

# CHAIN REACTION

INTEGRATED IN-LANE SOLUTIONS OPEN NEW DISTRIBUTION CHANNELS AND ATTRACT NEW PLAYERS



Competition in today's retail environment is fierce, as busy consumers are increasingly turning to large chains, discounters, and big box stores for convenient, one-stop shopping. One way to keep lottery viable and growing within the evolving retail channel is to equip new trade styles with integrated Point of Sale (POS) solutions that use the retailers' own POS systems and networks to sell lottery tickets.

With a properly executed POS solution integrated into the retail terminal, lotteries reach more players and sell more tickets. Selling a lottery ticket becomes the same as selling any other item. Lottery products are added with the customer's non-lottery purchases and printed on register receipt paper, without adding tasks for clerks or slowing down lines. By simplifying the accounting process – ticket sales are captured as a standard SKU bar-coded sale into the retailer's system and, by default, in all POS and back office reports – the right in-lane system turns lottery into a more attractive product for large-scale chains and other corporate retail environments. In a recent online study in the U.S., results were overwhelmingly in favor of in-lane purchases:

- › 89% of lottery players found the idea of buying Quick Pick tickets in-lane appealing.
- › 61% would buy lottery tickets more often if this option were available.

Lottery Inside has been GTECH's integrated in-lane solution for lotteries around the world since 2005. The Lottery Inside

platform has helped more than 9,300 stores, 22 retail chains, and lotteries in 9 jurisdictions from the U.K. to Mexico, Finland to New Zealand to:

- › **Open new distribution channels and recruit new retailers.** Because they are easy to use and do not take up any space on the counter, integrated POS solutions have proven useful to recruit chains in non-traditional trade styles. Of the 22 chains in which Lottery Inside has been implemented worldwide, 14 (representing more than 5,880 stores and 14,490 checkouts) had not previously sold lottery, including Netto in Denmark, Real in Poland, and Carrefour in Belgium.

14 RETAIL CHAINS THAT NEVER OFFERED LOTTERY BEFORE ARE NOW SELLING DRAW GAME TICKETS THROUGH THEIR POS REGISTERS AND GTECH'S INTEGRATED POS SOLUTION.

- › **Increase same-store sales from existing retailers.** In many chains, dedicated terminals help service regular and loyal players, while in-lane systems attract new, light, and lapsed players. This is especially true in periods of high jackpots: An example from Denmark shows that in-lane sales growth peaked at 100% higher than the normal level of sales, while growth from terminal sales peaked at 50% higher. In-lane solutions also significantly increase a lottery's sales

IN DENMARK, RESEARCH SHOWED THAT 25% OF NON-PLAYERS WOULD MAYBE/LIKELY/DEFINITELY PLAY IN-LANE. IN THE U.S., 61% OF LOTTERY PLAYERS SURVEYED SAID THEY WOULD BUY LOTTERY TICKETS MORE OFTEN IF IN-LANE PURCHASING WAS AN OPTION.

capacity during “jackpot mania” periods. Lottery Inside sales on average accounts for 5–30% of total lottery sales. Comparisons of sales trends between Lottery Inside and non-Lottery Inside stores suggest that **all Lottery Inside sales are incremental.**

- › **Defend and grow brick and mortar sales:** Momentum is building in the U.S. marketplace for integrated POS solutions in several jurisdictions and retail chains. Many lotteries consider the increased convenience of in-lane solutions a must to help defend and grow brick and mortar sales in the future.
- › **Expand player base and lottery awareness.** With more and different retailers, lotteries can expand their reach to consumers across a larger demographic, making lottery products more accessible and improving the perception of lottery as an integral part of the fabric of the community.

## THE RIGHT MIX: ESSENTIAL SALES AND MARKETING CONSIDERATIONS

Sales and marketing strategies are crucial components of in-lane implementations. Years of operating experience and feedback from huge retail chains, including Carrefour and TESCO (U.K.), the second- and third-largest retailers in the world, have provided GTECH and the lotteries it services with insights into:

- › The optimum number and mix of game offerings and price points: Current in-lane deployments offer from three to six games in a variety of price points, depending upon such factors as demographics and the space retailer allots for lottery.
- › Quick Pick card size and design: Often lotteries will go through several iterations to find the most effective performer for their market.
- › Dispenser design and placement: In some cases, a variety of dispensers should be designed to fit individual in-lane environments to ensure optimal impact and shopper appeal.
- › Advertising and customer awareness: Some lotteries incorporate jackpot awareness into their in-store digital signage; in one case (Carrefour in Belgium), the lottery has introduced dedicated jackpot signs at every checkout with great success. Asking for the sale is another important sales driver.



Belgium's Loterie Nationale offers a variety of games, price points, and dispensers



Innovative card dispensers attract attention and sales in New Zealand



Real (Poland) and Carrefour (Belgium) use in-lane signage to grab consumers' attention



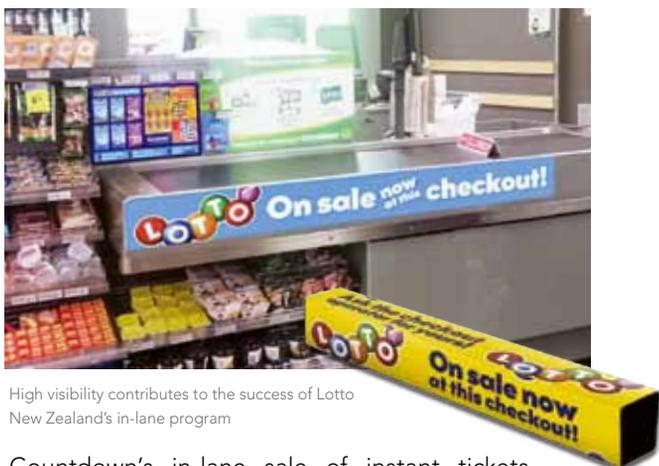
“AT ONE STORE, IN-LANE SALES REACHED 30% OF TOTAL SALES SIMPLY BY IN-LANE CLERKS REGULARLY REMINDING CUSTOMERS OF THE LOTTERY OFFERING.”

Michael Terp, *Key Account Manager, Danske Spil, Denmark*

## TAKING IN-LANE TO A NEW LEVEL: INSTANTS AND SELF-SERVICE IN NEW ZEALAND

Late in 2013, Lotto New Zealand initiated an in-lane program with the Countdown supermarket chain. Two things set the New Zealand program apart. First, Countdown’s in-lane solution includes not only draw games through Quick Pick – “Dip” in New Zealand – cards at various price points but also Instant Kiwi tickets at two price points (NZ\$3 and NZ\$5). Second, the chain sells tickets from self-service lanes as well as clerk-staffed lanes.

Tickets are sold through three different in-lane configurations. Full lane units offer all tickets at all price points; Express lane units offer draw game Dips and NZ\$5 Instant Kiwi tickets; Self-Service lanes sell draw game Dips only.



High visibility contributes to the success of Lotto New Zealand’s in-lane program

Countdown’s in-lane sale of instant tickets is enabled by GTECH’s Accuinstant™ ticket-by-

ticket accounting system, a breakout design that resolves many of the issues surrounding the management and sale of instant lottery games. In the past, selling instant tickets in a multiline environment was problematic, due to the special handling and “out-of-system” accounting they required. Accuinstant solves those concerns: Each instant ticket is activated, sold, and accounted for individually at the time of sale, just like a chain’s other products and draw game tickets.

In-lane sales of Kiwi Instants currently account for approximately 6–7% of over-the-counter instant ticket sales, which is expected to grow to 10% in the coming months. Awareness is the biggest challenge for instant ticket sales: since, unlike for draw games, there are no game cards, shoppers may not be fully aware that instant games are now available. (Instant tickets are stored in a dispenser located between two clerks, and tickets are scanned on sale for activation.) Plans are underway to introduce higher price point tickets to further drive instant in-lane growth.



Sample self-service checkout screen at Countdown, New Zealand

Self-checkout supports sale of only draw games; Instant Kiwi products are not offered for responsible gaming considerations. Despite this, Self-Service lanes account for 20% of Countdown’s in-lane sales. Local surveys show that players like buying lottery products at Self-Service lanes, mainly because of the privacy offered with self-checkout.

The Lotto New Zealand implementation has been a great success. The New Zealand Lotteries Commission reports that the Countdown implementation “met all success criteria including sales and positive customer experience.” Countdown reports an 8% increase in lottery sales in stores with the new system, compared to those with separate lottery counters only, with no material issues identified and no customer complaints received, and says, “Feedback was very positive from customers in relation to not having to queue twice.”

## MAXIMUM SALES, MINIMUM RISK

With the right in-lane solution, based on lessons learned and today’s advanced technology, Lotteries can have a fast, convenient presence where players shop – in a cost-efficient manner without high-risk modifications.