

MOBILE MEANS GROWTH

By Matthew Isaacs, Editorial Manager, Shoutz, Inc.

When lottery players visit a retailer, they're 45 percent more likely to buy a soda and 54% more likely to grab a candy bar or pack of Skittles. Lottery players buy 60 percent of their tickets in convenience or grocery stores, and when they walk through retail doors two to four times each week, they'll spend 70 percent more on average than non-lottery players.¹

There's a reason (a good one) why retailers have been resistant to the idea of lotteries taking advantage of new technology—lotteries moving online could cost them business. But it doesn't have to be that way. In fact, taking lottery marketing online but leaving ticket sales up to brick-and-mortar businesses will be a whole lot easier and more lucrative for everyone involved.

Right now, the lottery industry stands on the edge of a very exciting new era—the mobile era. Mobile means growth. It means engaging with customers in a new way and on a new level, and it means finding new revenue.

Perhaps best of all, however, is that mobile doesn't mean the end of the great retail partnerships that have formed in the past 60 years. In fact, the opposite is true. Mobile strategies can not only help lotteries form new and stronger relationships with players, but retailers can also leverage those relationships to increase foot traffic and sell more merchandise.

Sell more tickets and sell more stuff along with them. Why do you care? Because for the first time, lotteries can take advantage of a new revenue stream in digital advertising. With more annual revenue than the film, music and video game industries combined, the lottery is massive and mainstream, making it the perfect target for advertisers in any industry.

Even better, lottery players buy every ticket with their jackpot shopping list in their back pocket—every time a player buys a ticket, they're in a buying frame of mind, and that's a valuable time for advertisers to reach their customers. For decades, lotteries have paid brands hundreds of thousands in licensing fees to print recognizable imagery on tickets and hopefully boost sales. Essentially, that's paying a brand to advertise for them, but it could be the other way around. "[Advertisers] should be writing the checks to you," says Shoutz President Brad Duea. "We have a way for national brands to engage with the lottery player."

U.S., advertisers spent about \$46 billion on digital and mobile ads in 2013,² and that figure is expected to grow quickly over the next year. Mobile advertising is the fastest-growing ad sector, growing 81 percent last year and at a rate seven times faster than desktop ads; mobile is expected to grow by an average of 50 percent each

year until 2016.³ Brands are realizing that mobile is one of the best places to connect with customers, and as lottery players look to their phones for the winning numbers and news, lotteries can offer advertisers incredible access to an enormous player base.

LotteryHUB has already tested and proven its potential for success with national brands. RedBox, the video-rental vending machines outside of convenience and grocery stores, ran ads on the LotteryHUB app to promote the film *Riddick* to the lottery-playing audience. Following their campaign, in which video ads were shown just before LotteryHUB's live-streamed Powerball drawings, that movie was the number one rental from RedBox machines.

That kind of success is indicative of the power of mobile advertising to scale up marketing efforts and get in front of more customers who are likely to recognize and engage with your brand. With more than 240 million mobile devices registered in the U.S., LotteryHUB can get advertisers in front of their customers before they're at the register.



Perhaps the best part of a new partnership between lotteries, retailers and great tech is that it doesn't need legislative approval as long as tickets are still the ink-and-paper variety. When you're funding good causes for your state, you're working for the public. That means oversight, and what better way to please the watchdogs than increasing returns without upsetting sensibilities.

Whether it's education, the environment or support for senior citizens, every ticket is helping someone in your state—and mobile means growth for good causes, too. Marketing is all about getting the right message to the right customer at the right time, and advertising on mobile allows us to connect with customers like never before, keeping them actively engaged with their favorite lottery brands.

The strategies that have worked well for 60-plus years are beginning to look less effective as the competition finds new ways to connect with a national audience that's ready to test their luck. But jumping into a new era of marketing doesn't mean abandoning the relationships formed in the past. Instead, LotteryHUB is offering lotteries and retailers a way to strengthen their relationships, sell more, and capture new sources of revenue. "With LotteryHUB, we can talk to players right now," Duea says. "The app is free to the players and we can generate revenue on the platform. Let's drive retail engagement; let's sell more tickets."

It's time to connect with players in a whole new way; time to take hold of new opportunities. Mobile means growth. ♦



1 Jeff Sinacori. "Optimize Your Profits: Build an Environment Not Just a Store." PGRI Talks: Scientific Games, Lottery Expo 2013.

2 "Digital Ad Spending Worldwide to Hit \$137.53 Billion in 2014." April 3, 2014, emarketer.com.

3 "Executive Summary: Advertising Expenditure Forecasts December 2013." ZenithOptimedia