

## Are you connecting with your retail customers?

It's an exciting time in the lottery business, with new technologies and platforms enhancing the relationship between lottery and customer. However, the more things change, the more important it is to ensure a strong relationship with customers through retail – the lifeblood of any lottery.

As an industry, lotteries have done an excellent job of developing new products and marketing strategies to drive sales, particularly in the area of instant tickets. However, the retail marketplace is an increasingly competitive arena where customers are exposed to multiple, pervasive marketing messages even before they leave their cars and approach the store.

Why is there such a store-based push? Consumer Packaged Goods (CPG) companies know that there is precious little time to command the attention of retail customers in store and drive their purchasing decisions.



More than three quarters of retail purchasing decisions are made in or in close proximity to a retail outlet. Most retail customers will spend between three and four minutes perusing products, and just 21 seconds actually making a purchase. During that brief cycle, however, those customers can be exposed to dozens of marketing messages from a wide array of CPGs.

The big CPG players know that they must “prime” the purchase of their products, particularly in convenience stores that are, thanks to the broad array of products offered in a small location, noisy marketing environments.

As a result, lotteries must have a robust, diverse retail strategy that can be heard and seen through the other in-store CPG noise. This means ensuring consistent, strategic messaging so that retail customers are engaging with lottery products at multiple points throughout a store, and not just at the point of purchase, which has been the traditional lottery approach.

At Pollard Banknote, we believe in developing consistent “standards of excellence” in retail marketing that create multiple engagement points. We call this ‘the marketing trifecta’ – outside signage, store-entry signage and point-of-purchase messaging and display.

A comprehensive marketing plan will also include a winner awareness strategy at the retail level. This approach captures the power of word-of-mouth advertising by highlighting winning tickets at the point of purchase. This aspirational messaging, combined with traditional displays and promotions, reinforces and primes purchasing decisions by showing actual winners.

This approach can be further enhanced with the use of digital signage, promoting the fact a winning ticket was purchased at a specific location. This type of messaging can be customized to a specific retail location, further increasing the chances that it will stimulate a specific purchasing decision. Previously, this kind of messaging has been very difficult to launch. However, new technologies in digital displays will allow location specific messaging to become a mainstay of retail lottery marketing.

A winning retail marketing strategy is not, however, just about signage. It's about working with the retailers to manage stock and ensure appropriate merchandizing. Being out of stock on key products hurts the bottom line of the lottery and the retailer. A shared interest in avoiding these problems can be a win-win for both.

Still, there is some skepticism that improvements to retail marketing and display can, in and of itself, produce better sales. To prove its point, Pollard Banknote worked closely with a number of our lottery clients to test the power and reach of the Trifecta approach.

This involved changing current retail strategies as they relate to signage, display and stock management. Pollard Banknote focused specifically on what, if any, impact there was on instant ticket sales once the Trifecta strategies were put in place.

The changes included:

- Outfitting retail outlets with on-counter dispensers that were much more visible than previous displays;

- Changing point-of-sale materials to be consistent with other messaging vehicles;
- The addition of menu boards and consistent execution of planograms that allowed for maximization of the number of facings.
- Retailer training to ensure compliance with signage, POS materials and other displays and messaging.
- Ongoing monitoring of compliance to ensure the retailers are not becoming lax in implementing the new marketing and display strategies.

The impact of these simple but powerful changes were significant. Modifying signage, improving display positioning and meticulous management of stock resulted in a 10-30 per cent increase in sales.

The best news for lotteries is that a thoughtful and enhanced retail strategy like this does not always require new resources; smart allocation of existing resources and a renewed focus on points of contact and messaging can produce much better results without increased cost.

As our lottery example has demonstrated, there was a time in this industry when just keeping dispensers full of tickets qualified as robust marketing. Times have changed, and the lottery industry has matured to the point where it realizes that convenience store customers have only a few seconds to make their most important purchasing decisions. It is in those few seconds that lotteries must make themselves top of mind for customers.



That connection with customers, the key relationship in any retail marketplace, is now well within reach for lotteries. All they have to do is get out into the stores, and into the marketing game.