. The point is that even if you don't have iLottery, there are many ways to better understand your players and build an experience tailor-made for them. This information can ultimately inform how you create your products and what promotions you offer to your players. Data allows you to segment your players and test ideas for different groups of players."

The state of Washington is another jurisdiction that can't sell online but which is building a strong digital presence, nonetheless. Marcus said that he asks his team to consider the outcomes they want and build programs that will best achieve those desired results. "We always need to ask, 'how do we measure engagement, how do we measure loyalty,'" he said. "Our program is about three years old and we look at registrations, retention, points entered, points redeemed. I also see our digital offerings as a way to extend the at-retail purchase. We know that most of our customers don't win a prize. If we can offer a robust online experience, whether through an app or web site, we'll be extending the value of purchases and allowing players to feel good about their interactions with us. We expect that positive feeling to lead to building a longer-term customer."

Merv said that since lottery partners like Scientific Games are working with both iLottery and non-iLottery customers, it is important to understand each jurisdiction's CRM goals. "Having worked with customers with a range of digital tools, I know that the goals of CRM differ from

lottery to lottery," he said. "For iLottery, it might be to drive topline revenue. For those who aren't currently selling online, it's about growing the player-base and enhancing engagement with current players. And on both sides of the sales process, it's about the retention of players. I'm looking for how we use data to keep our players, grow their play levels and bring new players into the fold. The strategies might differ, but the desired end-result is usually the same."

The relationship between retail and digital is critical because retail will be the primary sales channel for decades to come. Making lottery retailers comfortable with all forms of digital marketing is critical. In Pennsylvania, the Lottery uses the data collected through its CRM program to include retailers in its initiatives. "It is important that retailers feel like they are part of our overall initiatives and not simply living with the results of digital marketing decisions," Merv said. "We want retailers to share in the upside potential of iLottery. We've created affiliate programs that allow retailers to benefit financially when they drive players to our iLottery program. And we are extending that to our loyalty program to encourage players to get digitally involved for the first time and rewarding retailers when they help in that process. Now the Lottery is not only moving more players to online activity but it's benefiting from the wealth of data from CRM. This data is helping us create effective programs and games which also help drive retail sales."

Stefano pointed out that IGT has used the data it collects to track trends among players and retailers. Lately, there has been much focus on the "big box" stores, like Walmart and Costco, and how we can increase the lottery footprint at these stores. CRM programs have helped by capturing the data needed to tell our story.

"Like most large companies, the big box stores don't make many moves that aren't backed up by supportive data," he said. "We've been able to provide them with data which informs how they offer lottery to their customers. In many cases, it's led to an increase in on-premises vending machines.

David Barden continued

tive committees and an executive task force, providing his insight and assistance to those states contemplating lottery launches.

Prior to his appointment as CEO of the New Mexico Lottery, David served as the Vice President of the Arkansas Lottery where he was responsible for the initial startup, staffing, and oversight of lottery operations. David's lottery career began in 2001 with eight years at the South Carolina Education Lottery, where he served as legal counsel for the Lottery until he was promoted to Director of Marketing and Product Development. As Director, he was responsible for the lottery's online and instant games portfolio, including all marketing related activities.

From 1996 through 2001, David served as Senior Staff Attorney for the Office of the Clerk of the South Carolina Senate. He also served as Assistant Director of the largest law enforcement agency in South Carolina, the South Carolina Department of Public of Safety, from 1993 until 1996, where he was responsible for the day-to-day operations of the agency which had a budget in excess of $200 million and employed approximately 3,000 people.

David graduated with a bachelor's degree in political science from the University of South Carolina and a J.D. from the Ohio Northern School of Law. He is married and has two children.

Luca Esposito continued

Recognized for his vast knowledge of lottery and gaming technology, and of the unique needs of the state-authorized lottery and betting sector, Luca was recruited by the World Lottery Association (WLA), where he has served as Executive Director since November 2018. His deep understanding of sports betting and the issues around achieving sports integrity along with his natural leadership brought him additional responsibilities. On January 1, 2022, Luca became General Secretary of the Global Lottery Monitoring System (GLMS). He now serves both the WLA and GLMS in parallel.

Romana Girandon continued

bility and Responsible Gaming working group. In June 2021 she was elected 2nd Vice President of the Association. With EL she is helping towards a community of successful lotteries as high achieving organizations operating in the most socially responsible way. She is also the Director of the regional association of lotteries. Holding a degree in Organizational Sciences and Human Resources, Romana is a certified Supervisory Board Member by the Slovenian Directors' Association and holds an executive certificate in Circular Economy and Sustainability from the University of Cambridge. Prior to joining the Loterija Slovenije, Romana was with the American advertising agency Luna/TBWA, as a Managing Director in Slovenia. She is the recipient of several awards, with »Artemida«

Award (for contribution to the development of female management in leadership positions) being her favorite. Privately, Romana volunteers as a licensed missing persons rescuer, along with her search & rescue dog.

Drew Svitko continued

the first time, and for the 10th consecutive year has generated profit of more than $1 billion for programs to help older Pennsylvanians. Additionally, under Drew's leadership, the Pennsylvania Lottery's online platform generated $1 billion in iLottery sales in the first two years after launching in May 2018.

Drew is leading the way in modernizing the Pennsylvania Lottery. In 2020, the Gaming Intelligence Hot 50 celebrated Drew as one of the most innovative and inspiring people working in the betting and gaming industry. Drew also devotes time to serving the industry as the new Powerball® Product Group Chair. From 2020-2022 he served as Vice Chair of the Powerball Product Group and Chair of the MUSL Development Committee from 2019-2021.

Prior to working in the Lottery industry, Drew and his wife, Gretchen, owned and operated Subway restaurants. When he's not working or volunteering his time in other capacities, Drew enjoys spending time with his wife, three sons, and his wirehaired pointing griffon, Whiskey. Drew is also an avid reader, and his hobbies include beekeeping, cooking, hunting, and making maple syrup.

This is how we will continue to grow the lottery footprint at these important retailers. They are also quite advanced in their digital offerings, so lottery will need to be integrated on that platform as well. With all these pieces in place, we will be able to reach even more potential customers and continue to build our increasingly important databases."

In Pennsylvania, Drew said the lottery's CRM programs have allowed them to keep the promises made over the past years to retailers. "When we launched iLottery, we met with our important retailer groups, such as the Pennsylvania Food Merchants Association, and promised that we would use the iLottery program to build relationships with players and drive them into stores," he said. "And we have delivered on that. We use our iLottery data to send out coupons that can only be used at retail. When we look at

our CRM results on these types of programs, we usually see that more than 25 percent of recipients are redeeming the coupons. That demonstrates the power of CRM and how it can be used to strengthen retailer and customers relationships."

Creating retailer advocates is high on Marcus' agenda as well. "Used correctly, the retailer network can be an incredible asset for all lotteries," he said. "I believe that CRM is one piece of how we can continue to strengthen our retailer relationships. We control the data but we can also share it, when and where appropriate. For a non-iLottery state like Washington, how can we offer promotions and creative campaigns which will engage players and excite the retailers? I want to continue to do as much as I can online, within our regulations, and build our player-base."

Gretchen closed the panel with a nod to the strong working relationships between vendors and lotteries. "We are fortunate in this industry to have incredibly smart marketers and technology experts who take lottery ideas and build them into programs that work for us," she said. "Whether you are a state like Georgia or Pennsylvania that offers a robust iLottery program or a lottery that is building a strong digital footprint based around loyalty, apps and other digital programs, we all need to use as much of the data we collect as possible to make smart, informed decisions. In the end, it is all about driving revenues so we can transfer as much funding as possible to our beneficiaries. That happens through good planning and collaboration between vendors and lotteries." ◼

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