

Following is an edited synopsis of the panel discussion held at Lottery Expo on September 13 in Miami. You can view a video of the complete presentation at www.PGRItalks.com.

—Edited by Paul Jason, PGRI.

PANEL DISCUSSION

Moderator:

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Panelists:

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MODERNIZING THE LOTTERY AT RETAIL

Retail is reinventing itself for the modern consumer. CPG (Consumer Packaged Goods) companies are helping them do it, and we can't expect them to look out for our interests. Lottery needs to take the leadership role in this paradigm shift that will end up re-positioning the way products and services are sold at retail. Too, "convenience" has become the modern consumers' priority. That will give rise to a new generation of 21st century convenience stores which should represent an opportunity for Lottery. How can Lottery apply digital technology to enhance the player experience, how can Lottery create more co-promotions to help retailers achieve their own goals to sell more and drive store-traffic, and how can Lottery otherwise align with the modernization of the retail shopping experience?

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Retailers are reinventing themselves for the modern consumer and want Lotteries to take the lead in modernizing the playing experience at retail. Lottery's POS, technology, digital assets, and retail network need to be modernized to keep pace with rapidly evolving consumer expectations. For example, it won't be long before the Mobile is turned into a personal shopping assistant that enables self-service checkouts and the majority of payments to be made with our mobile wallet. There are several new technologies that Lottery may introduce to improve the customer experience and enable Lottery to keep pace with the modernization that is being embraced by its retail partners.

Some corporate retailers have created their own in-store lottery play areas that include express ticket-checkers. Digital signage that enables flexibility in messaging is capturing shoppers' attention and producing significantly better performance. "Enterprise Mass Media" screens and other new digital technology are all producing results. The costs are not insignificant though, so deployment needs to be strategic and the ROI measured and monitored. On the other hand, analyzing digital signage solely by sales lift is short sighted. Even where the ROI is breakeven, the deployment of digital within the stores can also be viewed as defensive, as future-proofing against an increasingly competitive retail environment, and as critical for its long-term branding impact.

Consumer research conducted in Texas and California on digital play stations indicates a significant impact on the willingness of non-players and casual players to take the extra moment to learn about Lottery. The assessment of the ROI needs to factor in the long-term impact of bringing these new consumers into Lottery.

Self-service lottery machines are another excellent modernization technology. These are no longer just vending machines that dispense lottery products. They have become full-fledged entertainment kiosks that get attention and that consumers love to play. Deployment of these new-style play-stations is growing rapidly.

Mobile and tablet devices are dramatically enhancing the interaction between LSRs (Lottery Service Representatives) and retailers. Digital sales tools are enabling Lottery to increase the number and effectiveness of the sales call, saving time and money. More importantly, digital tools deliver far more detailed and comprehensive information that helps retailers

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understand the business, how Lottery fits into the business and profit picture, and helps them sell more lottery products. The next step is for lotteries to connect all the touch points, from the retailer website to the sales force automation tools to the Mobile application. All those windows to information should have consistent data and user-interfaces that can be deployed to improve sales in the 20-30 minutes the sales person is in the store meeting with the retailer.

The tools we have now which compare performance to existing games under-values the longer-term effect of acquiring new customers and enhancing the engagement of current players.

Lotteries are implementing Mobile apps to enable augmented reality games with pay-max technology, the first of its kind where players can buy the ticket at retail and then use their mobile phone to have an AR experience. This tool is expected to have especially positive impact on Lottery's ability to engage new consumers. It will be important to design new metrics for measuring the impact and ROI of new technologies like this. The tools we have now which compare performance to existing games under-values the longer-term effect of acquiring new customers and enhancing the engagement of current players.

The Hoosier Lottery just launched a pilot program for proximity-marketing in 95 locations through the Indiana. Players are invited to opt-in and download the Hoosier lottery app. All the marketing and messaging, in the store and also around the store, is geared towards persuading the player to download the Hoosier lottery app. Each week there will be a different promotion that enables the Lottery to measure the effectiveness of the different proximity-marketing promotions. This pilot program is being managed by a cross functional team, including marketing, technology, the lottery, and the ad agency. You must ensure the technology works as intended. Then, you've got to get the message out so that consumers know it is available. And there must

be good offers that get the attention and elicit response from the players. Applying a cross-functional team effort is key to making the pilot successful.

"Tethered wagering" is a technology that enables customers to purchase lottery tickets using near-field-communication digital channel that connects the Mobile wallet or other digital device but only from within the retail location. A small terminal to enable this type of game-play could be placed in every Starbucks and every McDonalds. We could dramatically grow our retailer base overnight.

Rhode Island is launching tethered wagering initiative. It is being tested in traditional retail formats, in social space locations. It is likely to be optimal for a keno or a fast-draw product. As mentioned, tethered wagering holds great potential not just for traditional environments, but also for expansion opportunities in airports or transportation centers, where's there's lots of traffic to engage more consumers. Tethered wagering opens up a whole new world of opportunity to expand the retail footprint and enable the player to play through their own device that is connected to a very local terminal.

The discussion of modernization tools, technologies, and strategies is rapidly moving into the action stage. It is none too soon for this to happen. Lottery players and retailers are depending on us to turn the vision into reality! ■

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