Following is an executive summary of a one-hour panel discussion held at the PGRI Lottery Expo Conference in Nashville

Managing iLottery for Maximum Growth, Maximum Player Engagement and Maximum Complementarity with Other Channels Like Land-Based Retail

When **Stephanie Weyant, Deputy Executive Director, Marketing and Products at the Pennsylvania Lottery,** hears that the future of lottery is with artificial intelligence or machine learning or improved consumer experiences, she knows firsthand that at her lottery, the future is NOW. All these technologies are currently being deployed today in the service of iLottery - and with great success as Pennsylvania boasts one of the largest iLottery programs in the world.

But with the number of states offering iLottery still at 11, there is much room to grow. Stephanie's goal with this panel was to make sure that all lotteries can learn something from those who have years of experience with iLottery and work towards a future that includes this important sales tool.

Joining Stephanie were:

Steve Beason, President, Digital and Sports Betting, Scientific Games

Jason Lisiecki, Executive Vice President, Instant Win Gaming (IWG)

Karri Paavilainen, Senior Director, iLottery, IGT

Frank Suarez, Executive Director, DC Office of Lottery & Gaming

Bishop Woosley, Senior Lottery Consultant, Jackpocket

Stephanie's goal for the panel was to provide something for everyone. "For the states that are currently offering iLottery, like Pennsylvania, we are looking at ways to manage the product for maximum growth, player engagement and integration with land-based retail," she said. "But even non-iLottery states are looking at some of these same issues. Most lotteries offer some type of digital component – app, loyalty program, players club. And the high jackpot runs have enabled many lotteries to increase the pool of players engaging with them through these avenues. For iLottery states, once we have attracted these new players, we want to convert them to digital players, not to supplant their play at retail but to augment and enhance their play at retail stores. Let's look at some of the best strategies for doing that."

conversion rate is about 65% for these types of promotions so they have been working well for us. From there, we do a lot of segmentation to identify who hasn't come back after the jackpot runs and provide them with incentives to return."

IGT runs the digital platforms for several lotteries and **Karri Paavilainen** agreed that jackpot runs lead to large numbers of new players. "One issue is that they are 'slippery' players in that it is challenging to keep them after the jackpot runs end," he said. "In fact, the retention rate of your average jackpot player is one-third that of

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DC Lottery's **Frank Suarez,** who also served as CMO at the North Carolina Lottery (another iLottery state), said player outreach never ends. "The high jackpot runs are really beneficial for attracting new players, but making people aware that they can actually buy a ticket online is still a big challenge for us," he said. "Once we have a player with a registered account, our CRM kicks in with promotions that lead the player to eInstant games that are more jackpot themed and eventually introduce them to other types of games. The initial promotions are simple – spend $50, get $25 on a specific type of eInstant games. Our

a regular player. It is key that once jackpot players are on the platform, that lotteries build more engagement. The optimal time to present new players with an eInstant offer is when their online wallet is open and they are engaged in making draw game transactions. Present them with an eInstant offer. We have seen these types of offers really work and lead to future play. Ongoing communication will keep the player engaged and continuing to purchase through the platform."

Representing the lottery courier Jackpocket, **Bishop Woosley** said player attraction and retention is similar in the

courier world. "High jackpots are a huge opportunity for us as well because they draw so much attention to lottery," he said. "We'll be in 20 states by early 2024 and the jackpot runs certainly help introduce us to the new markets. Jackpocket offers promotions to stimulate interest, such as entering a code to get a free ticket, buy a certain number of tickets and get an additional ticket free. To me as a former director (Arkansas Lottery), the more innovative promotions you can offer, the more success you'll have in attracting and retaining players.

"If we can get players to join the Players Club, then we can cross promote platforms, and drive retail players online and vice versa."

Stephanie added a few additional thoughts on attracting players. "We've seen success with licensed properties," she said. "You have players who are not familiar with eInstants and are coming to the site because of the high jackpots. So we'll make some changes in the lobby. Perhaps we'll move up the progressive eInstant games or show a licensed game that they can easily recognize. We've had great success getting players to try eInstants through games like Monopoly that they know."

Moving to the subject of eInstants, Stephanie asked the panelists about the importance of offering strong content. "Lotteries are launching eInstant games more frequently, usually a minimum of every two weeks if not more," she said. "How important is it to have strong content to retain and acquire new players?"

Scientific Games' **Steve Beason** jumped into this discussion. "There are three very important things when it comes to keeping your eInstant players," he said. "Make really good games, make really good games and make really good games. It sounds silly but at the end of the day, good games and a diverse set of games are critical. I think the lottery industry is a bit stuck on our existing styles of games. We need to build as many different play styles as possible so we can attract different players with different tastes. Most lotteries are looking at their iLottery programs' return-to-player.

Some players might want an extended play style which will have a lower RTP. A higher RTP will be a faster game. The reality is that the more games that are out there, the better it will be for everyone."

IWG's **Jason Lisiecki** agreed. "Variety is extremely important with eInstant games," he said. "One threat of launching eInstant games at a slower rate, like every two weeks, is that of the product becoming stale. So we need to figure out how to keep players on their toes, surprise them. Perhaps catch them off guard a bit with some new features, new themes, new style of play. When you do this, you're opening the door for an acquisition opportunity but you're also providing something refreshingly new and interesting for your core players and maybe increasing the retention chances. Lotteries need to make sure that there are strong products available that are successful and create a roadmap that works best for them."

Stephanie asked Jason about the industry's first multi-state eInstant progressive game launched recently with the Virginia and Pennsylvania Lotteries. "This game was about two years in the making," she said. "There were some unique challenges we all faced and when something is an industry first, you don't have other experiences to fall back on."

Jason said the road to launching the Mega Money Jackpots progressive game was long and bumpy but the end result has been better than expected. "It's a cash-themed game and players seem to really like it," he said. "The jackpot has grown alongside the big Powerball run so it's been interesting to see how that impacts player conversion. Behind the scenes, there have been a lot of new things for IWG – custom reporting for each lottery, separate prize structure approvals, operational differences. While it's a bit more work, the outcome has been positive. Our hope is that other lotteries join onto this or a future game."

Scientific Games also recently ramped up its innovation game for iLottery with the launch of the SG Content Hub and partner program, and Steve said it's all about easing the integration process. "The SG Content Hub allows for one single integration for the lottery which can then receive content from a lot of providers," he said. "We developed the hub to also be used to analyze our data, how our games are doing and are we measuring the games equally and making the right decision on what content the lottery should offer. Offer the games and then look at performance to determine what is working and what is not. So the SG Content Hub is a technology program that offers curated games from lottery-focused game studios around the world. It also adds value to partner lotteries with competitive reporting and access to the largest portfolio of licensed properties in the industry."

Switching to where iLottery fits within the retail channel, Stephanie said that many consumers today shop both online and at retail. "These are the most valuable customers to lottery," she said. "We know that retail will always be the face of lottery to the consumer, even for those who are building the online experience. For lotteries, it is important to break down the silos so the two sides of the house are working together and providing a seamless experience for players."

In DC, Frank said that they encourage players to join their Players Club so they reach them with multi-location offers. "If we can get players to join the Players Club, then we can cross promote platforms, and drive retail players online and vice versa," he said. "We think about this cross promotional strategy when we're putting together our game strategy, creating games that work at retail and also through iLottery. Then we can advertise everything at once and take advantage of those synergies. If the player is in the Players Club, we can easily send them promotions for both products. Since we're a small organization it's easier for everyone to work together. We do have product managers dedicated to iLottery and other products. But they also collaborate on initiatives that drive player engagement and, ultimately, revenue."

Carefully considering what products will be sold and where is an important ingredient of the overall product mix, Karri said. "Omni-channel is often misunderstood,"

he said. "It's often just thought of as putting the same product into digital and retail, putting a little marketing behind it and calling it a day. The real benefit of omni-channel begins when lotteries create managed player relationships across all the channels. Provide digital services, such as digital play slip, mobile cashing, etc., for your retail player and give them a reason to interact with your digital platforms. And use rewards, whether through loyalty or second chance programs, to engage all players. When lotteries start to manage the players, you are now able to drive them towards certain channels and have better insight into the overall player relationship."

As a lottery director, Bishop obviously wanted his products in as many channels as possible and that hasn't changed. "We need to be in as many places as possible," he said. "In retail, we can have three or four lottery retailers on the same block. We don't say 'sorry, you can't sell lottery.' I sometimes don't see that philosophy translated into the digital space. If it's going to be true omni-channel, we can't have a situation where you must choose between your online provider and a courier. More channels help everyone. Couriers are up and running in markets quickly, they're selling products and they have marketing money. I think some states are realizing that from a digital standpoint, there needs to be additional channels to reach as many people as possible. If we're going to have an omni-channel discussion, there can't be limitations on who can sell. Put our products in front of as many people as possible."

Stephanie brought up the topic of how providing "real money" gaming opportunities is an enormous change for lotteries and creates some challenges (along with the opportunities). "Take for example our app, which is so important – 90% of all our iLottery sales are through our app," she said. "But working with the large mobile carriers and companies such as Facebook, Apple and Google is not easy. Apple, for example, has strict guidelines for their real-money gaming which has required the industry to redesign our apps. Things like that add to the eInstant game development schedules because now Apple basically has to approve games before they launch. But you must be on the iOS platform, given the large number of iPhone users that exist today."

Steve said he feels, and has lived, Stephanie's pain. "When lotteries first started using apps, Google was okay with everything, but Apple said there was no way they're allowing lottery apps in their store," he said. "Then Google became all about advertising and didn't want anything even resembling advertising in an app. But Scientific Games has been successful in getting our case heard and getting our apps into the app stores. As an industry, we must continue to lobby and push our mission, lean on the good causes. Just like we did many years ago, we have to continue to fight for our place in these app stores and for as few restrictions as possible."

Karri agreed that taking on the kings can be daunting. "Apple and Google are two of the world's largest companies so there's a bit of an Ivory Tower effect, looking down as everyone fights for their place in the Apple and Google ecospheres," he said. "It is difficult to get heard. But we have to keep talking, the business opportunity is too critical. Like other organizations, IGT has been developing apps for years. We have developed a working relationship with these platforms and we understand how to work with them and react quickly to any new regulation or guideline that comes along."

A collective voice of the industry is critical when dealing with these companies, Jason agreed. "Together we are able to make these companies understand our position, and there is definitely strength in numbers," he said. "From a development standpoint, it does elongate the production cycle for eInstant games so when you're creating roadmaps and lining up your games, you need to build in ample time for testing. In the end, we need to have as many tools as possible to reach players. Whether it's apps, mobile web, or desktop, players have their preferences and we want to make sure all channels are operating efficiently, so we're casting the widest net possible."

Stephanie ended the panel by talking about the future of iLottery, more specifically a quick look at the state of iLottery and where it is going. "About 14 states will be legally allowed to sell online by early 2024," she said. "Some can only sell draw games or subscriptions. Others, like Pennsylvania, can sell all products. But why aren't more states selling online? Is

it still the thought that iLottery will hurt retail? What is holding things back?"

While it can be the nature of government to move slowly with new initiatives, Steve said iLottery acceptance has been tough to watch. "Twenty-five years ago, we said the internet was going to change the industry as lotteries looked to sell games online," he said. "But there are so many constituents working for and against lottery that I think it's easy to see why we are in this place. Because of this, Scientific Games tries to tackle each jurisdiction separately and work with them on their specific issues. And the vendors try to work together whenever possible. We want our customers to succeed, and getting online is an important component of sustainability. For many states, the biggest challenges are at the legislative level, and the government relations acumen of the vendors can be very helpful."

Karri agreed that working together is important. "Lotteries can help each other by sharing information that can be used to promote the iLottery cause," he said. "Providing data on what steps they took to move to digital, how they managed the twists and turns, and what the results show. Our consumers are already highly involved in digital, and this will pose a challenge for lottery in the coming years. To remain relevant, lottery needs to have the same capabilities and accessibility as other consumer products. If the barrier to purchase is too great, we will struggle to retain consumers."

Having worked at two lotteries that sell online, Frank has a unique perspective. "North Carolina has been selling draw games online for more than 10 years, and they have just recently been approved to start selling eInstants," he said. "Depending on the state, it takes time to knock down the barriers thrown in front of you. One barrier will be the retailers saying it will hurt their sales and the responsible gaming folks will present their case. But we now have data to refute the negative disinformation being floated. Retail sales have grown in states with iLottery. Online sales allow us to reach players more easily so we can promote the responsible gaming angle. And, of course, we can make the economic case. We all know that iLottery generates more funds for the state or for good causes

than other forms of gaming, especially sports betting. Sharing all this data will help lotteries make a very convincing case."

From the Jackpocket angle, Bishop said the nimbleness of couriers has been one of their reasons for success. "We can be up and running in a jurisdiction within 60 to 90 days," he said. "That is certainly attractive to states that can't get iLottery quickly or might never get iLottery. And states with both iLottery and couriers have enjoyed success as well because of the marketing

and advertising of lottery undertaken by couriers. From an old director's standpoint, I agree with everyone who said we have to work together. Look at sports betting. There is something called the Sport Betting Alliance made up of key operators. That's the kind of unified front that could help the lottery industry. Sports betting happened very fast because they were speaking in one voice. The lottery industry could certainly use that type of strategy when it comes to iLottery."

Stephanie's final words were, "States with iLottery, like Pennsylvania, will continue to provide the industry with data and real-time information to combat the myths that come up. We have seen how important the iLottery player is to our states and how it can attract a new and often younger consumer. We must all work together to get this important sales tool into as many states as possible." ■

At Abacus, Terry Presta and his colleagues are implementing strategies with a view towards positioning lottery for the future retail store environment. "While we understand that players are on their mobile devices and either buying or scanning tickets, lotteries need to re-imagine the in-store experience," he said. "Look at how many stores now offer self-checkout because of the staffing and margin pressures they face. Look at how the consumer is rapidly accepting self-checkout as the easiest and fastest way to get in and out of the store. This represents a tremendous opportunity for the industry. We've seen the success of offering lottery within self-checkout lanes in Canada and Europe. It removes labor and stock shrinkage and moves lottery into a positive for retailers. In-lane lottery sales is now a critical option for lottery to remain viable at retail."

IGT's Paul Riley agreed that "upping the game" at retail will pay off in the long run. "We know there are certain solutions that work pretty much everywhere they are deployed – jackpot signage, digital menu boards," he said. "IGT has also created new vending machines which put lottery products front-and-center at retail and get us in front of even more people. These new machines have different sizes and different mixes of products so we can address the needs of a variety of retailers. Some retailers don't want to handle the cash from a vending machine or load the tickets, so we have to provide business models and equipment that addresses their needs. We also have some new devices and solutions that are focused on in-lane, which is a long-term play for the industry and allows us to make inroads into previously

untouched retailers and trade styles. All vendors are looking at how they can increase the number of products available in-lane, including re-designing instant tickets so they can be more easily sold in-lane."

As a lottery representative, Missouri's Tonya Beenders said they talk often with as many retailers as possible, and providing new technology will only increase sales. "Many lotteries are limited in what they can provide to retailers because of staffing issues, so we rely on the vendors to manufacture and deploy the latest tech," she said. "And we know that when the latest technology is deployed, sales only go up. Things like digital menu boards have allowed some retailers to increase the number of games they offer and speed up transactions. Retailers have told us what they want. Now we have to find the budget to provide this technology to as many locations as possible. In Missouri, as in many states, we can't sell online so we need to up our game at retail."

Looking to the future, Drew asked "What should every retailer be doing in the next five years?"

Paul's answer was simple. "Vending and in-lane," he said. "There is amazing opportunity to expand lottery vending machines and optimize existing deployments. It has the added benefit of aligning with retailers' and consumers' continued adoption of self-service. Getting in-lane right is critical to the industry's future. We have been working with Dollar General, one of the largest chain stores in the country and a trade style that is experiencing rapid growth in the U.S. They don't want lottery equipment in their stores, so in a few juris-

dictions we've added in-lane capabilities for QuickTicket, draw-based games. Our hope is that we can prove the value of lottery to them and expand their offering to add instant tickets. Walgreens, another huge retailer with more than 8,500 locations across the country, has made some very detailed inquiries about lottery to include in-lane. If we can show these retailers that in-lane works, it's another way to engage a category of retailers that has been difficult to penetrate. Through modernization, we can expand the lottery footprint."

Max said that in five years he sees the use of paper play slips continuing to drop, perhaps not eliminated completely but largely replaced by digital play slips.

"You're already seeing it happen now and this is another reason why digital advertising will see tremendous growth at retail," he said. "No more play slips means lotteries will need to protect their retail real estate and leverage their current play stand space to adapt to these changes. Lotteries will need to modernize how they communicate with and educate players before they reach the counter. Digital PlayStations with continuously updated attract screen content and interactive experiences will become more prevalent. This gives lotteries more visibility in a retail environment that affords less POS space. It also gives lotteries centralized control over real time messaging including jackpot values, Instants promotions, live monitor games, prizes remaining, localized winner awareness, loyalty programs, and more.

Ongoing conversations with retailers will continue the digital push, according to Krista. "To me, retail modernization is