

Insights from Retail Executives on how Brand Lottery can optimize long-term success at Retail



L to R: Eric Grubbs, Jarrod Cummins, Nick Murtagh

For almost the whole history of the Lottery in the US, retail has been the place “where the rubber meets the road”, the face of lottery to the consumer where all the behind-the-scenes planning, marketing strategies, and product development culminate with ticket sales to customers.

Recent years have seen the supremacy of stores challenged by new online options. The rapid growth of eCommerce is undeniable. But retail is evolving and will continue to be the dominant channel and consumer touchpoint for Brand Lottery. Retail has been innovating to meet the needs of the modern consumer, and is challenging lotteries to do the same and make the most of this win-win relationship in the future.

Introducing this panel discussion on retail optimization, moderator **Eric Grubbs, Deputy Executive Director, Sales, of the Pennsylvania Lottery**, posed the question, “How are retail

processes, operations, and expectations changing, and how will Team Lottery need to evolve its methods to keep up?”

Welcoming the opportunity to get “unvarnished guidance” straight from senior executives who manage the lottery category for two major multistate retailers, Eric introduced the panelists:

Jarrold Cummins is the Director Commercial Business Lines and Digital Solutions for Kroger Personal Finance. The Kroger Company operates 2,723 Supermarket Stores across thirty-five states and the District of Columbia.

Nick Murtagh is the Category Analyst Lottery for Sheetz across three of the six states in which it operates convenience stores (Maryland, North Carolina, and Pennsylvania).

Eric began by inviting the panelists to comment on Lottery’s role in the retail business model and what Team Lottery does well now. Jarrod highlighted how Lottery has become an increasingly important part of Kroger’s business in recent years. “Lottery is a trip driver, it draws in a wide range of customers who engage with it, which in turn supports our core business.”

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In terms of what Lottery does well, Jarrod highlighted consistency and innovation. “Lottery is a consistent, mature product that customers understand well. But at the same time, the industry has become really strong in innovation in recent years — creating digital solutions, tracking data, and developing new marketing approaches. I really believe the lottery industry is on the path to innovation and unlocking significantly more value for retailers, players, and its other stakeholders.”

Nick echoed Jarrod by highlighting how the importance of lottery as a category has increased for Sheetz. He also praised the “wonderful” collaborative spirit of the lotteries in the states where Sheetz operates. Giving an example of that, he said, “Pennsylvania has been fantastic. We’ve been able to use their retail incentive program to get funding for some promotions that we’ve run, which have helped us to give money back to our customers and show our gratitude to them. And it’s thanks to great partners like the six lotteries we work with that we’ve been able to do that.”

Responding to Eric’s question about “big-picture shopping behavior and retail trends,” Nick spoke about the increased move toward online ordering, delivery, and in-store pickup. “How do we interact more with those customers that are in and out very rapidly?” he asked. “And is there a way we can work with those customers and change the foot traffic to help grow the business?”

Approaching the same theme from a different angle, Jarrod emphasized the importance of helping customers shop speedily. “People are generally busier and living increasingly fast-paced lives, so when they can get their shopping done quickly, they feel a bit better. Customers expect one-stop-shop solutions, where they can get groceries, and pharmacy solutions, and financial services solutions in the same place.”

However, both Nick and Jarrod agreed that the balance between self-checkout and staffed cash registers is unlikely to change significantly in the next few years.

In the spirit of improving collaboration, Eric asked how the lottery industry and its vendors can work better with retail and develop mutually beneficial innovations and initiatives. Jarrod stressed the importance of engaging retailers early in the planning process so they can explain what might (and what won’t) work for them. “Some solutions we might be able to integrate, some we won’t. For example, most retailers will be resistant to a solution that involves integrating into our point of sale. Some solutions may create data privacy issues that would likely be preventative. So, when you’ve got a new idea, come talk to us as soon as you can, and together we can work the out best way to unlock growth for both parties.”

Similarly, Nick emphasized the importance of open and honest communication, with a willingness to give feedback and accept criticism. He also agreed with Jarrod about the importance of early involvement in planning. “We want to try new things and pilot ideas for you. But if we can be on the ground floor of those conversations from day one, rather than being brought in on day 30, then I think there’s a much better chance of a successful outcome.”

Picking up on those points, Jarrod highlighted the importance of “approaching pilots with the mindset that it’s okay to fail as long as you learn from that and use the experience to develop something better.”

Finally, Eric asked the panel for details of how they are currently marketing lottery products and their thoughts on how that could be improved.

Nick talked about Sheetz promotions that encourage customers to buy tickets for specific lottery games which can

be entered for a chance to win various prizes such as free gas, free car washes for a year, Sheetz gift cards, or even scratch-off lottery tickets. Jarrod discussed how simple marketing tactics such as destination signage has directly impacted Kroger’s sales of lottery tickets, but also highlighted how he is keen to do much more to increase data-driven, targeted marketing that takes advantage of digital technologies. “The next stage is to leverage our assets to have more focused communication. We’ve got a lot of customer data, and we can use that to engage people who are likely to buy with unique omnichannel strategies. And when we’ve got a digital solution, we can message digitally engaged households to engage with key events such as elevated jackpot drawings. That sort of very quick, very targeted marketing is a model that has a really strong ROI.”

Both panelists concluded their remarks by reemphasizing the importance of the Lottery to retailers and highlighting the potential for improved collaboration. “At Sheetz, Lottery is our third-best category in terms of revenue per square foot,” said Nick. “So, the amount of space that we operate in is very small, but the impact we have from that space is extraordinary, and I love to imagine where that could go if we can find even better ways to engage and interact with customers.”

Picking up on that theme, Jarrod stated, “One of the key themes at this conference has been the importance of omnichannel marketing. This is an area where grocery retailers are already innovating and applying sophisticated new technology and methods. So, if you’re looking to develop unique omnichannel marketing strategies for your customers, I recommend trying to leverage the expertise of some of your key retailers. I think you’ll be happy with the results.” ■