

THINK, LOOK, ACT, Differently!

Herbert Stein's Law, *if something cannot go on forever, it will stop* is precisely what Herbert Stein, an American economist, who was best known for his focus on trends, would have concluded when examining the instant ticket industry. Many lotteries have been successful in growing instant sales, however the reality of a stagnant player base means continued growth cannot be sustained into the future. Lotteries *must* be proactive to attract new players.

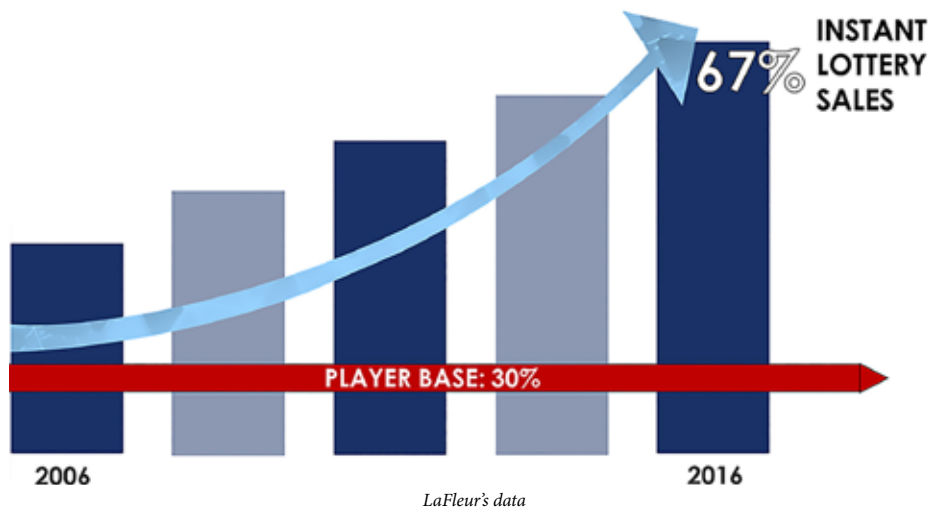
Lotteries should challenge themselves to **think** about instant products in new ways and **look** for new opportunities to let consumers see instant tickets with a fresh perspective. To assess the success of new and existing strategies, lotteries require effective tools to convert complex data into simplified insights that identify clear opportunities to **act**.

keep existing players engaged. Striking a balance between games that are simple and easy to understand for new players, but still incorporate fun and fresh play features for existing players, is key.

Taking a traditional product and morphing it into a new offering is not revolutionary. A great example of this is the introduction of baby carrots to the marketplace¹—they expanded the reach of the carrot category to new consumer segments and retailers. This simple way of rethinking a common product led to nearly doubled per capita consumption of carrots in the U.S. over a 15-year period.

Similarly, Pollard Banknote is continually reimagining what an instant ticket can look and play like and has proven its ability to do so. For example, observing trends both in and outside of the lottery industry has led to the development of some of the company's most successful instant ticket innovations such as Scratch FX®, Gloss FX™, and Eco Scratch™.

Recent product innovations—Pop 'n' Play™, PlayBook Mini™, and Flip Scratch™—are further examples of the company's continued commitment to developing meaningfully unique ideas. Pop 'n' Play™ is an innovative folded ticket



U.S. instant lottery sales have grown 67% from 2006 to 2016. Comparatively, Nielsen Scarborough's research shows that the percentage of players who purchased an instant ticket in the previous 30 days remains constant at approximately 30%. What are these statistics telling us? Engaging new players is critical to continued sales growth.

THINK...

Lotteries need to continuously think about how to appeal to new players, while also developing products that

In the U.S., the proportion of total lottery sales derived from instant tickets is steadily increasing, from 55% in FY 2006 to 66% in FY 2016. To maintain overall growth, it is vital that lotteries continue to focus on the strongest driver of sales— instant tickets.



Pop 'n' Play™



PlayBook Mini™



Flip Scratch™

¹ <https://first-the-trousers.com/2015/12/08/two-innovation-lessons-baby-carrots-can-teach-brands-yes-baby-carrots/>

that reveals exciting scratch-off areas inside. The game boasts double the play space of other tickets its size, enhancing the play value. Games can also be added to the outside surfaces—maximizing winning opportunities for players.

Pollard Banknote's PlayBook®, which brings multiple games together in booklet format, shattered sales records in numerous jurisdictions. The PlayBook Mini™ builds on this success by providing players a new pocket-sized page turner. Measuring in at 3.9" x 4", this unique booklet may incorporate a single play style, such as Crossword, or may be designed to include a variety of different play styles around a broad theme—such as money, lucky 7s, gems, travel, or the holidays.

Flip Scratch™ provides a unique way for lotteries to add value and excitement to an instant game. Players snap open windows to reveal an integrated play area that combines variable imaging on the back of each window and a scratch area that covers additional play symbols. The win outcome is determined by the relationship between the pop-open window and scratch-off area. Flip Scratch™ accommodates many different play styles, including slots and popular casino card games such as poker, blackjack, and high-low.

In addition to these instant ticket innovations, Pollard Banknote's Space Between™ games extend the life of instant tickets sold at retail by incorporating an interactive experience through a lottery's website or mobile app, attracting a growing segment of players who want to

engage digitally with lotteries.

LOOK...

Presenting products to consumers in unique ways to increase brand interaction and awareness has proven extremely successful. One retail strategy that has been generating buzz is the use of pop-up shops—temporary retail spaces launched to promote specific products and build a strong consumer following. Pop-ups capture foot traffic and can target specific consumer segments.

While pop-up shops have most commonly been used in the apparel and toy industries, lotteries can achieve the same results by utilizing Try-Vesting™—Pollard Banknote's innovative strategy to reach lottery consumers by taking the product directly to them. A cross between advertising, product promotion, and marketing, Try-Vesting™ allows consumers to “try before they buy”, which has proven successful in generating excitement about playing lottery games, especially for non-players.

Try-Vesting™ programs are typically conducted at large-scale events, festivals, concerts, and other venues. Presenting products to a captive audience in an exciting, non-traditional setting gives lotteries the opportunity to reach new players and gather valuable insight into how to attract various demographics.

Try-Vesting™ also presents a great opportunity for lotteries to build the player base, as the program promotes lower price point tickets; an effective means to attract new players. Data from a recent research study conducted by one

U.S. lottery showed that 80% of instant ticket players recall that the first instant ticket they purchased was at the \$1 price point.

ACT...

Market research is most valuable when delivered in a manner that converts complex data into useful, digestible information. For example, activity trackers help people monitor a wide variety of fitness-related metrics by displaying them in a way that is easily understood.



Pollard Banknote had a similar goal in mind when developing its proprietary SMART™ solution—a robust database that tracks the sales information from lotteries around the world, and presents it to users in a clear and concise format for the purpose of data mining, sales forecasting, and strategic planning.

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Leveraging these three strategies internally as well as from industry and non-industry vendors allow lotteries to take advantage of the untapped potential that comes with expanding their player bases. Increasing a lottery's player base means more sales, and more sales means more money for good causes—don't be afraid to be different—it works.