



The Three C's of Success!

By Casey McKenzie

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When I spoke at the 2014 PGRI Lottery Expo last month, I identified three areas in which action is required to enhance the performance of lottery within the c-store channel. I called them the Three Cs of “Success;” category management, collaborative effort and consistent reporting. In this article I will provide a summary of what lottery jurisdictions can do to support retailers in these areas.

By way of background, my consultancy—Impact 21—has conducted three biennial lottery retailer surveys in the convenience channel of trade on behalf of Scientific Games with the latest concluded this summer. In addition, I facilitated a retailer roundtable forum of top c-store chains

hosted by SG earlier this year. So what I share with you is truly the “voice of the retailer.”

Category Management

Lotteries start with a solid foundation of optimism for the category and favorable impression from their customers—the retailer. However, as with all categories and undoubtedly all retail, our respondents report that some stores in their chains outperform others.

The top two reasons given are demographics/location and in-store execution. These are basic principles to be addressed by a category management approach and an opportunity for lotteries to support retailers not only to improve their lottery performance but to arm the category managers/marketers in large chains with the data and information they need to build compelling business cases for lottery to get its fair share of marketing, merchandising, promotions, and signage. I challenge you to ask yourself if you are doing all you can to support your key retailers in these areas.

Collaborative Effort

A golden opportunity for collaboration exists to leverage internet and mobile strategies. While internet sales of lottery tickets has not exploded in the U.S. the concern by retailers is still prevalent with almost half saying they Strongly Agree they are concerned.

From my perspective I believe much of their concerns can be alleviated with the facts and the facts that I've seen support the notion that most of those sales would be incremental and not cannibalize brick and mortar sales.

However I also believe the industry and within that I include trade organizations and lottery jurisdictions have done quite a poor job in getting the facts out and including retailers in the conversation.

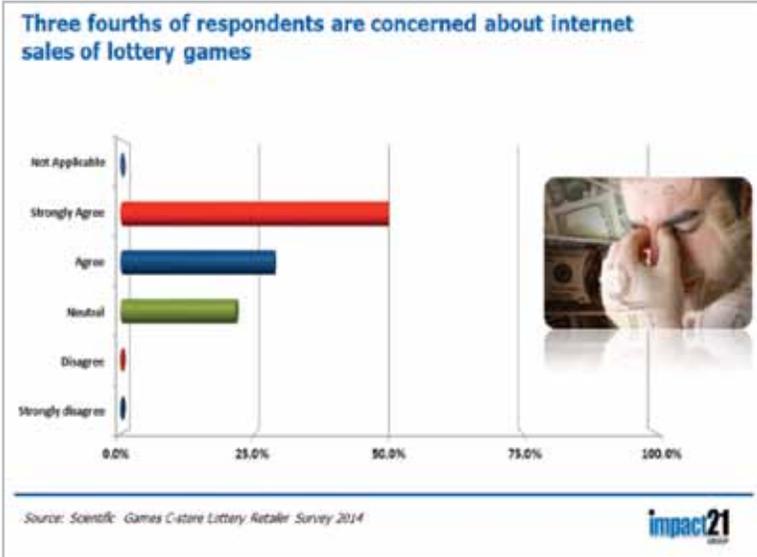
All but one retailer answered “Yes” and when asked to explain the differences the most often cited reasons were

- ❑ Demographics/Location – 62%
- ❑ In-store execution – 31%
- ❑ Other – 7%



Source: Scientific Games Culture Lottery Retailer Survey 2014





tailer’s internet and/or mobile initiatives, two areas garnered a majority of the responses as shown in the table. Based on these responses, I would submit to you that the internet can be positioned as an advantage rather than a threat if you’re willing to embrace what the retailers are asking for.

Allowing retailers to leverage the internet to drive consumers to their stores will reduce the anxiety about ticket sales on the web and provide savvy retailers with what they will consider a competitive advantage opportunity.

In addition, from the roundtable forum of retailers operating several thousand locations across dozens of states come these requests for collaboration:

Consistent Reporting

The last, but not least, of the “Cs” is both a unilateral and cross-jurisdictional issue. Based on my experience, I do believe improvements in accounting and reporting procedures can be implemented within most, if not all, lotteries if they will approach their business from a “best in class” vendor partner mindset.

But for the larger, multi-state retailers, a collaborative effort not only between lottery and retailer but between jurisdictions is required. I am encouraged by the efforts currently underway in this area but more can and needs to be done.

Let me close by saying I recognize the differences in the way lotteries are authorized, organized and governed versus CPG companies but don’t let that become an excuse not to even try to address legitimate concerns. Focus on the “can” and not the “can’t” and I’m sure you’ll see more “SUCCESS!” in your business relationships with retailers. ■

Ads and product rewards are the two most popular service ideas

Response	Percentage
Place ads for my store on the lottery’s loyalty club web pages	61.5%
Put in-store coupons into a state’s lottery loyalty program	38.5%

If the lotteries do not provide the facts then others will fill that void with perspective and bias that may not be in the best interest of the lotteries or the retailers.

When asked how their lotteries could best support the re-

Knowledge	What’s going on in the market? If we know we might be willing to invest our own money How does a lottery shopper make decisions? Explore opportunities of shopper data tree
Education	Helpful to know ahead of time what innovations lotteries have at their disposal Best practices—what works best
Displays	Smaller displays and/or different POP options more in line with retailer strategy Retailers are willing to invest in equipment that matched their store design
Technology	Loyalty, web, second chance drawings that are connected to their websites and retailer objectives Give customers a coupon redeemable in store when they visit lottery websites Knowledge

Casey McKenzie, Senior Principal Consultant with Impact 21, with over 20 years’ experience working at a leading c-store chain and another sixteen spent in consulting, has experienced almost all facets of the c-store channel of trade, including finance, operations, category management, re-engineering and strategic planning.

Impact 21 Group is a leading global consulting company in the petroleum/convenience, retail and refining industries. With over 200 years of combined retail and refining experience, our experienced team of consultants brings aggressive real world leadership to business and technology initiatives.