THE TOP 5 CHALLENGES FACING THE LOTTERY INDUSTRY

Customer First Starts with Understanding:
Tracking Customer Satisfaction to Ignite
Industry Growth

According to a survey IGT conducted among 149 lottery customers worldwide from 63 jurisdictions, growth is the primary concern that lotteries will be focused on over the next two years. The survey showed that growth in the form of implementing new lottery channels, adding retail locations, attracting new players, and developing new games is the top challenge. North American and international respondents also cited their concern over regulatory policies that inhibit growth of internet gaming.

Conducted every two years since 2008, IGT's customer satisfaction surveys not only provide an ongoing, internal assessment of customer sentiment, they indicate future industry needs and trends. "In keeping with our *Customer First* philosophy, IGT uses the study to ensure we are aligned with our customers' goals and concerns. The study allows us to concentrate on what is most important to our customers. This year we heard loud and clear that they need a growth partner focused on channel expansion, game content, and attracting new players," said Mike Chambrello, IGT's CEO of North America Lottery.

Jim Kraus, Principal Partner of KS&R, the company that conducts the surveys on behalf of IGT, said that IGT has a uniquely comprehensive approach. "What we've always liked about the IGT customer satisfaction program is how broad, robust, and deep it is. It's broad in that we're able to capture input from their customers all across the globe, in native languages, and with multiple individuals in each account. This ensures we can gauge differences and nuances in customer sentiment across a diverse customer set. It's robust because we are able to probe across a large and varied set of dimensions."

According to Gerard Caro, Senior Director of Insights360, IGT's research division, "With IGT's approach, no stone goes unturned so we can view the customer relationship from all angles. First we do an online survey that includes evaluative ratings. Then we follow-up with a shorter phone survey to probe deeper into certain key areas. This provides us with strong quantitative data to do all types of beneficial analysis, along with a rich 'voice of the customer' understanding to drill down on specific areas that are actionable, both at the local and corporate levels. It's a powerful combination."

THE TOP FIVE CHALLENGES FACING LOTTERIES

Pursuing/ Implementing new lottery sales channels	Growth	Regulatory policies inhibiting growth	Attracting new/ retaining exisiting players	New game development/ improving existing game portfolio
37% Americas **25%** International	**30%** Americas **15%** International	**28%** Americas **20%** International	**27%** Americas **20%** International	**23%** Americas **5%** International
18% Latin America	**27%** Latin America	**18%** Latin America	**9%** Latin America	**18%** Latin America

According to Jay Gendron, Senior Vice President of North American Lottery at IGT, the surveys are an integral part of IGT's *Customer First* approach. "Understanding our customers' concerns and receiving input on our performance is a critical component of our annual plans. To truly evolve from a technology provider to a growth partner, we must continue to listen to our customers and accelerate and deliver innovation. Together, I know we can ignite responsible, sustainable growth within the industry," said Gendron.

IGT sees the customer satisfaction program as an opportunity to understand what matters most to customers from a business perspective. In fact, the surveys have demonstrated that having a strong understanding of a customers' goals and priorities is the top driver of loyalty. According to Gerard Caro, "We include questions to understand what each customer's key business priorities are so we can then identify opportunities to enable and support their specific needs. We also ask questions that directly invite them to make suggestions about what we can do to continue to earn their business. By examining the answers to these questions in parallel with the customer satisfaction and performance ratings, we're able to pinpoint specific areas for our teams to focus on to help them deliver compelling value to their lottery customers locally."

Though it is common for lotteries to monitor player attitudes and brand health with tracking studies, Kraus believes that an ongoing assessment of customer sentiment within the business-to-business environment is equally important. "A well-designed customer satisfaction program helps pinpoint what influences customer loyalty the most to help prioritize improvement opportunities. This has profound implications in terms of where you are focusing your time and resources. Additionally, a customer satisfaction program should provide an objective and ongoing feedback loop to assess where progress is being made, holding steady, or falling behind. Finally, it's a way to hold people in the organization accountable,

not only as a measuring stick, but to demonstrate the different ways they collectively have an impact on the customer."

IGT's commitment to understanding the challenges identified as most important by our customers extends beyond the customer satisfaction survey to include in-depth research among players and retailers. During 2016, IGT conducted nearly 300 individual studies. The findings had a global footprint with research fielded in 160 international cities and 456 North American markets. In total, IGT spoke to more than 218,000 players and 14,000 retailers to develop growth-driving insights for its lottery partners. This research will help shape IGT's plan to ignite industry growth. We are committed to partnering with our customers, understanding their challenges and earning customer loyalty by proactively addressing the areas that matter most to our customers.

THE TOP TEN DRIVERS OF LOTTERY VENDOR LOYALTY

1. Has a strong understanding of our goals / priorities
2. Places priority on day-to-day support
3. Right people empowered to make decisions to resolve needs/issues
4. Assists in defining software requirements and specifications
5. Provides timely feedback/ supportive suggestions to marketing plans/needs when requested
6. Helps optimize exisiting retail network
7. Offers solutions needed for retail outlets
8. Places priority on time to market for new products/ games/solutions
9. Overall time to market for software meets expectations
10. Provides clear resolution of any production problems

IGT