

# A Refreshed Product Portfolio and Retailer Base Leads to Skyrocketing Instant Ticket Sales in Poland

Totalizator Sportowy and IGT worked together to leverage IGT's Six Pillars of Instant Ticket Success to rebrand and rebuild the Lottery's instant ticket product offering and retailer base in Poland, driving sales to heights TS had never previously seen

As the world's leading lottery supplier, the global leader in lottery management contracts, and the operator of the world's largest instants program – Gratta e Vinci, in Italy – IGT has accumulated a wide range of experience helping its customers grow their instant ticket businesses through the years. This work has allowed IGT to identify six key success factors for instant ticket sales growth.



One customer IGT worked with to implement growth strategies across some of these pillars is Totalizator Sportowy, the Lottery operator in Poland.

## Situation

In 2006, Totalizator Sportowy's (TS) instant ticket sales had fallen for the third consecutive year. Sales had been fairly consistent during the beginning of millennium, but in 2004, began to descend at a worrisome rate. By 2006, instant ticket sales had fallen to 56 million PLN, or 60% less than 2003 sales levels. As sales continued to drop sharply, TS partnered with IGT to institute a retailer development strategy to turn around that trend.

## The Strategy

TS worked with IGT to develop a plan to counter this sales decline. The first was a disciplined product strategy to develop new games

and play styles while also introducing higher price point games. In addition, TS and IGT developed a plan to breathe new life into the instant ticket retailer network through:

- Retailer expansion.
- Introduction of Lottery vending machines.
- Retailer optimization.
- Rebranding and redesign of point of sale area.

## Product Portfolio Modifications

TS worked with IGT to implement a range of initiatives to put a better product in the hands of its players. These initiatives included:

- Increasing price points strategically from 1 and 2 zloty games to 3, 5, 10 and 20 zloty games. This introduction was done strategically, as each price point introduction was established before another was introduced.
- Launching extended play games across multiple price points including 3, 5 and 10 zloty.
- Launching families of games including Win for Life, Cash, Multiplier, and Good Life.
- Increasing game launch cycles.
- Optimizing prize structures based on key industry metrics and differentiated payouts by price points.
- Optimizing game plans with varied themes and play mechanics.
- Improving the planning process by planning games early enough for regulatory approval and printing production logistics to create and maintain an 18-month rolling plan.

These initiatives were also implemented with logistical considerations such as adjustments to print quantities, to be certain of timely sell-through and inventory control. As these changes were made to the product and logistics, a tremendous amount of work was being done on the retailer side as well.

## Retailer Network Improvements

### Retailer Expansion

TS and IGT acted upon a “one size does not fit all” approach to retailer expansion. It cultivated a wider range of traditional retailer trade styles, including managing its own full service retailer locations, supporting a network of standard full-service retailers, and developing a network of instant-only retailers. This broad range of retailer options helped TS give its players what they wanted and added a new layer of diversity across the lottery retailer landscape. As an illustration, today TS manages its own network of 850 high-traffic retailer points of sales, which include 92 flagship stores across three different formats (shops, islands, and kiosks).

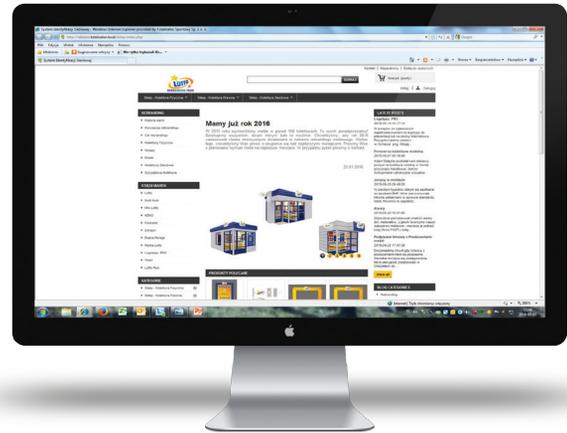


### Introduction of Lottery Vending Machines

Further TS worked with IGT to introduce lottery vending machines to again give players more options and choices through an additional Lottery point-of-sale channel. The lottery sought to optimize location (high traffic and proper visibility) in addition to personnel (personal engagement of agents, adequate training, and high levels of machine service) to develop this network of vending machines. Within two-and-a-half years of launching this initiative, TS deployed 400 machines to take a non-existent distribution channel and grow it to nearly 4% of all instant ticket sales.

### Retailer Optimization

The third retailer strategy TS and IGT worked together on was providing stronger retailer optimization by giving retailers better tools. The shining example of this area was an online platform that each regional lottery office could use to generate retailer optimization strategies. The website included a common space for the regions to share comments, ideas, best practices, designs, and solutions with each other. It also provide the means for each region to directly shop for various items (e.g. furniture, dispensers, signs, and other POS materials) to act upon strategies seperated from the idea exchange in real-time. This site allowed TS to efficiently manage the process of POS modernization and optimization.



### Rebranding and Redesign of Point of Sale Area

In conjunction with the retailer optimization effort, TS and IGT collaborated to rebrand and redesign the point-of-sale areas in the TS retail network and its flagship stores. This included making the instant product line more visible, displaying a wider variety of tickets, and setting aside dedicated space for winning ticket display.



### The Results

As part of an overall strategy to grow instant tickets, the work done across a range of the Six Pillars of Instant Success in Poland led to dramatic results. The number of tickets TS sold, annually, grew by nearly 80% from 2.9 billion in 2006 to 5.3 billion last year. Further, ticket sales grew by more than twelve-fold (from 62 million zloty to 772 million). Executing upon a number of the pillars helped TS dramatically increase the number of tickets sold, sky-rocket total sales revenue, and truly bring its instant ticket business to life.

