Three (Un) Conventional Strategies to Stimulate Sales of Lottery Tickets.

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Lottery agencies are on a constant quest to balance meaningful sales and profit increases with cost controls, in order to increase their contributions to their states. In my experience, most of them are very skilled in doing so, through savvy product portfolio management, maximizing their marketing ROI and through constant focus on optimizing the POS experience.

We'd like to add to their existing arsenal of ideas by suggesting 3 additional ways to drive incremental revenue. These three solutions are already used successfully by marketers in other categories, and they're based on important lessons from behavioral science and our own experience. They may even be recognizable - to some extent, they're already used in the lottery industry

1. Act like a peacock at POS, stand out

As anyone who's spent any time in the category at all knows, POS is crucial to driving sale. According to research First-The-

Trousers did for the Indiana State Lottery and IGT, around 50% of the decision to play is triggered at point of sale. The problem? There's a multitude of available games and most frankly look alike and operate within the same form and visual conventions. This may be okay for core players who are very familiar with the games and for whom the newest game might stand out, but this "visual confusion and overload of choices" will most likely act as a deterrent to "light players," "non-players" or younger generations of players the industry so desperately needs to attract.

In Behavioral Economics, this phenomenon is called "Choice Overload" or "overchoice." In fact, research has shown that this phenomenon occurs as a result of too many choices being available to consumers. Overchoice has been associated with unhappiness (Schwartz, 2004), decision fatigue (players not being willing to put the extra effort required to make a decision), as well as choice deferral—avoiding making a decision altogether, such as not buying a product (Iyengar & Lepper, 2000) (source: http://www.behavioraleconomics.com/).

Not the best starting point to attract new players into the category.

So what can a lottery agency do about this? After all, the available in-store real estate is very limited and there are only so many pop-ups and stand-alone displays it can set up.

a) Elevate existing and successful tactics into strategies.

In order to stand out, a game needs to look and feel different from the other 40 (or 100) games it is displayed with. This is such an obvious statement; it is almost embarrassing to write about. And yet this simple principle doesn't seem to get systematically applied at point of sale.

We can already witness examples of this happening in the industry. Best case in point, were the "super tickets" used in some jurisdictions last year which are basically oversized tickets. The mechanism of the game didn't really change, but its extra-large size helped it stand out at POS. And sell.

However, this example feels tactical, the exception to the norm rather than part of a strategic POS display management approach. Elevating this approach strategically would imply that the product development and marketing team make the specific effort, as part of the product development and launch process, to ensure that all new products stand out through their physical attributes at POS. A simple framework for that step in the process could be something like this.

GAMES STYLE CONVENTIONS

Design Dimension	Current Conventions	New Conventions
Size	More or less similar in size	Bigger games, smaller games, etc.
Shape	Mostly square and rectangular	Round, oval, objects or animal shapes, non-square
Color scheme	Colorful, multiple colors	Pure black or white games
Texture/material	Glossy paper	Organic, etc.
Experience	One dimensional	Interactive
Thickness	Fairly standard	Thicker or thinner games
Visuals		

b) Tap into people's cultural passion points as a way to stand-out:

Another way to help people overcome "Choice Overload" and facilitate trial and decision making at point of sale is to tap into some of your players' and potential players' core cultural passion areas. This point is basically about "borrowed interest." The best example I've seen illustrating this point was the Walking Dead game by Scientific Games launched a couple of years ago.

By tapping into people's love for the Walking Dead TV show, lotteries were able to attract new players. Walking Dead has become a pop-cultural phenomenon with a strong following and tapping into that equity made it easier for younger players to "enter" the category.

Here too, what appeared to be a one-off game idea could become a more strategic way to manage a product portfolio by simply asking what other passion points and pop-cultural trends could a lottery tap into to attract new users to the category (Facebook analytics can provide a huge insights here). Star Wars, anyone?

2. Leverage digital channels to simulate experiences, not to sell

While Digital with a capital D is on every marketers mind, most state lotteries are legally constrained from utilizing it as a sales channel. So, the default option for many lottery agencies is to use the digital space (especially mobile and social) for either information purposes (the winning numbers, announcing the winners, etc.), for communication and advertising purposes or as part of their content strategy. And that's smart given the legal constraints.

However, there is also another way to look at the digital space and its potential to draw players, especially new players, into the category. Allow me to digress for a second.

A few years ago, I had the opportunity to have Hallmark, the greeting cards manufacturer and distributor, as a client. Hallmark is generally known for its highly emotional advertising but what many people don't realize is that Hallmark is actually in the retail business, trying to drive consumers into any of its 2250 Gold Crown stores (1850 of which are privately owned). Hallmark had a problem similar to the lottery category, known as the leaking bucket, in that it struggled in attracting younger people while older customers, well, get older and eventually drop out of the category. The typical Gold Crown store visitor was a lady in her 60s with way too much time on her hands.

To make things worse, free e-card services started to pop-up online at the time (this was 6 or 7 years ago), a trend Hallmark saw as a threat and therefore strongly resisted initially. In fact, the company was 1. Afraid to alienate its retailers (the belief at the time being that "people who send a card online will not go to a store") and 2. Lose sales and profit to this free digital offering.

However, after a while we started to realize that this trend towards free online greeting cards was actually helping Hallmark's sales and retail stores visits because it allowed a whole new generation of consumers to enter the category and experience the satisfaction of 1. Sending a greeting card and 2. Getting exposed to the recognition and appreciation of the receiver (a key element in the giving process).

In other words, the internet enabled a whole new generation of potential greeting cards buyers to "experience" the satisfaction of sending a greeting card from the comfort of their desk or couch, which in turn drew them into a more "ritualized social connection behavior" and ultimately into the category.

The same insight might apply to the lottery category. What if we'd use the digital space to help create experiences that would give potential players the opportunity to explore and feel what it

would like to play? And win?

To test this hypothesis First-The-Trousers is working on two Facebook apps. One taps into the insight that everyone has at one time or another imagined and even calculated what they would do if they'd win the lottery. Since we at FTT believe that technology enables existing behaviors rather than creating new ones, the idea of this Facebook App is to give people a tool to plan what they'd do with a big win and, obviously share the results with their social networks.

WHAT KIND OF MILLIONNAIRE WOULD YOU BE?
Take the little quiz to find out what type of Millionnaire you would be
The Philanthropist · The Adventurer · The Family Man · The Dreamer · The Big Spender · The Planner

The second Facebook App idea FTT has in the pipeline is a quiz that would help players identify what type of Million-aire they'd be. Based on their answer to a few simple questions, respondents could be assigned to one of 6 or 7 personas (the philanthropist, the traveler, the egoist, etc.), which again could obviously be shared on social media. Online personality test and quizzes are highly popular and viral, so why not use them for the lottery category?

What these digitally enabled experiences do, we believe, is help potential players to get in the "mental frame of mind" of playing the lottery by inviting them to actively imagine (and calculate) what it would be like to win (as opposed to just com-municate an advertising message). This personal experience, as we know from other categories, is then very likely to act as a door opener into the category for people who may have never imaged playing before.

## 3. Increase the Number of Purchase Occasions

An accepted observation in the category is that increasing the number of retail outlets helps increase overall sales, as was seen last year by the New Jersey State Lottery. Behind this simple

observation is a hidden truth: "the more opportunities players have to purchase games, the more they will do so." From my past experience I know this to be also true for the confectionary category: increased distribution equals increased sales.

Another way to look at this basic truth is not so much in terms of retail touch points but in terms of buying occasions, following the logic that "the more purchase occasions players are given (i.e. reasons to buy games) the more games they will buy." In the Nov/Dec 2015 edition of the PGRI magazines we illustrated in an article entitled "Embracing The Essence of the Traditional Lottery-Playing Experience" how scratch games that looked like greeting cards or coffee sleeves (rather than tradi-tional scratch-off games) would be equally appealing to survey respondents (in terms of purchase intent) while also tapping into very different need state and therefore purchase occasions: social gifting for greeting cards and "being part of the morning ritual" for the coffee sleeves.

As such, it might be worth to also think about increasing the number of purchase occasions as a way to stimulate sales. Exclu-sive partnership with specific retailers might be a quick, natural progression in the category. Though, redesigning completely new product experiences (such a coffee sleeve) might take the industry players a little longer to develop and implement.

First The Trousers teams up with many different experts. One of them is Nicole Abramson, a senior shopper marketing expert whose experience includes strategic program development for SC Johnson at major retailers including Target, Whole Foods, CVS and Walgreens. Her recommendation to promote lottery sales is to think in terms of brand partnerships, in particular during new product launches, where brands may also be able to help invest in additional in-store and digital advertising (for example,

CATEGORY GROWTH THROUGH INCREASED RETAIL TOUCHPOINTS & INCREASED PURCHASING OCCASIONS
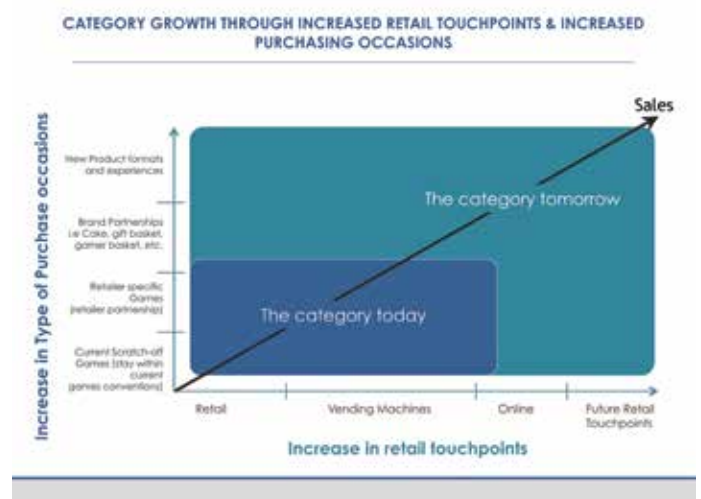
a Coca Cola game that features a new flavor). "Product Bundles" or baskets where scratch games could be offered as a bundle with other popular items found at convenience stores and gas stations around specific "themes" may create new purchase occasions and appeal to a different shopper than just the end user. So, for example, a husband may be more inclined to purchase a Valentines themed gift basket for his wife that potentially includes scratch games, chocolate and a card that speaks to how rich life is because of her. Other ideas could include a Road Trip Kit with mini travel board games, a gas card and scratch off tickets or a "pot of gold" gift basket for St. Patricks Day that includes scratch offs and gold chocolate coins. The list of potential themes goes on and on. This tactic works very well for packaged good brands and large retailers, so why not for the lottery category? And I am sure many retailers and brands would love to partner with the state lottery.

Nicole's recommendation and experience is also supported by research done by two Yale University professors that shows that "bundling products works well as a sales strategy especially to increase overall revenue and sales." Give people another compelling opportunity to purchase games, and they will!

To conclude:

When planning the next generation of products to fill your innovation pipeline and product calendar you may want to consider following learning to help your product stand out, boost sales and attract new users to the category:

• Can you make the games physically stand out at point of sale (make them bigger, smaller, rounder, etc.)

• Can the game(s) leverage relevant trends in pop culture such as popular TV shows and thus tap into people passion points?

• Can you leverage the digital space to create experiences that would enable potential players to experience and share the thrill of playing and winning?

• Lastly, in addition to trying to increase the number of retail outlets, can you think of ideas that would increase the number of purchase occasions like creating memorable product bundles? ∎

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Jean-Luc Moner-Banet Interview ...

developing the scholarship program of which 69 individuals took advantage of since its launch in 2013 to participate to those events, at WLA's expenses.

What are some of the obstacles to accomplishing what we need as a community of government-gaming operators? What can individual lotteries do to help our common cause to defend the lottery model on the legal/political/regulatory front? Or compete in the consumer market-place?

J.L. Moner-Banet: The community of WLA Lottery Members has to cultivate its historical values which are the operation of games for the profit of the public utility, good causes and public treasuries, whilst respecting the best practices and standards in place in the domain of integrity, transparency and social responsibility.

By being faithful to all these values, our members defend what was their purpose, the reason for which they were created and contribute to making our community of members unique on the gaming and gambling market which is, by the way, largely governed by purely mercantile laws from which we essentially distinguish ourselves by the destination of our profits to good causes.

How does the WLA help them in their mission to prosper and grow in an increasingly challenging market-place and regulatory environment?

J.L. Moner-Banet: To come back to the first question and my answer, the WLA contributes to the prosperity and growth of its members by developing the standards of our industry, favoring the education, exchange of experiences and best practices with our members as well as by being quality partners of international entities in all domains, in particular sports, such as the IOC or FIFA.

What do you see as the most important trends when it comes to the game-styles that consumers are drawn to?

J.L. Moner-Banet: More than a question of game-style, I think that the evolution of these last years and the ones we see for a close future concern more the ways of marketing rather than the games themselves. Saying that, I think of course of the increasing development of interactive channels, mobile terminals, social networks, but also of the importance of following the evolution of technology by being able to implement it in the retail market which remains—and for a long time to come—the number one source of revenue of our members. ∎