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The Hourglass Game

Texas Lottery has been considering a \$100 ticket for 15 years, but opted not to move forward with it until the market's needs met the perfect prize structure.

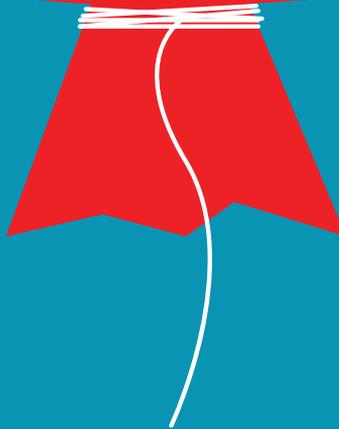
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2022 Best Instant Games Report

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INFLATION

Will it blow up the industry?



Why Well-Known Brands Drive Player Engagement

Licensed brands play a fundamental role in the game portfolio, but they are beginning to be used differently throughout the lottery ecosystem. These new roles emphasize aspects of engagement, whether it's through second chance contests, personalized marketing, or promotions that connect players from retail to online and vice versa.

But before discussing the evolution of licensed properties, it is vital to check their performance for their initial purpose in the portfolio: player acquisition. Many new players have tried lottery products for the first time in the last two years. "New players tend to spend more time with their games. They're not your traditional key number match game players. Their entry point to purchase is something familiar, such as a brand they already know like MONOPOLY," said Danielle Hodges, Director, Global Product Innovation & Development for Instant Products, Scientific Games.

Recent data also suggests that new players gravitate toward licensed properties. In 2019, retail sales of licensed properties were less than \$400 million. In 2021, sales exceeded \$500 million. The percentage of players who purchased a licensed branded game has also increased to 54% in 2022, up from 37% in June 2021.

Brand Recognition Is Powerful

Amy Bergette, VP Digital Content Studio at the company, explained, "Brand recognition is very powerful. Players

trust brands, especially popular brands. If a brand is well known to them, they're more likely to try an online version of a game."

For lotteries selling games online, licensed brands present unique cross-promotion opportunities. Players can play a game digitally and receive a coupon to redeem at retail. Likewise, for the purchase of a lottery game at retail, players may receive bonus money they can use for online play. When a lottery leverages a licensed property across digital, scratch or draw games, it creates a connected and entertaining experience with a unique value proposition and branding opportunity. This marketing ecosystem rewards players for engaging in all lottery channels.

"Aligning product strategies across iLottery and retail creates exciting engagement opportunities. Licensed brands are an ideal way to connect players through the entire ecosystem and create exciting promotional events where players are incentivized to purchase the retail and online games," Bergette said.

CRM Creates Brand Engagement

CRM programs are critical to driving growth and lottery is no exception. Consumers expect brands to communicate with them effectively. "Licensed properties provide lotteries a deeper, more personal way to engage with players," Bergette explained. "Leveraging a popular brand in marketing messages further enhances the consumer experience and creates unique

opportunities to personalize the player experience."

The more players interact with lotteries digitally, the more licensed brand engagement opportunities arise. Lotteries can send personalized marketing messages featuring players' favorite



Amy Bergette (left) and Danielle Hodges (right) are helping lotteries increase player engagement with licensed brands.

brands. For non-iLottery states, crossover tools also allow them to prepare for selling online eventually.

"Even before a lottery begins selling online, they can create a unique digital experience with licensed brands through second-chance promotions and loyalty programs all supported by CRM strategies and marketing communications. By building an online player database that's already engaged with products at retail and motivated to register and enter tickets online, lotteries create an effective omnichannel strategy. It's preparing for the future," Bergette said.

Crossover Products

Hodges leads the Scientific Games team that builds these crossover products, which are enhanced traditional products with digital features. Licensed properties significantly improve player adoption rates for these new games.

"We can connect a specific player with that brand, and we build strategic second chance promotions connecting the actual play data from their ticket directly to the player's phone," Hodges explained. "By using that play data, the variable nature of the play symbols allows for so many different play experiences."

Second-chance products with licensed properties can be further enhanced with new innovations. "For example, by adding progressive jackpots to a second-chance promotion, which players are used to in draw games, and then applying a licensed property like MONOPOLY, lotteries give players a more interesting and exciting experience," Bergette said.



Inspire

The Fun.

We're always thinking about the player experience.
Because it's not just a game.
It's an instant of optimistic fun.





THE TIME IS NOW

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