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**“THERE IS NO REASON ANYONE WOULD WANT
A COMPUTER IN THEIR HOME.”**

—Ken Olsen, founder of Digital Equipment Corporation, 1977

That famous quote is often cited when business experts warn companies that they need to look to the future to survive. Digital did not, and the company that held the position of the world's second largest computer company in the late-1980s had disappeared by the mid-1990s.

In the Lottery industry, we've been hearing for years (decades?) that the Internet is the future of the Lottery. Session upon session at industry conferences have been devoted to the topic. And while we wait for more state legislatures to join those in a handful of states that allow their lotteries to sell on line, the Internet HAS changed the Lottery industry. With the widespread availability of wi-fi, the proliferation of Internet-enabled devices and the meteoric rise in social media, Lotteries can now take their message directly to their customers, instead of relying on retailers for communication.

In this three-part series, we'll look internally and externally at the impacts of the Internet. Internally, at how the Internet has forced lotteries to expand their communication capabilities and create marketing plans that work in the digital world. Externally, at how some of the leading companies are operating, and succeeding, with new methods of customer engagement.

THE INTERNET AS A MEDIUM OF COMMUNICATION & ENGAGEMENT

We've all seen the television ads:

- A wife asks her husband if he locked the car, parked at the airport, and he uses his Buick phone app to lock the doors from a remote beach
- A husband is using a fire extinguisher to douse a small blaze and shouts “Alexa ... ask 1-800-FLOWERS to order Tina flowers.”
- A delivery person rings a doorbell, a voice says “hello,” and the delivery man says “delivery for Aaron Parker.” Sitting at his office

desk, Aaron Parker uses The Ring to view the delivery man through the doorbell camera and approve the delivery.

What links all these products? The Internet. Or, more specifically, the Internet of Things, to use a popular reference. Given how the Internet has proliferated our everyday lives, the Internet of Things is perhaps a more apt description, as it refers to how the Internet is now a part of our everyday lives, controlling objects that are important to our daily operations.

How important? As Forbes Magazine recently wrote, “If it has an on and off switch then chances are it can be a part of the Internet of Things.”

And this has significant implications for any entity—such as a Lottery—which interacts with consumers and, most important, relies on those consumers for revenue. Almost all Lotteries have executed the “blocking and tackling” of an Internet presence – websites and mobile apps. But today, players want more. They want an Internet of Things. They want to log in to a lottery's site and receive a customized experience, perhaps an update on the number of top tier prizes remaining in the scratch games they have selected, the amount of drawing entries they have entered into special drawings, and “shop” for the rewards they have now achieved in a player's club.

Bottom line—the Internet allows Lottery to have a dynamic relationship with customers—they know you AND you know them. Powerful stuff. But to quote Uncle Ben in the Spiderman movie “With great power comes great responsibility.”

In the “old days” (1990s!), the only way that Lotteries could know their players was when they won a prize that needed to be claimed at headquarters. Even as the Internet and email became a preferred mode of communication, few lotteries collected eInformation on their players.

“AN ABANDONED PRESENCE IS WORSE THAN NO PRESENCE AT ALL.”

—Marketing Today magazine

What has changed? The advent of Lottery web sites in the late 1990s and early 2000s, growth of second chance drawings in the early 2000s, and the introduction of loyalty programs and players clubs in the past six years—all critical developments.



Missouri Lottery's "My Lottery Players Club" Home Page

Unfortunately, outside of the Lottery industry, what happens online has moved MUCH faster than what is allowed, in most cases, for Lotteries. Consumers can go online, order a pair of shoes, and they will be delivered by noon the next day. Running low on milk? Many grocery stores will deliver online orders the same day. Movie tickets, ski lift passes, wedding dresses, books, a case of beer, contact lenses—there are very few consumer products that cannot be ordered via the Internet.

And that's an issue for Lotteries which, except for a lucky handful, cannot sell their products via the Internet. Everyone is hoping more and more states move in the direction of allowing online sales (iLottery), but this is a glacial movement which will take time.

So for lotteries that aren't allowed to sell via their websites, what are the next steps? Web sites and apps have been created; now what? In subsequent articles, we'll explore how lotteries can herd the power of mobile to their advantage and how the Internet can be fully utilized as a promotional and advertising medium.

Lotteries should be using the Internet—through their web site, Facebook, emails, etc.—to provide the latest, most interesting, relevant, customized, brand-building content possible.

According to the Online Marketing Institute:

- 90% of customers find custom content useful while 78% believe that companies with custom content are interested in building positive relationships
- Content marketing costs less than traditional marketing, 62% less per lead, to be exact

Now that Lotteries have the tools in place to build their online presence and, if they can't offer iLottery just yet, it's time to fully realize the potential. Where to start?

- Offer “logged in/not logged in” web sites. Not Logged In is what the world sees when they come to your web site. Logged In is what your most engaged—and important—customers see when they log into the players club, loyalty program, second chance account, or any other place on the site which offers customized information.
- Make them feel special. These are your best players, the ones that follow your scratch game releases, who know how many top prizes are left, who purchase tickets to ALL your Daily Numbers drawings, who purchase a days' worth of KENO To GO games before work. They need to feel like you care about them. So send them Happy Birthday emails, alert them to Lottery events happening near them, add points to their rewards account on the anniversary of their registration. Small gestures go a long way to building customer loyalty.
- Push to retail. For Lotteries that can't sell online, retail is still king. Use your web site to promote retail sales is critical. If possible, provide promotional emails (BOGO, etc.).
- Update, Update, Update. To quote Marketing Today magazine, “An abandoned presence is worse than no presence at all.” You've taken the effort to create a web site. Don't let tumbleweed take over. If you're still promoting the \$1.5 billion Powerball jackpot, it's probably time to polish the site. Consumers expect web sites to feature the latest and greatest information. If your site looks like no is paying attention to the content, consumers will stop paying attention to you.

The Internet is a powerful tool. But like any tool, you must understand how it looks to your customers, treat it with care, and undertake frequent and proper maintenance. Once the basics are covered, Lotteries will reap the benefits of loyal customers, retail relevancy and—the ultimate goal—revenue increases. ■

A 15-year Lottery industry veteran, Jim Acton has worked on both the Lottery and vendor sides of the business. He started his Lottery career as Chief of Staff at the Massachusetts Lottery, worked at Hasbro as Director of Licensing for Lottery & Gaming, and most recently served as a Vice President at Scientific Games.

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