

Following is an edited synopsis of the panel discussion held at PGRI SMART-Tech on April 7 in New York. You can view a video of the complete presentation at [www.PGRItalks.com](http://www.PGRItalks.com). Edited by Paul Jason, PGRI.

## RETAIL OPTIMIZATION: THE IN-STORE PLAYER EXPERIENCE

How can in-store technology be used to turn the store visit into an engaging consumer experience, and turn the buyer of a Lottery ticket into a player of Lottery games? How can new technology-based innovations like electronic play-stations, in-lane sales, self-serve kiosks, in-store NFC-enabled internet and WiFi, and other forms of digitization engage the consumer and drive increased Lottery sales?

### **Moderator:**

Rebecca Hargrove,  
President &  
Chief Executive Officer,  
Tennessee Education  
Lottery Corporation and  
Senior Vice President  
of the World Lottery  
Association (WLA)

### **Panelists:**

Max Goldstein,  
Vice President Sales,  
Carmanah Signs

Terry Rich,  
Chief Executive Officer,  
Iowa Lottery

Rick Weil,  
Chief Executive Officer,  
INNOVA Group/  
Diamond Game

Bishop Woosley,  
Executive Director,  
Arkansas Lottery

**Rebecca Hargrove:** Our panel discussion focuses on the retail channel, where the internet is having a dramatic impact. What is your vision for how internet technology will apply to the retail shopping experience to change how we do business with our retail partners and how players interact with Lottery?

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—Rick Weil

**Rick Weil:** There are many things we can do with technology to enhance the player experience, but we need to be realistic from a regulatory point of view. Expanding the number of POS's, making lottery products available in more channels and venues, is a strategy that delivers short-term, long-term, and predictable results. Bars, taverns, and other age-restricted venues are under-penetrated channels for Lottery. The potential for Lottery to increase sales by focusing on these non-traditional channels, and otherwise expanding its POS footprint, is significant.

**Terry Rich:** Here are several observations, some of which lotteries are already using, some of which are interesting possibilities. Purchasing tickets with a barcode app is a convenience for customers that we've been utilizing for three or four years. Convenience is such a huge factor in lottery purchases, it's an ongoing priority for all of us in our planning.

Instant loyalty points, ticket self-checkers and cross-use of loyalty points is a new concept that is being tried. Paperless tickets using NFC's (Near Field Communication) have been mentioned. Grocery IQ is an app that suggests purchases and gives you retail deals. An augmented reality point-of-sale system could enable the shopper to see the tickets pop up in ways that are entertaining and attention-getting. As you point to the ticket, it identifies new products and recommends tickets to order, games to play. Facial recognition could become the password that would allow the record of past purchases to be displayed on the monitor and your picture to be printed on the ticket for easy I.D., instead of requiring customers to sign their tickets. An important project that we've been fine-tuning is the technology to continuously update customers' record of purchases. A purchase is made, that information is transmitted to our server, posted to the record, the record of past purchases is automatically updated, and the Lottery can provide real-time inventory management data to its retailers. It also produces a retail purchase report of what else they're buying, and an immediate industry trends report to show what's hot for the week.

**Max Goldstein:** Successful programs in Europe and Canada have shown that sales for lottery in-lane sales are strong and growing, and that they are significantly increased when the jackpot is displayed to the shopper. Digital play-stations add tremendous value. In fact, digital play-stations can reshape the whole lottery playing experience by presenting Lottery in a way that appeals to the

Continued on page 38

Digital play-stations can reshape the whole lottery playing experience by presenting Lottery in a way that appeals to the modern consumer.

—Max Goldstein

modern consumer. The Millennial may not want to take a play slip out of a counter-top bin and fill it out with a pen in the conventional manner. The modern shopper is attracted to the monitor screen. That is how they are used to getting the information they need to make decisions and engage. The modern consumer wants to play and learn about Lottery on their own terms. Most shoppers do not want to ask the retailer how to fill out a play slip and play. The digital play station is scalable and can transform the retail experience by engaging the shopper with a medium that enables them to decide how to interact with Lottery. The play-station is perceived by them as a large interactive tablet or a giant iPhone. It's a touch screen. You can pick any game and learn more about it. You can go to the section that describes the good causes that Lottery supports, you can print a bar code. You can do a 'quick-pick' or pick your own numbers and then go to your shopping cart and generate the purchase to your phone, communicate with the terminal, or generate a bar code that could be scanned and then get a ticket from the terminal. This is all brand new for the industry. Carmanah Signs is doing a couple of pilots and the results will be available this summer.

**Bishop Woosley:** I think everyone here would agree that the Mobile connection is integral to everything we do now. And for most of us in the U.S., Lottery is not a part of the Mobile experience. I'm glad we're finally moving towards in-store Beacons, cashless lottery transactions, and interactive tools.

**Max Goldstein:** We can look to Europe for ideas on how to apply these new technologies and processes. They have years of experience with this and several lotteries there and in Canada are expanding their retail presence by being in-lane. The Belgian post office is an in-lane lottery retailer; they don't even have lottery terminals. They are using the POS system. They're selling draw-based games, they're advertising the jackpot, and doing the basic things to prompt people to buy.

Everybody is used to touch screens and everybody has come to

expect that they will get messages when they walk by a store. We need to embrace some of the technology that enables these digital interactions in order to attract and engage the consumer.

Like Rick mentioned, we need to think about locations where people can stay and play: bars, bingo halls, Veterans and fraternal locations. Having something to do, a game to play, encourages those patrons to spend more time and maybe a bit more money. The shop owner benefits because more drinks and more food gets served as patrons stay to play more games. And it is more sociable with everyone interacting together.

**Rebecca Hargrove:** What do you think the retail world will look like five years from now? What can we do to prepare so that instead of reacting and following, we are proactive and leading and ready to help retailers get to where they want to be?

**Terry Rich:** Applying digital technology is the key part of any plan to prepare for the future. Ultimately, we'll be buying our tickets online and working with the retailers to have special promotions so that once you buy a ticket and see the win posted directly to your bank account or given in cash, the player will be motivated to go back into the store. The ticket boxes on the counter-top probably will go. Purchases are going to be made with an iPad, mobile, or some other personal digital device that so that the ticket may already have been purchased before you even walk into the store. And if not, there will be a Beacon to entice you to buy the ticket.

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—Rick Weil

**Rick Weil:** In five years, we won't have the terminal and we won't be printing tickets. And because transactions will be digital, we will be capturing far more information and come to learn far more about the players. Then too, we will interact with and communicate directly with the players through their devices.

**Rick Weil:** The whole customer journey must be engaging, compelling, and relevant. And I do think there is an opportunity for us as an industry to improve on game content.

**Terry Rich:** We need to look at how self-service can help people to learn about the products. That could be just as important as providing a new transaction-enabled POS. Presently, the shopper is expected to ask the retailer how to play. Neither the shopper nor the retailer prefers that option. We need to provide the means for new player groups to be attracted to Lottery.

**Rebecca Hargrove:** In the video we just saw, the woman was not able to go out to the store because she was caring for her two

small children at home. She orders her groceries online. The pop-up invites her to buy a lottery ticket. So she adds a lottery ticket to her purchase. Do you think we'll ever get to where retail will become obsolete and we will all do everything online?

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—Terry Rich

**Terry Rich:** More and more of our purchasing will be done online. But retail will always be an indispensable option. People will always want that option and Lottery needs to preserve its place in the retail shopping environment.

**Max Goldstein:** I agree. There is no reason why all lottery gaming could not be conducted on the Mobile. But the consumer will always want to shop at land-based retail, and that's good for Lottery. Lottery and Retail have so much in common, so much opportunity to join forces and enhance the experience for both Lottery playing and retail shopping.

**Terry Rich:** We need to keep the current retail channel alive and well for Lottery. But we also need to diversify and develop new outlets. Otherwise our products and methods of interacting with our customer will mature and sales will stagnate. Innovation is important.

**Rebecca Hargrove:** How are FanDuel and Draft Kings getting their bills approved by some state legislators?

**Rick Weil:** FanDuel, DraftKings and the casino gaming industry outspend the lottery industry significantly. Influencing regulatory policy is all about making the appropriate connections and relationships with legislators.

**Bishop Woosley:** From a national standpoint, State Lottery needs a bigger voice. To do that, we need to create a united front, speak with one voice. If we don't do this, our voice will not be heard in Washington and commercial gaming will take significant bites out of our share of the games-of-chance market-place.

**Terry Rich:** The emergence of FanDuel and Draft Kings does represent an opportunity for us to reshape our relationship with

our legislators. We can now ask our legislators to consider more seriously our requests to have more tools and flexibility to compete in the marketplace. We can hope that they will allow us to now accept credit cards and make our products available online.

**Rebecca Hargrove:** The technology is there for transactions to be processed on a multi-purpose terminal instead of having a dedicated lottery terminal. If you were putting together an RFP/RFQ for your lottery, would it be a consideration to migrate to a technology that didn't require a dedicated lottery terminal?

**Bishop Woosley:** A lot of RFPs recently have done just that. Our industry needs to write RFPs that state that we want to look at multiple solutions. Our contracts can be 5 and 7 and even 10 year terms. So we have to build into them the flexibility to integrate new technology, and adapt to changes in regulatory rules, that are not available right now.

**Rebecca Hargrove:** The digital play-stations would seem to be a wonderful way to engage the consumer. Is there anything other than the cost of digital play-stations that's causing lottery directors to not move forward with creating a great digital play-station consumer experience to engage the player in land based retail?

**Max Goldstein:** The digital play-station could include a table, a digital screen, and an iBeacon. Retailers and the consumers are already using these technologies. We're just behind the curve. The ROI and success strategies are already being demonstrated in the market-place. Our industry just needs to be willing to do things differently.

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**Rick Weil:** There are the ROI considerations. Technology doesn't come cheap. We're using this kind of technology in our products. The win-per-unit from our play-stations enables us to build a revenue share with the operator right into the cost model so there's no cost to the lottery. To our mind, and with our product, the answer is yes, the ROI for digital play-stations is there. ■