

Is it Time for Lotteries to Face the Zero Moment of Truth?

Previously, Consumer Packaged Goods (CPG) marketers believed the single most important moment in a purchasing decision came at the “First Moment of Truth,” those first few seconds when a customer walked in the store, viewed an array of products, and then made their selection.

Now, digital marketers are all singing a Google-inspired mantra: the “Zero Moment of Truth” (ZMOT).

ZMOT describes how, in this new age of digital marketing, so much of what used to happen at the store level is now occurring online.

While online, consumers are comparing prices, scanning reviews, absorbing digital advertising and, in some cases, making actual purchases. For those who still visit a store, their purchasing decisions—even many of the ‘impulse’ buys that lotteries have relied on for so long—have been made before they walk in the front doors.

Jim Lecinski, Google’s managing director of US Sales, believes that many CPG organizations are simply “not keeping pace” with the current digital marketing strategies.

“The way we shop is changing,” Lecinski wrote in *Winning the Zero Moment of Truth*. “Whether we’re shopping for corn flakes, concert tickets or a honeymoon in Paris, the Internet has changed how we decide what to buy.”

What implications does the ZMOT have for lotteries?

NeoPollard Interactive, a strategic alliance between Pollard Banknote, a world leader in instant lottery products, and NeoGames, a global purveyor of Internet lottery and gaming platforms, believes lotteries must compete at that ZMOT to broaden playership and optimize revenues for good causes.

At NeoPollard Interactive, we often talk about the influences that “prime the purchase,” the consumer cues that determine decision-making in the bricks and mortar retail environment.

Lotteries have relied on traditional advertising and marketing strategies such as billboards, TV, radio, and print ads to get people thinking about lottery products well before arriving at a retailer.

However, with so much of the retail experience moving online, it’s essential for lotteries to establish a digital marketing presence.

Forward-thinking lotteries are deploying a suite of interactive solutions to engage their customers across a broad array of sales channels, including digital streams. This is the new lottery “ecosystem”—a network that extends from traditional bricks and mortar retail, to interactive applications where money is not exchanging hands, to a full online gaming platform.

Competing at the ZMOT can be intimidating, particularly if digital marketing has not played a significant role in a lottery’s sales strategies. Many lotteries are concerned an evolved and evolving digital solution will be costly, time consuming and disruptive to the existing, traditional sales networks.

Fortunately, great strides have been made in helping lotteries compete at the ZMOT.

“There was a time when talking about digital marketing would have meant hiring your own team of programmers and developing an Internet version of a game or an app or other significant digital asset from

scratch,” said Moti Malul, Executive Vice President, Business Development at NeoPollard Interactive.

“The reality is that we’ve been tackling this challenge for years now. It’s not necessary for lotteries to build from scratch. You can make the move to digital in small, predictable and stable steps forward.”

Doug Pollard, Co-Chief Executive Officer at NeoPollard Interactive, said an increasing number of lotteries have discovered that the path to a digital presence is through innovative ‘Space Between’ products that exist between bricks and mortar retail and the purchase of lottery products over the Internet.

With its lottery partners, NeoPollard Interactive has developed a wide range of options: online “Second Chance” drawings; highly popular “Players Clubs;” Social Instants™, an instant game that leverages social media channels; and WebPlay™ games and informational apps, among others.

One of the best examples of the ‘Space Between’ concept at work is the suite of highly popular WebPlay™ games, which allow players to access additional play online via QR or other codes for fun or to acquire Players Club points, coupons or other prizes. By registering for online play, lotteries can track and leverage a player database to build loyalty. This allows lotteries for the first time to build loyalty through a true one-to-one relationship with their customers.

The Michigan Lottery is a prime example of how a ‘Space Between’ approach can create a broad player database, foster ongoing engagement and set the stage for a full move to online games.

The Michigan Lottery’s loyalty program was introduced in 2005 and rebranded in 2010 as the Players Club. In 2011, it did a major online relaunch of its second-chance program as “Play It Again,” where players could enter non-winning ticket codes for points that could be used for entries for a contest to win \$1 million.

In 2012, the Players Club was used to support the launch of “Cashword WebPlay,” an app that allows players to use a QR code or visit a website to play for Players Club points or lottery coupons, with no additional purchase. A play for fun option with no ticket purchase necessary was also available.

These online options boosted total Cashword weekly sales by nearly 40 percent in the two months after launch. More importantly, the player database revealed that nearly two-thirds of all online players were between 18 and 34 years old, a key demographic in the continuing quest to broaden playership.

While the Michigan Lottery has been accelerating sales support efforts on all fronts, digital is contributing to some impressive results. For example, sales of Michigan Lottery instant game tickets were up 7.2 percent in FY 2013 over FY 2012, which is much higher than the average instant game ticket growth rate for U.S. lotteries over the same period.

The Michigan Lottery has become an industry leader in the digital space, delivering a steady stream of newer and more innovative ‘Space Between’ options. The establishing companies of NeoPollard Interactive won a contract to provide online game services to the Michigan Lottery and the formal launch of online games is scheduled for the fourth quarter of this year.

The Michigan Lottery’s success has sparked broad industry interest in ‘Space Between’ products. Three other NASPL lotteries have launched Cashword WebPlay™ apps with their crossword-themed instant tickets, with several others ready to follow suit in the coming months.

Clearly, an increasing number of lotteries are already competing at the ZMOT, to remain relevant and engage the widest base of players possible.

That may still seem like a daunting task, especially for lotteries that may have experienced challenges with the first wave of digital marketing. But as the Michigan Lottery and other lotteries are demonstrating, the payoff for winning that ZMOT can be enormous. ♦