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THE ENTIRE TEAM OF GEORGIA LOTTERY STAKEHOLDERS PULLS TOGETHER TO PRODUCE A GREAT FINISH TO 2020

PGRI INTRODUCTION: The Georgia Lottery Corporation finished its fiscal year 2020 with record sales and net transfers to its beneficiary, Georgia’s HOPE Scholarship and Pre-K programs.

“Our FY20 results are a reflection of the fortitude and commitment of many,” Georgia Lottery President and CEO Gretchen Corbin said. “As with all companies, 2020 has been an historic year, challenging us to the max, which makes me even more honored to report this record year of returns for education. Our team has been laser focused on delivering the greatest amount possible to the state in a year where we first focused on outpacing 2019, the year of one of the largest jackpots in history, and then added COVID-19 challenges to our goal to surmount.”

After a dip in March, Georgia Lottery sales rebounded in the last quarter of FY20 as players became more familiar with online play availability, many retailers remained open because of other services they provide, and most other forms of entertainment were limited.

We talked with Gretchen Corbin to get some insight into how they did it.

Paul Jason: Congratulations for ending up the year with another record fund transfer. There must have been some anxiety about how you would close out the fourth quarter?

G. Corbin: Thank you. We did have an excellent year – \$1.23 billion returned to the state of Georgia for the HOPE Scholarship and Pre-K programs. Like my colleagues all around the country, I was concerned about how we would meet our financial targets without the large jackpots of the previous year. How do we overcome that and maintain that same level of success? Before the pandemic began, the

Georgia Lottery was on track to exceed that number for the fiscal year that ended in June. So we were thrilled. Then, the first couple weeks of the pandemic put the entire industry on red alert. In the beginning, I think we were all immersed in the mission to address the immediate challenges and just keep the business operating amidst so many uncertainties.

Once we gained visibility into the direct short-term impacts, and how to deal with them, we could begin to assess the situation and fine-tune the Business Continuity Plans. We found ourselves in a position in which much of what we had been

doing was not going to work under those conditions. **Since we need to change so much anyway, we decided to take the opportunity to explore pathways to make things better than they were before and improve on what we had been doing.**

We turned the urgent need to address short-term crises into a catalyst for more sweeping progress to hopefully lay a foundation for long-term sustainable growth. We all know, for instance, that technology is available to enable vast improvements in operational efficiency and effectiveness as well as enhancements to the whole player experience. Well, this was the opportunity to move quickly from the planning stage and into implementation mode.

Our teams executed well under the most challenging conditions. And when I say teams, I refer not only to our Georgia Lottery employees but to all the support we received from the state of Georgia, from our retail channel partners, and from our vendors. We all came together and asked, “How do we continue being successful?” That’s our job, that’s our commitment to the state of Georgia, and our beneficiaries and stakeholders all depend on us to deliver. The pandemic just gave us another reason to push ourselves to be even better than ever.

Your per capita sales are among the very highest in the country. And, of course, Georgia is one of the most populous states. So to continue to build when your market-place penetration is somewhat optimized already is amazing and impressive.

G. Corbin: It's important to give the kudos to our retailers. At the end of the day, without our retailers, who were still selling during the pandemic, our sales would not have happened, and we would not have been successful. I always want to make sure, in any year but especially this year, that we extend our heartfelt appreciation to our partners in the retail arena. We were incredibly fortunate to benefit from their hard work during this time period.

You have been focused on building out the digital and online connection with the audience of lottery players. Can you speak to how that will unfold over the next nine to 12 months? Also touch on the importance of integrating those strategies with your focus on helping your retailers succeed too.

G. Corbin: When we first started our online lottery platform, a huge concern for us was to make sure that the additional sales that accrued from the online channel did not negatively impact retailers. **What we found and what I think all iLottery states have found is that as our online sales grew, so did our retail sales. They are synergistic, mutually reinforcing.** Additional channels mean additional consumer touch-points which create more consumer awareness of our brand. They see it in one area, they get excited about it in another, and they may end up actually playing the lottery in a third area. Our retailers understand that our online lottery growth has just helped brand the product and bring in new consumer groups, and this results in more sales and store traffic at retail.

The online audience connection also gives us this incredible opportunity to do cross-promotional and marketing activities that benefit our retailers. You might have a scratcher that you buy at retail and you have an online component where someone goes online to register in a second-chance drawing. They learn about your online offerings, and you have the ability to do promotions online that drive players back to retail. All this cross-selling not only drives sales, it enhances the player experience. This 360-degree lottery playing ecosystem makes it more fun and engaging for the players.

Like Lottery, retailers are under pressure to modernize. It seems like we should work together to achieve this common goal. How might Lottery take this oppor-

tunity to carve out a bigger role for itself in helping retailers modernize.

G. Corbin: Every aspect of the business changed very quickly during the pandemic. Point-of-sale, advertising and promotions, internal operations, as well as retailer support and the application of technology to enhance the in-store shopping and playing experience. For instance, we like to support our products and our retailers by having digital marketing boards in our retail locations. These digital marketing boards don't just post the latest jackpot amounts. They give us the ability to change the message to appeal to a specific consumer interest at a specific point in time. We may want to announce a new product or promotion. We can collaborate with the retailer on a shared co-op promotion.

The digital message board makes it easy to instantly broadcast a message to the in-store customers across thousands of retailers. It requires an incredible coordination between the lottery, the scratcher vendor, the paper vendor for the digital products, and the distribution between our warehouses, our vendors' warehouses, and delivery straight to our retailers. The skillful execution on the part of each member of the supply chain allowed our sales team to focus on specific niche items and encourage and assist our retailers via phone when they could not be there in person. And in spite of these constraints, the product was to the retailer before the retailer even needed it. The systems and effective execution on the part of each member of the teams enabled preordering and re-stocking so the product was there when the consumer was ready to buy, and to meet the increase in demand that came in April, May and June.

How are digital marketing boards different from digital signage?

G. Corbin: Digital marketing boards enable us to vary the messaging as we like, and to change out the messaging as frequently and as quickly as we like. So we are communicating the right message to the right audience at just the right time. Of course, our insight into exactly what we want to express and where and when we want to express it, is improving with each passing week. But the creation of the message and the mechanisms that send the message to the digital marketing boards in the retail store is all done right in our own offices.

We've always appreciated our retail partners but at no other time than these past five months has that been more apparent. The increases in our online sales contributed to our results as well. We were very appreciative that Governor Kemp designated convenience stores as essential retailers to continue operating during that time period.

How do you weigh the trade-off between the need for innovation and the need to maximize short-term ROI?

G. Corbin: We start with the recognition that we have to not just keep up with the times but be ahead of the times. Our players expect technical options, a user interface and overall UX that competes with the likes of Netflix and other tech leaders. We're very appreciative of our gaming partners for recognizing that and for embracing the opportunity to meet that challenge. We depend on our technology partners to keep us competitive, to help us be the best partners to our retailers, and to exceed the expectations of the modern consumer.

Whatever technology we deploy, it needs to have a high ROI. What has been done well in Georgia is to balance the need for innovation, the need to take risks, and the keenness to manage that risk and minimize waste.

At the Georgia Lottery we've got a bottom-line mission and that is to maximize revenues for the students of Georgia. We want to be aggressive and progressive, but we need to be sure that we're doing it in the most responsible way. We're always keeping our eyes on the next responsible opportunity because if we're not constantly looking with an open mind, we have short-changed the students of Georgia. We are thrilled to always be innovative while at the same time appreciating and respecting the great lottery products that have worked so well for so long. We are thankful for the incredible scratch ticket products that have provided entertainment for our customers and allowed us to keep sales where they have traditionally been.

How do we drive ongoing growth of instant scratch-offs?

G. Corbin: I think we need to continue to be creative. We need to stay in touch with our consumers and understand what they like about a specific game. We need to figure out what our players like so we can prepare for the next six months and 12 months while also staying in touch with the day-to-day so

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concerned that lottery tickets purchased online are tickets that would otherwise have been purchased at retail. We meet with retailers regularly so they are confident that the dialogue is ongoing. We explain that the Lottery's online channel brings in new player groups who are then prompted to go to retail stores, either to register or for a second chance bonus plays, additional prizes etc. The retailers know they can follow up with us in a few weeks to express their approval or air their grievances. We acknowledge their right to be concerned and we address their concerns with solutions and commitment to helping their business.

In the end, we deliver on our promise that the omni-channel model enhances player engagement, brings new player groups to the Lottery, increases sales at retail and increases retailer commissions. Additionally to that, mobile apps, digital enhancements of any kind and the option to play lottery games online also increases both net revenues for the operation and customer satisfaction. Due to the recent burst of illegal online operators, it is more imperative than ever for the Lottery to provide the consumer with the option to play online and keep the economic benefits from flowing out of the country.

China effectively blocks access to all unlicensed online operators. It can be done. Someone may point out that illegal operators are creative and can always find a way. While that may be true, it is also true that there are tools available to prevent consumers from accessing illegal websites that should not be used. It is more a matter of policy than technology. The vast majority of illegal online play could easily be prevented.

How did INTRALOT adapt to the challenges of lockdowns? And how did you help your customers adapt to the lockdown?

M. Mitromaras: Adversity can also bring out the best in us. We had Business Continuity Plans that included moving a large part of our workforce at home. We are proud to say, we did not miss a beat for that challenge. Our telecommunications networks, service and telephone support functions were ready to move to everyone's home. All around the world, INTRALOT is meeting its obligations and enabling its

customers to continue performing and delivering the games.

For example, our sports betting customers had no sport contests to place wagers on. So we helped them to quickly deploy e-sports and virtual games. We have been encouraging expansion into these new categories for years. The pandemic was the catalyst that prompted them to go for it. The important thing is to be ready to execute quickly when the need and the opportunity arises. We had already deployed these solutions in markets like Taiwan and Malta and so we were able to minimize the time-to-market when the pandemic motivated our other customers to want to proceed, even with solutions customized for each market.

Do you think that the pandemic, and the economic repercussions, will cause the political and regulatory climate to be more receptive to new technology and new games and channels of distribution to help Lottery increase sales and contributions to the state and good causes?

M. Mitromaras: I do. For instance, retail and consumer commerce is all moving to cashless. With the need for "contactless" interaction, the prohibition against cashless lottery transactions is downright irresponsible. So hopefully any jurisdictions that continue to require cash-only for lottery play will quickly amend that outdated policy. The EGM "pokies" in Australia are all coin-operated. That needs to be digitized.

Another benefit of digitizing transactions is that it leaves a digital trail that makes it much harder to launder money. Cash-based gambling is a widely used method for money-laundering and so policy-makers should want to eliminate that.

From our side, we're trying to promote more effective enforcement of regulations against illegal operators, both online and off-line. Sometimes we are invited to discuss these issues with regulators and we very happily accept. The technology is available to do so much more to minimize illegal gambling, help protect the consumer, promote responsible gaming and promote the Lottery. Also, cloud technologies should replace the expensive data-centers. That would yield lower costs and increase operational efficiencies especially

as the business expands and produces economies of scale. All these capabilities are available to us now.

The wheels of progress can move slowly when it comes to enacting new laws and regulatory change. But I do hope and expect the current conditions to cause policy-makers to be more receptive to modernizing regulations and allow their own government lotteries to grow and expand and take market-share from the gray-area operators. I do hope and expect that everyone can take advantage of this period of extreme disruption to create a better world on the other side, to apply the heightened ability to adapt to adverse conditions and adapt to new ways of thinking about innovation and ways to apply technology to make the world a better place.

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we can change quickly as needed. We now have a Players Club that enables us to reach out by email and ask, "What about this ticket?" "Ticket A or Ticket B ... Which one do you like?" We need to drill down on the underlying elements that drive success, deconstruct the attributes of the product and the component parts to the selling process and the POS. Thankfully, I think we are starting with a genuinely popular product that players will continue to love for many years to come.

Anything you might add about the fabulous accomplishments of the Georgia Lottery?

G. Corbin: I'd just like to say thank you again to everyone who has supported the Georgia Lottery Corporation over the years. We are incredibly fortunate that from our first day, we have had an incredible team of professionals working and being creative at the Georgia Lottery. Georgia is also fortunate that our governors and legislature set up the Georgia Lottery as a corporation, to be nimble like a business and with astute oversight by our legislature and a board appointed by the governor. The Georgia Lottery will always be appreciative to those who structured and continue to support us so well. Their foresight and commitment have truly paid dividends, especially in the year of 2020. ■