

BIG DATA MEANS BIG OPPORTUNITIES FOR RETAIL GROWTH



Comprehensive, augmented analysis – the type provided by all major Consumer Product Goods (CPG) brands – leads to winning business strategies, resulting in improved operational efficiencies, risk reduction, identification of new opportunities, and increased sales and revenue.

Big Data is critical to running your business today. Every lottery has mass quantities of data, but the majority of the industry has not progressed beyond localized figures; we don't evaluate performance across the country like top retailers and CPG brands do. Without a complete data set and the right tools for analysis, growing a lottery's business can be hit or miss.

BIG DATA IN THE MARKETPLACE

In the five or so years since Big Data has come about, the relationship between retailers and suppliers has changed drastically. According to Kantar Retail, the world's leading shopper and retailer consulting business, today's retailers are looking for suppliers to come to the table with ideas grounded in shopper insights, including innovations customized to meet the unique needs of that retailer's shoppers and actionable execution plans. They also seek an improved visibility into category sales and sales trends at a

national level. Hershey, Coke, and Frito Lay – indeed, all major CPG brands – approach their business that way. This type of analytic capability is an established retail industry norm.

"The ability to analyze vast amounts of data instantly is a key weapon in helping CPG companies win the battle for retail shelf space and ultimately customer sales."

– Forbes

These companies are winning with Big Data NOW. To remain relevant, the U.S. lottery industry needs to catch up. Real-time, comprehensive analysis of the lottery landscape is not only expected by lottery category managers, it is essential in order to provide them with the insights necessary to compete

The Parthenon Group, a third party engaged by GTECH to assist in scoping U.S. retail growth opportunities, has estimated approximately \$300 million in incremental weekly retail sales can be achieved within the next 18 months by properly utilizing Big Data, just as the other major CPG brands do. GTECH has the ability to help you unlock this untapped revenue.

\$300+
MILLION
PER WEEK

against competitive CPG categories. Meeting the needs of existing and prospective lottery retail chains requires an understanding of chain performance and revenue opportunities not only at the individual state level, but also at the retailer's district (often crossing state lines), regional, and national level. And most importantly, it requires a strategic tool that can blend data from multiple sources, to broaden your data view and allow for richer insights.

TRANSFORM DATA INTO KNOWLEDGE & KNOWLEDGE INTO SALES

GTECH has invested heavily in building a dynamic business analytics platform that will transform the lottery industry, empowering all lotteries to identify new opportunities for retail expansion and optimization quickly and easily. Using best practices of Big Data management and analytics, GTECH's Retail Market Insights platform (patent pending) allows you to provide your customers with data-driven opportunities for growth like other major CPG companies do, by giving both rep and retailer a concrete foundation for strategic product placement and other mutually beneficial decisions that grow sales.

For the first time, lotteries and lottery retail chains will be able to compare lottery sales performance across

jurisdictions, to see, for example, how games and retail locations are indexing nationally and whether a particular chain is underperforming in your state. And once you have a better sense of what to expect from chain store performance, you can better manage your independent accounts as well.

GTECH's Retail Market Insights application enables you to:

- › AGGREGATE data to compare sales by channel or retailer across the country. Combining retail sales data from lotteries across the country into one central repository will finally enable the industry to compare sales across Big Box retailers and other national chains, and to compare sales by retailer segment, providing insights that are either impossible or time-consuming to achieve today.



- › AUGMENT your sales data with key third-party information and statistics. Enriching retailer sales data by store name, trade style, and chain with information like demographics; retail trends; trade segment foot traffic, store characteristics (overall store



USING BIG DATA:



Target: \$23 billion in growth, driven in part by promotions distributed to specific customer segments



Kraft Lunchables:
Tripled sales in one year



Kroger: \$10 billion in new revenue from personalized coupons

This project is really one of the best ways to combat slacking sales and improve lotteries' performance for good causes. (It) will assist lotteries to expand the player base and help lotteries become more of a piece of the fabric of life in our respective states.

- Gardner Gurney, Acting Director, New York Lottery

Having reporting that shows us what's going on in the whole business, state by state, will help us identify where we need to focus our attention.

- Mark Hagen, Lottery Category Manager, 7-Eleven

Being able to go to one system to get all the answers will be a huge time-saver for us

- Rob Wesley, Sales Director, Virginia Lottery

I'm extremely excited about the possibility of having data available from retailers across the country. That's where we may be able to recognize some real increases in sales.

- Gary Grief, Executive Director, Texas Lottery

INDUSTRY BUZZ

sales, number of checkout lanes, number of employees, square footage, etc.); and population density (urban, non-urban, and rural) will give lotteries a clearer picture and more in-depth analysis.

- › Identify opportunities with ACTIONABLE INSIGHTS. This analytical application, geared to the specific needs of lotteries, will enable lottery executives to generate retail queries in real time, allowing for real-time trends analysis and on-the-fly response to customer requests, as well as faster, smarter, more confident, and more efficient decision-making to drive growth.



In short, GTECH's Retail Market Insights application lets you approach retailers with the same level of openness, category insights, and collaborative planning as other major CPG companies offer.

The aggregated, integrated data will give you unprecedented visibility and insights into your business, allowing you to quickly and easily develop and execute actionable plans for same store sales growth and retailer network expansion. For instance, you can:

- › Compare the sales of a single store, a chain, or other configurable group in your jurisdiction to others in the same chain or group by state, zip code, trade style, and more, and to average chain/group sales in other jurisdictions.
- › Profile opportunities for retailer expansion by trade

style, foot traffic, overall store sales, and more.

- › See which types of traditional and non-traditional retail trade styles perform best across the country and in nearby states or states with similar demographics. All trade styles are normalized across jurisdictions for ease of comparison.
- › View store, chain, trade style, or geographic area sales by draw game or instant ticket price point.
- › Effectively target promotions to specific trade styles, chains, and/or geographic segments where they will have the greatest impact.
- › Provide the same level of openness, visibility, shared information, and collaborative strategic planning that the major CPG brands do to increase market share.

BIG POWER IN BIG NUMBERS

Meeting the needs of today's existing and prospective lottery retail chains can certainly be achieved if we come together as an industry to leverage the value of our \$75 billion business (North America). We are off to a great start. As of this writing (October 2014), 24 lotteries, representing more than 70% of the U.S. national retail base, have either signed on or committed in principle to participate, with interest from more lotteries every day. GTECH welcomes all lotteries into the Retail Market Insights fold, including those with which the Company does not have a current business relationship. Only then can we provide key retail accounts with the lottery retail market insights that will enable actionable, tangible, tactical execution plans to drive lottery retail growth.

