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Marketing Strategies

Marketers from seven U.S. lotteries discuss their FY23 product advertising, digital, social media, influencer, and customer acquisition campaigns.

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4Q22 & Cal22 Sales Report

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The Couriers' Race

While most state legislatures have either ignored or even fettered their lotteries from selling online, lottery couriers have filled the void. With potentially billions at stake, the market is attracting more companies than ever, but some of the new entrants' actions are troubling.

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Why Scratch Sales Are Recovering Faster in Some Markets

Like so many other industries, lotteries are challenged by the aftereffects of the pandemic. Instant game sales grew by double-digits between 2020 and 2021, but in 2022, they had a year-over-year decline. Preliminary data shows that instant sales will be down about 3% year-over-year in the U.S. for the calendar year. But the *Scientific Games Enhanced Partnership* program is helping lotteries recover their sales faster with data-driven solutions, explained Angela Goodwin, Senior Director of *SGEP*, one of the program's leaders who has worked on instant products at the company for 15 years.

Scientific Games teams of marketing and product experts and data scientists work on-site or nearby lotteries all over the world, designing instant games and managing instant game portfolios. *SGEP* provides lotteries with technology-driven analytics and insights, game portfolio optimization, game manufacturing, advanced logistics, marketing, sales support, and licensed brand services.

SGEP customers have outperformed their counterparts in growing their instant portfolio. On a per capita basis, *SGEP* clients are generating \$4.80 per capita versus \$3.43. "We're able to fully customize these programs to help lotteries solve any pain points and serve their specific needs," Goodwin said.

Data Shows Growth

"We are going up against some tough comparisons. Considering the significant double-digit growth everybody's experienced, that's actually pretty good," Goodwin said. "When you look at the last few years, we've done great things, but you just can't sustain that level of growth long-term. I think it's incredible where we stand today."

Fourth quarter calendar year sales show *SGEP* customers are starting to recover fast, either sustaining year-over-year revenue or slightly growing. The North Carolina Education Lottery, an *SGEP* client, outpaced every other U.S. lottery's instant game sales in Q3 2022 with 13.5% growth.

"The NCEL is a great lottery. They're very focused on their instant game portfolio under the leadership of Mark Michalko and Randy Spielman. We find that relationship to be extremely exciting and productive; they're listening to us, we're listening to them, and we're all working together for the same cause," Goodwin said.

The December issue of La Fleur's Magazine took note of how Scientific Games' patented back-office systems played a big factor in the NCEL's success with its instant games. The NCEL integrates the function of *SciTrak* with the business intelligence of *OrderCast* to optimize the performance of its instant games. *SciTrak* helps lotteries and their retailers track stock, while *OrderCast* generates predictive orders for the retailer.

"We have to make sure that we're filling retail bins with the best mix of price points," Goodwin said. "So it's not only important to keep bins stocked but to keep them stocked with the right products. If they're overstocked, we're potentially taking retail space away from better-performing games."

SciTrak and *OrderCast*'s success has many lotteries planning to implement the technologies. Arkansas, Colorado, and New Hampshire lotteries are the most recent to do so.



Custom Solutions for Different Markets

"We're big believers in the data and how important it is in this consumer-driven world. The industry needs to invest more in gathering data and putting systems in place that lotteries can connect to it and respond more quickly to the marketplace," Goodwin said.

One of the *SGEP* team's core missions is to understand the players purchasing these games; for instance, by seeing what drives players' decisions and why they are motivated to play. They regularly collaborate with their lottery partners to create robust primary research programs.

The *SGEP* team uses this information to design games for lotteries. When Scientific Games was creating its \$50 game strategy, the company's Analytics and Insights Team spent hundreds of hours researching what would perform best in the market. For example, they brought concepts to the Pennsylvania Lottery for consideration and worked closely together to customize a \$50 game for that specific market. The result was the Pennsylvania *\$5 Million Money Maker*.

"There was a lot of collaboration. The research showed that players were really motivated by the best chance of winning specific prizes. They wanted to see the \$500 and \$1,000 win," Goodwin said. "Players also wanted a minimum prize that was higher than the purchase value of the game."

Next Generation Digital & Paper Products

The economy has been a rollercoaster for the last few years. While double-digit instant game growth was wonderful while it lasted, Goodwin and the teams at Scientific Games are focused on sustainable growth and creating a healthy play environment. "Strong consumer research is important, as is supporting our people and our partners," Goodwin said. "We need to make sure that everybody is empowered and has a voice in what they believe is the next best thing."

For *SGEP*, the next big thing will be continued investment in digital tools for enhanced player experiences. "The paper ticket's not going anywhere and will continue to be one of the leading products in the lottery's game portfolio," Goodwin emphasized. "And the connection between the paper ticket and a digital experience is key to the future growth of *SGEP*. Our digital teams are working hard to advance what that environment looks like when a player walks into a physical retailer and seamlessly connects to a digital experience."

OrderCast™ and *SciTrak™* are trademarks of Scientific Games.

The Science Inside *the Success*



130
lottery customers in
50 COUNTRIES

5
INSTANT
GAME
production facilities on
4 CONTINENTS

3,000+
employees

40+
locations
worldwide

With 70% of global instant scratch game retail sales, 30+ iLottery customers, 40+ systems customers, and partner to the largest government sports betting program in the world, Scientific Games brings 50 years of innovation and experience to responsibly drive lottery performance.



GAME NIGHT

These classic games are ready to *Play*

\$0

ROCK'EM SOCK'EM ROBOTS

THE ORIGINAL FIGHTING ROBOTS!

POW! BAM! WHACK!

YOUR SCORE THEIR SCORE

GAME 1	PRIZE
GAME 2	PRIZE
GAME 3	PRIZE
GAME 4	PRIZE
GAME 5	PRIZE
GAME 6	PRIZE
GAME 7	PRIZE
GAME 8	PRIZE
GAME 9	PRIZE
GAME 10	PRIZE
GAME 11	PRIZE
GAME 12	PRIZE
GAME 13	PRIZE
GAME 14	PRIZE
GAME 15	PRIZE

WIN UP TO \$500,000!

If YOUR SCORE beats THEIR SCORE within the same GAME, win PRIZE shown for that GAME. Reveal a \$\$ symbol within a GAME, win DOUBLE the PRIZE shown for that GAME.

000 ■

\$3

UNO

Reveal a prize in the BONUS spot, win that amount.

BONUS

YOUR UNO™ CARDS

GAME BOARD

6	9	9	1	1
6	5	5	0	6
5	9	9	8	2
9	8	0	7	7
3	8	8	6	1
3	2	2	2	0
8	1	7	4	

SEE BACK FOR PLAY INSTRUCTIONS

PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE

WIN UP TO \$1,000!

000 ■

\$2

MAGIC 8 BALL

WINNING NUMBERS

YOUR NUMBERS

8	8
PRIZE	PRIZE
8	8
PRIZE	PRIZE
8	8
PRIZE	PRIZE
8	8
PRIZE	PRIZE
8	8
PRIZE	PRIZE

If any one or more of YOUR NUMBERS match either of the WINNING NUMBERS you win the prize shown below your matching number(s). Reveal a (2X, 5X or 10X) symbol and multiply the prize won by 2, 5 or 10 TIMES respectively!

Reveal a (YES) symbol in the MAGIC BONUS BOX and win ALL 10 PRIZES shown!

WIN UP TO \$10,000!

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Contact your Scientific Games representative for details.

