



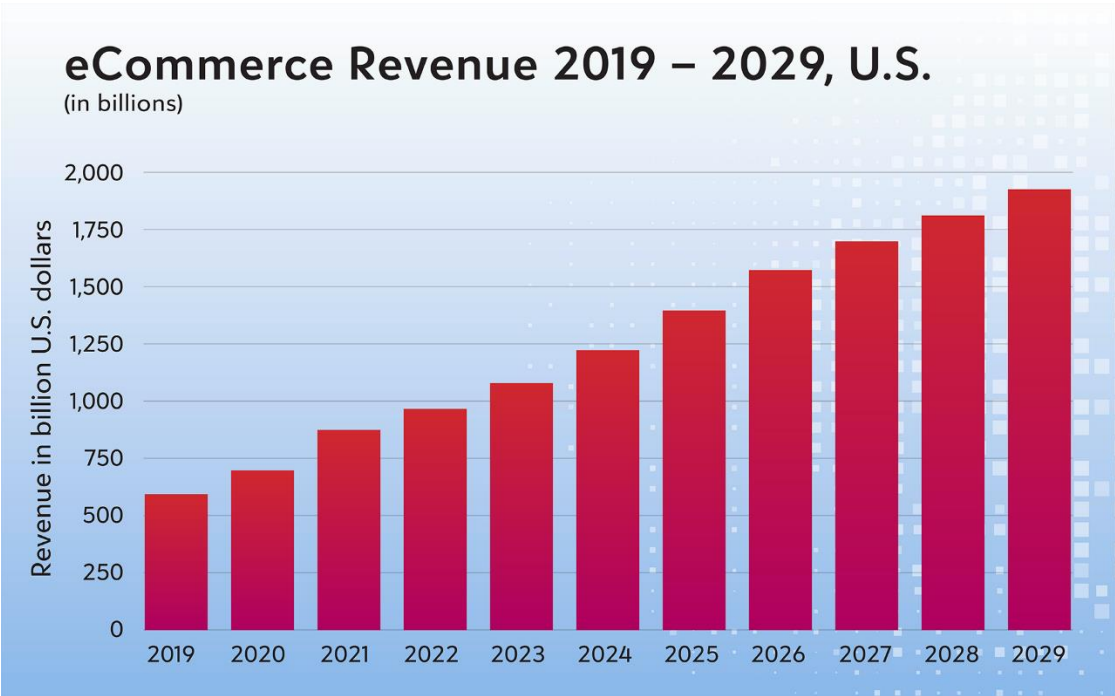
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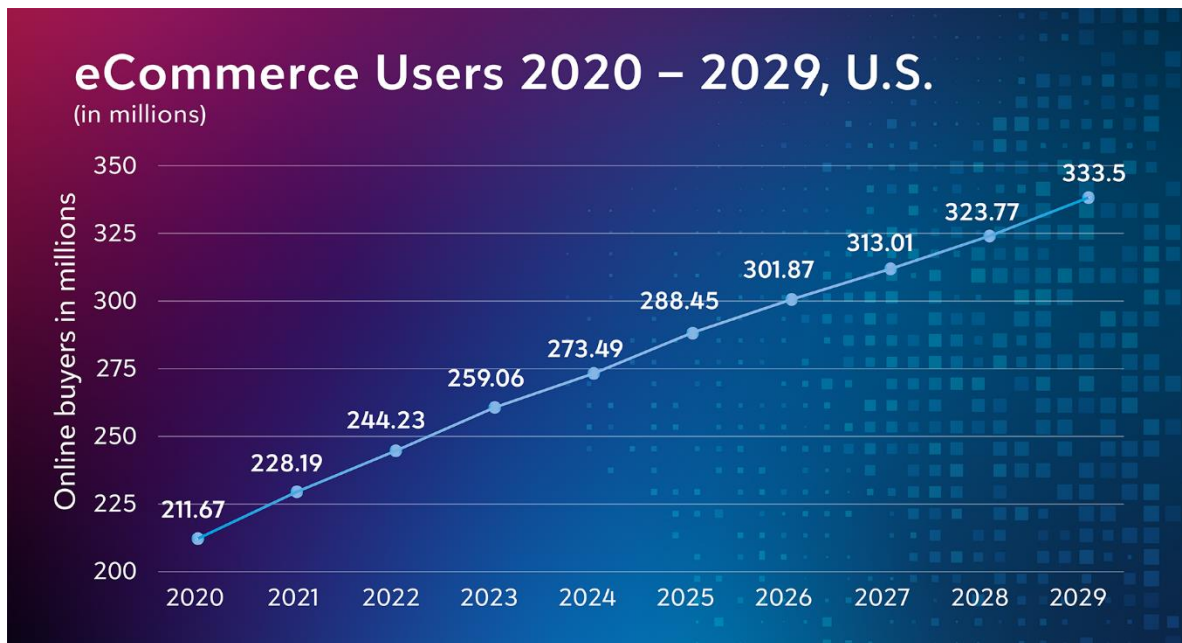
## Connecting the Physical to the Digital

It's no surprise that eCommerce continues to expand, both in the U.S. and worldwide. Nonetheless, the effects of this growth on industries such as ours, which have traditionally sold physical products in physical retail spaces, are still being evaluated. In this issue of Data in Motion, we share an overview of this shift from physical to digital and provide some insights on how the industry can capitalize on this growing phenomenon.

### eCommerce Growth

As the charts below show, both eCommerce revenues and users have been on an upward trajectory since 2019 and are expected to continue in the near term.<sup>1</sup>





Despite this rise of eCommerce, a 2024 study by PricewaterhouseCoopers shows that brick-and-mortar locations remain vital to the consumer’s shopping experience.<sup>2</sup> The report shows that 46% of consumers value the ability to see and touch the products they are considering for purchase, and 40% enjoy having the option to purchase the products they want in-store, giving them immediate possession (vs. waiting for it to be delivered).

Interestingly, Gen Z, often perceived as leading a digital-heavy lifestyle, shows a strong affinity for in-store shopping, with 60% using stores for research/discovery and 56% for purchases. They still rely heavily on digital offerings, however, using online marketplaces (47% for discovery, 48% for purchase) and even Artificial Intelligence (50% use AI for research). In comparison, 29% of baby boomers use AI to guide their shopping decisions.

## A Foot in Both Camps

But the physical vs. digital discussion goes beyond just the purchase process – it also applies to the products and services being purchased. There are fully physical products, such as food, clothing, and furniture, and there are fully digital products, such as streaming services, apps, and software. However, many products and services can be offered both physically and digitally, such as books, music, and even healthcare.

Lottery games are an example of a product that can be enjoyed both physically and digitally. Players still drop into their neighborhood convenience store to pick up scratch games or a ticket for the latest jackpot game. But in many jurisdictions, they can also play eInstant games, iLottery, and buy draw games on their phone.

This digital shift brings exciting growth opportunities, yet some players will always prefer the physical experience, from purchase to play. In fact, a recent study conducted by Scientific Games indicated that more than a third of players who do NOT engage in digital play cited their preference for physical games as the reason.<sup>3</sup>



## Final Word

With these overall consumer trends in mind, lotteries are partnering with the supplier community to develop new games that engage players both physically and digitally. Scientific Games' *Scratch Connect* product, for example, gives players the physical experience of buying and scratching a paper ticket and extends the play experience by enabling the player to continue the fun by playing a digital game online. As more of these “phygital” products become available, our industry is well-positioned to satisfy a wide range of player expectations.

## CONTRIBUTOR



### AMANDA SAFERIN

Amanda is Scientific Games' Senior Director of Product Marketing and Innovation for the company's digital solutions and omnichannel strategies. A lottery industry veteran, she joined SG in 2007.

Sources:

1. [Statista - us-retail-e-commerce-sales-forecast](#)
2. [PWC - Merging-Digital-and-Physical-Stores](#)
3. Scientific Games, LLC 2025

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Editor: John Paul Candler

Design: Sarah Schroeder