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PGRI Introduction:

Supplying 3,000+ instant games per year to more than 120 lotteries globally – and driving more than 75% of the industry's retail sales for instant products – Scientific Games is in a unique position to capture and analyze data that helps them understand player behavior. The cutting edge of true innovation, though, is to translate player insights into action that helps drive lottery revenues and increase funding for good causes. This is the focus of our interview at the 2017 NASPL Professional Development Seminar in Nashville, Tennessee.

It was almost two years ago that Jennifer Welshons wrote a groundbreaking article for this magazine based on a uniquely ambitious research project. This research project combined Scientific Games Lottery's nearly 45 years of experience and 1,800+ research projects with its immense database of real-world player behavior, and continually advancing analytical tools and research methodologies.

The company's ONE™ consumer segmentation study – the first of its kind to span lottery and gaming categories in the U.S. and Europe – introduced entirely new paradigms for understanding player motivations and creating the products and messaging to appeal to the modern consumer. By shifting the focus from traditional demographic categories (age, gender, ethnicity, income, etc.) to player motivation, ONE redefined the way player profiles are segmented and classified, and enabled product and promotion development to focus on the more relevant drivers of consumer behavior. The (N)ever Changing Conversation (visit the Scientific Games section of Partner Articles at PGRLibrary.com) is the article that summarized the insights from the ONE study conducted by Welshons and the Marketing & Insights team she leads at Scientific Games.

Most recently, Welshons and team used the ONE framework to create a customized market research online community (MROC) platform called ONEVoice™ to capture entirely new data that provides a 360-degree view of players through a community of engaged consumers who are ready and willing to share their feedback.

Paul Jason:

What proved to be the most useful or actionable insights of Scientific Games' ONE study?

Jennifer Welshons:

The challenge has always been to combine market intelligence and data from multiple sources and convert it all into a common language. By establishing a common language to convert different descriptors and metrics into a single common denominator with the same terminology, the ONE study synthesizes the way insights and results from different sources are described. For example, we have one lottery customer that has fully adopted our ONE framework into their business. Now when we work with them on product and promotion planning, we are able to evaluate focus group findings, panel concept testing results, and any second chance entry data in an effective manner because all of the information is reported by segment. There is a common denominator linking it all, which helps convert information to action. This approach is catching on with other customers, which benefits everyone. When we do our own R&D work, we no longer have to rely on varying player definitions; we can tell a customer who is trying to reach a certain segment of people,

"hey, these three games tested high for the 'Friend' segment you're trying to reach" and they know exactly what we're talking about. This common language is certainly near the top of the list of most useful accomplishments from our ONE study.

So now you can focus on applying the insights instead of the methodologies?

Jennifer Welshons: Yes. A fundamental of research is isolating variables to ensure validity. The ONE framework gives us the ability to hold constant the core aspects of consumers, those which don't easily change, yet greatly define their relationship with gaming products. From there, we can layer on additional ways of segmenting, such as buying behavior, social media usage, and shopper journeys, to name a few. Even new research methodologies can be applied. It is the common language framework based on motivations for engaging in lottery products that does not change and frees us up to focus on the insights that drive actionable marketing, promotion, and product development strategies. This becomes especially important when trying to merge insights from different gaming categories, like consumer behavior at a slot machine in the casino and consumer behavior at the lottery point-of-sale in a retail store. Being able to blend data based on a unifying factor (motivation) allows us create the foundation for the next step, which is implementation and execution.

How did the results of the ONE study change Scientific Games' point-of-view?

Jennifer Welshons: Our point-of-view prior to ONE was informed by many years of research, observation, and analyses of hundreds of studies we conducted with lotteries all around the world. Our purpose was to apply common language methodologies that might reveal oversights or misguided conclusions. We accomplished this and, not surprisingly, the common language also validated much of our previous point-of-view. Both insights, i.e. the ones that corrected misconceptions and the ones that validated previously held conceptions, are valuable.

Scientific Games is focused on translating knowledge into action plans that are applied in the real world. We discovered that actual implementation has less to do with the relevance and reliability of the knowledge than with the practical matters of creating alignment with all the different stakeholders, whose buy-in is crucial. Everyone may agree that change, a course of action based on the evidence, is clearly needed. But unlocking the power of business analytics and intelligence and integrating these into the information systems is difficult. But this is what needs to happen for knowledge to be converted into improved sales performance and funding for lottery good causes. We hope to show the benefit of this to all of our customers.

What is ONEVoice, the market research online community (MROC) platform we've been hearing so much about?

Jennifer Welshons: Well, the magic happens when the business intelligence and analytics are integrated with IT, with the sales and marketing teams of the lottery and Scientific Games, and into all digital products like players clubs, loyalty programs, and second-chance draws. This is why creating the ONEVoice community has been so important. It takes our ONE framework and gives us a way to integrate primary consumer research with other secondary data points.

ONEVoice is a national online community that includes approximately 2,000 consumers, representing all of the ONE consumer segments. It's designed to integrate all points-of-view to yield a deeper understanding of the underlying motivational drivers of player behavior. Several lotteries have leveraged our ONEVoice community by augmenting consumers from their jurisdictions, and they can now test new game concepts in a far more cost-effective way. The common language enables a 360-degree view that includes consumer feedback and quantitative data.

Technology teams talk about application program interfaces (APIs) that translate different computer languages into one common language that allows different IT infrastructures to communicate with each other. Well, this is really what the ONE framework does for a lottery's marketing efforts. Deploying a ONEVoice community enables primary market research to better link with business intelligence and analytics gathered and organized by different sources and organizations.

For instance, lotteries want to connect with Millennials, the age group of consumers born in the 1980s and '90s who became

ULTIMATE   DEDICATED   OUTGOING

RESERVED   DABBLING   PRE-ULTIMATE

adults in the early 2000s. As a market segment, though, that does not tell us very much. There is very little homogeneity other than the fact that this generation was raised with a deep connection to digital technology. Beyond that, there is a great diversity of motivational drivers, game-style preferences, shopping and lifestyle behaviors, and much more. Scientific Games' goal is to make sense of this diversity, to segment players by relevant behavioral drivers which are motivational rather than generic demographics, and to apply tools that convert this unmanageable category into discreet component parts that are defined with much greater precision. We then turn this data into useful business intelligence and action plans that drive our lottery customers' sales and performance.

To what extent are these frameworks dynamic and fluid, with new consumer information and a changing marketplace?

Jennifer Welshons: The underlying framework based on motivations is relatively stable. That's the reason for building onto the framework; very little shift over time. However, the behavioral models that are layered on and the subsequent insights and conclusions are anything but stagnant. When used properly, segmentation work becomes a living, breathing, integral part of marketing plans. To bring the framework to life, a lottery needs a platform like ONEVoice to pursue a course of continual improvement and learning in the most efficient and effective way. It's vital that the tools and methodologies be dynamic resources that are used and updated on a timely basis.

How difficult is it to overcome the inclination to think that the lottery industry's challenges, marketplace, or consumers are so different from other consumer product businesses?

Jennifer Welshons: It's not logical to think that the consumers who lotteries want to reach are different than those that other consumer product businesses are after as well. Of course, there is significant crossover. However, the relationship that these consumers have with lottery products and their motivation for purchasing them is

in fact different than most other products. Merging the power of big data analytics with the granular drill-down into the nuance of each market, this is where the sweet spot of marketing lies and that's really the whole purpose of ONEVoice. Scientific Games and our lottery customers share the same goals of acquiring a deeper understanding

of consumer behavior, and applying that to develop products and promotions that appeal to players. Our customers appreciate that the tools we are building enable us to deconstruct the behavioral profiles, and zero in on what motivates players instead of generic demographic data that does little to reveal the real market-drivers. And for our part, Scientific Games respects the fact that each jurisdiction is unique. Our goal is to clarify the dynamics—the market-drivers – so that we can focus on what makes each market and playerbase special.

Without a model that segments by motivation, and the common language to integrate information from multiple sources, are you looking at less understandable end results?

Jennifer Welshons: No company has a set of research tools that doesn't require extrapolation or interpretation. At Scientific Games, we are drilling down to unearth a much richer, more accurate, more granular, and more actionable set of insights. The fact that demographic data relating to age, gender, etc. is more readily available does not speak to its relevance. Actual behavior is driven by underlying motivational drivers and personality attributes. For building out an effective marketing action-plan, there is no easy alternative to diving in and stretching to identify those underlying behavioral drivers. There

is no point in marketing to somebody on Facebook, for instance, if they don't use Facebook. In fact, many Millennials don't use Facebook anymore, but they can be reached via Twitter and Instagram. For those who are on Facebook, knowing what drives them to play is critical for knowing what message will be effective. That's the level of detail we seek. It's like the keynote speech on diversity we heard yesterday at this NASPL Professional Development Seminar. Patricia Russell-McLoud conducted a wonderfully interactive session that illustrated how Millennials, or anyone else for that matter, do not want to be lumped into one demographic segment. They may have many things in common with regard to their lifestyle and digital intelligence. But Millennials protest that these attributes do not define them. Their aspirations, their world views, their personalities and motivations differ just like they do in all age groups. Optimist or pessimist, happy or melancholy, adventurous or cautious – these characteristics have nothing to do with traditional demographic segmentation.

Scientific Games' new WILLY WONKA GOLDEN TICKET™ game combines the appeal of lotto-size jackpots and scratch-off-style instant wins. Why is this innovation driving such incredible results for the 10 lotteries that have launched it thus far, with more to come?

Jennifer Welshons: Our WILLY WONKA GOLDEN TICKET linked instant game has been phenomenal, and it's a great example of what we've just been discussing. Firstly, it utilizes a brand that has already achieved massive success as a slot game. The current success in the lottery channel validates our research indicating significant crossover between casino slot players and lottery instant game players. Secondly, the way in which the game combines many attributes is quite unique. It provides a very interactive and engaging player experience that includes second-chance play through integration with nine different lottery mobile apps to give the game maximum jurisdictional penetration. Lastly, it is a multi-state

game which provides increased liquidity and much higher prize opportunities. The game combines the thrill of instant wins with the attention-grabbing appeal of big jackpot games.

The sales and the level of player engagement with the WILLY WONKA GOLDEN TICKET game are unprecedented. Beyond fantastic sales performance, a good measure of the appeal of any new game is the number of entries generated in a second-chance loyalty program. For one lottery, second-chance entries have driven over 12 percent of their player's club membership and boast the most unique users of any instant game in their loyalty program. We knew that the brand's mass appeal would bring in new players. But we also supported this great game with a full-court-press consumer engagement campaign that included multiple touch points, multi-faceted digital marketing and second-chance draw opportunities, and we applied all of our tools and resources to maximize impact.

Your lottery global headquarters north of Atlanta is one of five Scientific Games instant game manufacturing facilities. How does this giant innovation engine keep the pipeline full of new content?

Jennifer Welshons: In our Alpharetta, Georgia facility north of Atlanta alone, we design and manage 200 instant games, simultaneously and continuously, delivering more than 10 million packs of instant game tickets every month to our North American customers. These numbers speak volumes to our constant innovation! As for

managing our global Lottery division, we think in terms of four functional areas: Game Content, Advanced Logistics, Retail Services, and Player Engagement. We work to break down any functional silos and integrate these different disciplines for a holistic approach to our customers' business. For instance, supply chain falls under the Advanced Logistics team, but obviously affects the Retail Services team. Digital products like players clubs, loyalty programs, and second-chance draws are a part of the

gem | Intelligence™ products falls into Retail Services, but depends on Advanced Logistics for content. And CRM traverses all four areas.

So where does the iLab fit in?

Jennifer Welshons: iLab is the part of the Scientific Games innovation engine that focuses on the most technologically advanced solutions. Innovation is at the foundation of our entire organization. Our Discovery Team innovates in the physical instant product space. Our Dream Team develops fresh, outside-the-box ideas for new game concepts. Our Digital Content Studio develops mobile apps, digital strategy and digital content. I'm proud to lead the Marketing & Insights team that works across all of these, looking for opportunities to cross-pollinate and promote synergy and collaboration. This is the 'Holy Grail' theme that has coursed through this entire discussion. We are very excited about the progress we have made towards producing synergy and a very collaborative process both within Scientific Games and with our lottery customers. ∎

Player Engagement team, but work hand-in-glove with Game Content. In fact, Player Engagement is wrapped around this entire process when you consider loyalty programs that link games, retail, and promotions. Our recent acquisition of Sales Force Automation experts Lapis Software Associates and their

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