

iLOTTERY MOVING FORWARD

PLANNING FOR THE FUTURE WITH AN EYE TO THE PAST

Jim Acton, Lottery Industry Consultant, Acton Strategies

↑
2021



MERV HUBER-CALVO, SCIENTIFIC GAMES

For an industry built on attracting customers to retail locations who ask for a product and, until recently, only pay cash for the product, lotteries have deftly built the type of web presence today's consumers have come to expect over the past decade-plus of learning to love the online world. With the advent of iLottery, players are now asked to create online accounts, enter social security and bank routing numbers, and actually purchase products through a web site. This process introduces an entirely new player journey.

Thankfully, the lottery industry boasts problem-solving business partners who have worked with lotteries to solve many vexing issues over many years. For iLottery, they started with the basics – web site design – and moved to the next step – marketing – and are now focused on the future – revenue generation. Judging by the results of the lotteries that offer different forms of iLottery, the clear vision combined with hard work is paying off.

As more states launch iLottery programs or explore a digital future, the experiences of the pioneers and their technology partners will help inform the next wave of digital innovation and the online platforms that

support it. With the first U.S. iLottery programs launched almost ten years ago, there is a wealth of experience and information available on how to successfully launch an iLottery program and ensure an ongoing flow of revenue.

A critical facet of iLottery is the high-level of entertainment value. The evolution of digital gaming in general has resulted in players wanting to see lottery games presented in engaging, exciting forms (think Madden NFL but with lottery games). And lotteries are challenging business partners to create content which will keep players returning to their sites and play their games, and explore new games.

At **Scientific Games**, which oversees iLottery and digital programs for the Pennsylvania Lottery, this area is the responsibility of Merv Huber-Calvo, Director, iLottery Growth Marketing. He sees the challenges facing lotteries coming from all areas, including other forms of gaming. “As the pace of online gaming expansion accelerates across the U.S., lotteries launching online/mobile sales are more likely to face pressure from commercial operators in competitive markets,” Merv said. “Now more than ever, it’s critical for lotteries to keep players entertained by creating a portfolio of high-quality digital instant games with competitive payouts that perform well and drive online revenues.

“Securing access to a high volume of high-quality game content is crucial,” he said. “This includes the ability to integrate first- and third-party content. There is no better player engagement tool than launching new games, which is highly effective at retaining and reactivating players. It has been shown that higher frequencies of game launch events lead to higher rates of player retention and higher revenues for operators. And in competitive markets, there is a strong correlation between the total number of games that operators offer in their product portfolio, and the revenue performance of those operators. In order to satisfy the appetite for a high frequency of high-quality game launches, lotteries need access to an increasing number of industry leading game content suppliers.”

At Scientific Games, Merv and his team work with lotteries to analyze the data produced by their programs. “Like many other companies serving consumers today, the lottery must invest in customer relationship management (CRM) programs to modernize its efforts to retain existing players and recruit new

players,” he said. “Careful consideration should be given to selecting a CRM platform with the right capabilities, developing an effective marketing strategy that includes bonusing, and operating the program with experienced digital CRM experts.”

The **PlayLottery group at IGT** wants to make sure iLottery players stay engaged and return to their customers’ sites. “Keeping a player engaged is a much easier and cost-efficient task than trying to win-back a lapsed player,” said Karri. “A robust player relationship program using analytics to engage players with the right campaigns via multi-channel communications is a key requirement to keep the player base active and to prevent churn.”

With the tools in place to attract and register players, the attention of lotteries must turn to engagement. And not just fleeting attention but sustained and robust engagement where players return to the site frequently and continue to interact with the products offered. The pioneers have found that it is not enough to just provide the tools that bring players. The iLottery sites have to offer content that keeps players coming back. “The program must have the right portfolio of eInstant games to attract new players and to keep them engaged through delivering an optimum play experience,” said Karri Paavilainen, Senior Director, PlayLottery Marketing, for IGT, which runs the programs for Kentucky, Georgia and Rhode Island lotteries. “Return to Player (RTP) will determine how attractive and sticky the game is. IGT’s experience shows that lotteries have most success with an RTP above 80% as it delivers an experience that players will enjoy and feel good value, and one that they will want to experience again.”



KARRI PAAVILAINEN, IGT



“Secondly a lottery should build digital engagement before its iLottery launch, in the form of a player’s club and loyalty program for example,” he said. “In the first few weeks, these existing players are most likely to convert to online players without the additional cost of paid advertising. Bonusing can help incentivize trial of the new iLottery product. Bonuses can also incentivize players to complete the iLottery sign-up journey, including bonusing for registration, first deposit and game play.”

From the outset, a successful iLottery program is actually set up by the activity that takes place months and even years before the launch. And that activity is centered on optimizing digital platforms to communicate with and engage the players.

“One word: Connection. Connection is the common theme in gearing up for a successful launch and a key ingredient in sustaining success through the online channel,” said Liz Silver, General Manager, **NeoPollard Interactive**, which works with the iLottery programs for Michigan, Virginia, New Hampshire, North Carolina, and Alberta. “The team tasked with delivering a successful iLottery launch will dedicate their efforts to understanding player connection points, business system connection points and operational connection points. How will players interact with iLottery (web, mobile, app), what data should be collected at each step in the player journey, what offers should be crafted to connect to players, which games will evoke excitement, how will the player experience carry throughout player support contacts or payout of player winnings?”



LIZ SIVER, NEOPOLLARD INTERACTIVE

“Launching an iLottery program can be viewed as the merging of building blocks from digital programs and delivery channels (websites and apps) that lotteries are already managing today,” she said. “iLottery introduces an opportunity to centralize these activities to support effective engagement and monetization.”

Given the many consumer touch-points and tentacles of iLottery programs, lotteries and their business partners invest no small measure of human and capital resources ensuring smooth operation, seamless data collection and stakeholder awareness. Of course, methods differ from jurisdiction to jurisdiction, but the basics are typically present with all programs. For example, NeoPollard Interactive works with its customers on their relationships with brick-and-mortar retailers. “The most successful iLottery programs also create connections to retail – either through payments, productions, promotions or partner programs,” said Liz. “These connections also benefit from the consistent advice to engage retail stakeholders early and often by defining the cross-channel strategies that will support the retail network when iLottery is available.”

Most lotteries, even those that cannot launch iLottery due to regulatory constraints, have the building blocks in place for digital expansion. Player clubs were first introduced more than a decade ago, have grown since and are now offered by most lotteries. These platforms allow for a smoother segue to the expanded digital platform that engages the players in the interactive relationship that is the basis for a successful iLottery program.

Instant Win Gaming (IWG) brings an interesting perspective to the discussion. As a leading supplier of iLottery games, IWG works with all platform providers as well as the lotteries offering iLottery. Thus, over

the course of their ten years in the international lottery business, they have witnessed firsthand what it takes to successfully launch and support a digital program. “For lotteries, digital marketing, including search engine optimization, pay-per-click, social media, and email, is commonplace within the overall marketing mix,” said Rhydian Fisher, CEO, Instant Win Gaming. “And most have established VIP clubs or loyalty programs to build their database. But iLottery requires a whole new set of skills as it is simultaneously a lottery’s first venture into eCommerce, as well its first experience with direct-to-consumer sales.

that they see as new and fresh. Consider both the New Hampshire Lottery and Pennsylvania Lottery. They, like their peer lotteries, release new games at least once every two weeks. They analyze purchase history and then optimize their roadmaps with game-styles that are proven to engage. And their sales and CRM data serves as the scorecard for whether they’ve succeeded.”

As more consumers use digital avenues for commerce, the expectation levels for lotteries have risen. That means the consumers expect lotteries to offer the same tools as companies such as Walmart, Target and Amazon.

“Consumers expect an app to be part of the brand’s digital service offering,” said Sue Yoxal, Executive Director of mkodo. “A brand without an app discoverable in the Apple App store and Google Play paves the way for competitors in the digital entertainment world to engage the users instead. When creating an app, it is important to always think: ‘how can I make this experience easy and fun?’ Players are seeking convenience (e.g. through the use of native features such as biometric login), ease and speed of use (e.g. through use of known navigation structures) and engaging design (e.g. through use of pleasing micro-animations).

“A successful app will contain well-designed key user journeys, such as onboarding and registration, to create a frictionless user experience and reinforce the value and integrity of the product,” she said. “Considering the value of features that offer convenience such as self-scanning a ticket to check if it is a winner, or pre-building a digital playslip to scan in-store for quicker ticket purchase, all work to maintain continued player engagement.”



A MOBILE AUDIO-VISUAL EXPERIENCE THAT ENGAGES THE PLAYERS

“To prepare, lotteries must plan a total website refocus,” he said. “The primary website purpose must transform from informational – a place for players to stay up-to-date on products and promotions, to eCommerce – becoming a lottery’s single largest source of sales. The most successful iLottery launches proactively embrace this challenge. Take a look at the Michigan Lottery’s homepage, for example. It is now, first and foremost, an eCommerce website with most of its purpose being direct, online sales of its games.”

As a game provider, Instant Win Gaming’s focus is singular – create games that are fun and drive revenue. Rhydian also suggests looking to other states for suggestions “First time iLottery purchases are predominantly e-Instants, and new players need to be served games that are familiar and fun,” he said “Return visits, and therefore player retention, is heavily driven by the effectiveness of the e-Instant roadmap. Return players seek content

Business and technology partners are prepared to support their lottery operator clients to achieve ambitious goals. mkodo, a global app leader and part of the Pollard Banknote family of companies, is now aggressively supporting iLottery programs with the latest app technology, offering the same functionality as lotteries’ web sites.



SUE YOXAL, MKODO



APPS THAT BRIDGE THE ONLINE AND OFF-LINE PLAYER JOURNEY

These lottery veterans have certainly turned the adage “Those who do not learn from history are doomed to repeat it” on its head. They have created the history, learned from it, honed it, taught it to others, and are living the results. These actions have added hundreds of millions of dollars in much-needed revenue to state coffers. And it looks like the story of ever-increasing iLottery revenues will in fact be repeated for many years to come. ■