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Retail and internet are two different pieces of the future lottery sales puzzle. Both will be important and essential contributors to a lottery's ongoing revenue growth. While state and provincial policy makers are determining when or if a lottery will be offering games online, there is still plenty to do at the retail level to prepare consumers and retailers for the next chapter in lottery games.

A huge opportunity exists between these puzzle pieces of internet wagering and retail – and it lies in the space that bridges conventional bricks and mortar sales and i-gaming. The space between internet wagering and retail rests on three critical pillars, and uses internet/social media to accomplish the following:

1. EDUCATE & EXPAND the customer base
2. ENHANCE lottery products
3. DRIVE PLAYERS back to RETAIL: tactics such as geo-location and near-field communication can help create the impulse to purchase by tying the product back to retail

Lotteries want to reach consumers where they are – both in the physical sense with bricks and mortar retailers, and in the interactive space. And consumer product companies face the same daily challenge of wanting and needing to reach consumers where they are and where they shop.

These retail companies are all working, as lotteries are, to meet the business challenges of raising awareness, remaining relevant and top of mind, of engaging consumers in existing and new ways and ultimately – selling more product.

Successful retailers understand the importance of using multiple channels to create the most impactful marketing campaigns – that is, using traditional media, the internet, physical stores, social media and digital mobile – designing each so they reinforce each other and strengthen communication with consumers.

As an industry, layering in digital is also critical in order to expose and educate our players to this potential new medium. Gen X and Gen Y, and even the youngest children have grown up with technology and assume its use in their daily lives.

A successful marketing campaign translates into: greater brand awareness, increased sales, increased customer acquisition and loyalty, stimulates word of mouth and social media engagements and last, but not least, drives consumers to retail! A review of non-lottery and lottery campaigns and products shows that by emphasizing one or more of the three pillars – educate, enhance, drive to retail – a lottery can successfully bridge ONLINE with RETAIL.

While great examples abound, there are three top companies that have successfully used digital strategies to strengthen their communication with their customers and ultimately drive them to their bricks and mortar outlets. IKEA offered consumers opportunities to engage with the IKEA brand, and used advocates of the brand to expose others to the brand through a campaign called BYOF – Bring Your Own Friend. Here's how it worked – IKEA told its more than 430,000 Facebook fans to invite buddies to enjoy a full day of free in-store meals, massages, gift card giveaways, discounts and other perks for one blowout shopping day in mid-January. After "liking" the page on Facebook, fans could RSVP at the nearest IKEA location, download coupons and start inviting friends to the event. For every friend invited, IKEA promised to donate \$1 to Save the Children up to \$50,000, a goal IKEA and its customers reached.

On the surface it appears basic: IKEA targeting its own large audience of Facebook fans. But there's a

second level: once the IKEA fans signed up, they were enticed to invite their own friends, thus exponentially enlarging the scope of the campaign. IKEA views this campaign as hugely successful – over 50,000 people showed up across 38 stores in the US. That traffic helped drive an eight percent increase in sales. They ran this program last year and, because of its success, repeated this year on March 9. The Bring Your Own Friends campaign gave back to its customers while at the same time raising money for charity. Who can beat that?! Plus, IKEA cleverly enlisted its own Facebook fan base to do some of the heavy lifting by marketing to their friends.

While IKEA educated and expanded its customer base, Walgreen's aim is to enhance its product and service offering – pillar number two. This is a great example of a retailer that is providing their customer with an enhanced experience via geo-location. While still in its pilot stage, Walgreens is using a slick app from Aisle411 (aisle411.com) which can geo-fence and send alerts to customers as they peruse the aisles or even help fulfill their shopping list by mapping the exact aisles where a product is located.

A promotion from Target is illustrative of the third pillar – driving traffic from online back to retail. Target offered a mobile game app, Snack Bowl, to tie in with the Super Bowl. The virtual game invited players to toss branded snacks towards Super Bowl party guests as they moved around the living room. Participants could compete to enter the game's Hall of Fame and see their worldwide ranking online and were encouraged to share their scores and ranking on Facebook. Snack Bowl appeared on Target's mobile site home page until February 9th. The game was also featured on target's iPhone and Android apps over a three week span. From a marketing perspective, the game reminded consumers that they could purchase Super Bowl goodies appearing in the mobile game at their local Target – Coke Zero, Ritz crackers, Stride gum, m&ms, DiGiorno pizza – thus driving consumers back to retail. (www.olson.com/project/target-snack-bowl-game)

All roads lead to retail. Each of the above examples had not only an integrated marketing approach, but also were using new ways to educate, expand, enhance and engage their consumers and drive them back to retail.

What are the lessons learned from the marketing successes of Target, IKEA and Walgreens? To focus on customer satisfaction and retention; to expand the current focus to attract and appeal to a variety of consumers while still being true to the core and true to where the money comes from – RETAIL. And to recognize future opportunities by continuously thinking about ways to expand, improve and lay the groundwork for the future. And lastly, we need agility and flexibility in order to continue to compete and grow.

The lottery industry can successfully translate and adapt the IKEA, Walgreens and Target experiences through integrated

marketing campaigns that not only use traditional media but also include interactive games and apps, and social media. These campaigns will engage and educate consumers, can encourage community play (with savvy consumers establishing teams and pools), viral communication, the sharing of winning experiences, offer second chance promotions, and ultimately, drive consumers to our bricks and mortar retailers to buy our products.

Here are three brief examples – one already executed in the lottery industry and two in the works as this is being written.

The NASPL/WLA Award for Instant Game of the Year 2012 belongs to the Michigan Lottery's \$100,000 Cashword instant game. This game provides players with additional play value in the form of an interactive Cashword game – an app that's easy to load on a smartphone. A consumer can play for fun or prizes or the bragging rights of a leaderboard. It drives players back to retail for purchase and prize redemption, has engaged new players and has had terrific results for the lottery. Average total weekly Cashword sales increased by 52% and after 12 weeks, Cashword stabilized at a total increase of 38%. Michigan achieved this result with a very minimal promotional budget and a very minimal prize budget for the online game. Among those who played for fun first, roughly 75% of players ages 18 to 25 and 65+ reported that the play for fun game influenced them to purchase instant tickets.

The soon-to-be launched Raise the Stakes instant game offered by the Michigan Lottery will target all three pillars – educate, enhance and drive retail in a new innovative way. Players can enter winning and non-winning tickets into a series of second chance progressive style cash drawings from their iPhone, Android or desktop. The functionality will allow players to create and join teams for entries to be pooled with other players to better their odds. And, players can invite additional team members and share their winning experiences using social media. And it all begins at retail with the purchase of a ticket.

For a new twist on holiday games and holiday giving, here is a scenario: A consumer purchases a ticket at retail, plays the game, scans the code on the ticket and sends an e-greeting and interactive game to a friend. The friend receives the e-greeting card and plays the interactive game for chances to win. This web play game adds a social element to instant ticket play, promotes gifting of lottery products in a new way AND introduces new players to the lottery and encourages them to try their luck again by offering coupons as prizes through the interactive game.

With some ingenuity and innovation, it is possible to fill the space between retail and i-gaming with fun, engaging entertainment that will keep our present players and retailers excited about our products, and attract new players in the process by offering marketing campaigns that contain the integration of the traditional elements with digital/online elements and social media. ♦