DIGITAL ENGAGEMENT
FOR ALL LOTTERY OPERATORS

The following article is based on a Roundtable Discussion conducted at PGRI Digital Lottery eConference on June 16.

In 2021, mention digital advancements in the lottery industry and many people will assume you're talking about iLottery and the sales of lottery products through apps and web sites. And why not? After the pandemic, the logical assumption was that a progressively growing list of lotteries would be looking to launch ilottery programs

But give a quick look at the list of lotteries and their digital offerings and you'll see more Arizonas – which is legislatively prohibited from selling online – than New Hampshires – which offers all products online. And even lotteries where iLottery is legislatively allowed are not rushing to add platforms. But are these directors without iLottery crying in their beers? Not!

Gregg Edgar, Executive Director of the Arizona Lottery, who moderated industry experts on a panel titled "Digital Engagement for ALL Lottery Operators." Gregg was joined by panelists:

Sina Aiello, Vice President, Loyalty, Pollard Banknote

Kelley-Jaye Cleland, Chief Product & Program Officer, New Hampshire Lottery

Jay Finks, Executive Director, Oklahoma Lottery

Ryan Mindell, Lottery Operations Director, Texas Lottery

Amy Warner, Director, Digital Engagement, Scientific Games.

"It's important for us to talk about what is available for ALL lotteries because not all of us have iLottery, not all of us have the 'joys' of being a fully digital gaming entity," Gregg said. "In Arizona we just got locked out of digital gaming for the next 20 years through new tribal gaming compacts, but that doesn't mean there isn't a wealth of things we can do in the online space. Whether it's iLottery, a player's club, a loyalty program or just social media platforms, the digital experience is an increasing part of our lottery ecosystem. How we use these tools to optimize our relationship with our players is at the heart of the conversation with this panel."

With those opening words, Gregg asked the panel about "engagement" and how their organizations define the word.

Kelley-Jaye, who heads up New Hampshire's successful iLottery program, said, "Engagement to me is about creating a relationship through knowing and understanding what the other party wants, likes, needs, and enjoys. Engagement is not

one-sided – it involves two or more parties. For example, if we send an offer to someone and they don't open it or they do and then don't act on it, the offer didn't resonate with them, and that could be for various reasons. If the offer is received and acted upon, that starts the engagement process. We now know at least one thing about this player – that they liked the offer they acted on. Thus begins a process of interaction and learning more about what the player likes and does not like. That's one example. Engagement can happen though social media sites, survey responses, feedback on our site, or other player communication channels."

Sina from Pollard continued with this line of thought. "Any interaction with players will result in engagement, whether that's through an email, the website, an app or in a loyalty program," she said. "We know that our players are in the digital space now so that is where we have to be. If it's not through an iLottery program, then we need to provide entertainment value through the extension of a retail ticket or utility through an app."

Amy said that engagement takes many different forms. At Scientific Games she works to ensure lotteries' digital programs are engaging as many players as possible to extend the entertainment experience. "Given the restrictions many lotteries face, we need to focus on what they can do to drive digital engagement and loyalty," she said. "I'm very passionate about loyalty programs because they offer a lot of benefits for lotteries. When all tickets are eligible all the time, you are engaging all your players. Then you mix in second chance promotions for even greater reach. So lotteries can be very strategic with a new product line that they want to feature and really help drive game performance."

For lotteries without advanced digital offerings, engagement can be as simple as an email. In Texas, which does not have iLottery, the lottery looks to the "blocking and tackling" of player outreach. "A simple email or digital signage in a store can be meaningful interaction with our brand," said Ryan. "But your web site provides a link to your players that enables you to build on

those interactions. Your app, whether or not you're selling on it, provides meaningful interaction that promotes positive brand associations that help reinforce and build your relationships going forward."

Jay was the long-time marketing director in Oklahoma before being named director, so he is intimately familiar with techniques for reaching players. "The key to successful engagement is offering multiple touchpoints for players," he said. "Loyalty is the perfect platform as there is so much you can do with one ticket. The player can enter one ticket or a group of tickets, and can then decide which promotions she wants to participate in. And then there might be smaller prizes and drawings for a large prize that will attract players. Along the way we can customize offers to the players. There are so many levels of engagement available that do not include iLottery."

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While players clearly enjoy many benefits from digital interaction (from quick information access to prizes), lotteries are the recipients of a very valuable commodity – data. And player data is worth all the hard work it takes to launch and maintain digital programs.

Sina said the data collected from Pollard's various platforms helps direct their outreach to players. "Data is the crown jewel of our platforms," she said, "because it really

informs absolutely everything we do. The campaigns we undertake, the customization of content relative to a specific player – the whole design process must be informed by information about the players and what works and what does not work, it's all driven by the data. For example, if we know a player enjoys our crossword games, a banner will come up on their carousel with crossword messaging. And their rewards might be crossword coupons versus just a generic buy one-get one type of coupon. Data is what enables us to deliver the messaging and promos that are relevant to the player's preferences. The data might show us that we have a really engaged instant player so why not introduce them to draw-based games with an offer for double the points for entering draw game tickets into their account. In this way, data is helping us enrich the player's individual experience."

Amy said that when Scientific Games digital specialists talk with lotteries about enhancing their digital programs, they often start with data. "We know who plays instant or draw games and how often they play," she said. "We also use the data to power our couponing programs. Couponing has been huge, and data shows that players play a lot of different games and are more willing to try new things if they have a coupon in their cart. Data is empowering CRM (Customer Relationship Management) with more sophisticated capabilities. The data provides us with the information we need to shape and enhance the whole player experience."

Gregg steered the conversation towards results. Digital platforms cost money and to justify that expense, lotteries have to show that their initiatives will bring in players who will buy products. "But when you're looking at player engagement, it is something that is hard to quantify," said Gregg. "We're very metric driven in Arizona and we use metrics to define how we can improve what we're doing. But how do you define and measure ROI and impact?"

Kelley-Jaye described how New Hampshire quantifies its digital programs, with the key being achievement of their identified goals. "Initially, the results you want include

more impressions, clicks, likes and other responses," she said, "but ultimately the ROI is judged by the deposit amount. How much money was brought in from a campaign minus the investment cost. But we can still dig deeper into the ROI per campaign to look at things like average deposit per user. If the goal is to bring in more women, we want to measure against that goal, i.e. did we bring in more women? Is the goal to bring in more men of a certain age? Did that happen? We've been working closely with NeoPollard on the ROI of our bonusing engagement so that we can further identify our goals and make sure we can achieve them. While we are ultimately judged on the revenue we bring in, there is so much more that goes into a successful program that will ultimately result in increased playership and revenue."

In Oklahoma, Jay has found that engagement and participation are always followed by increased sales. That simple observation leads to a "build it and they will come" approach. "Our ROI for digital is based more on participation and getting people on board," he said. "Are we engaging more people and increasing our numbers so that our participation levels go up? I'd love to see the tools to measure performance and clarify impacts with more precision. Many of us have had an explosion of sales but how do we keep that going in the future? We won't have 30 and 40 percent increases in the future but smaller, ongoing increases are fine. We know that our core players have been engaged but do we know if our light or lapsed players have come back? Are our digital programs translating into increasing our player base? I want to figure out how we get the 21-year-old and that's where this evolution to digital is the key."

Texas is doing all it can to build a digital ecosystem that will attract players even without online play. So far so good, says Ryan. "The trend-lines are straight up for us," he said. "I think this is common across the industry but it's good to see a growth environment right now. And we certainly had room to grow in the digital areas. Our participation numbers are at rates I haven't seen before and we have a lot of momentum. We added digital coupons to our app and

our app usage is now significantly up year over year. Our player-base now expects a robust digital offering so we are locked in to providing it for them."

One question that lotteries face is identifying their target audiences. Gregg said, "When you look at a lottery's digital strategy, are you trying to convert existing lottery players, core players, into a digital category? Are you trying to find digital game players, folks who congregate or operate in the digital space, and bring them into the lottery world? We had a fear that our older demographic would get lost but my mother is in her 70s and she's playing Candy Crush all the time. She's in that space. So how do we definite our digital targets?

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For Amy, there is no question that people are already deep into the digital world and lotteries need to keep pace. "There's a lot of competition out there for consumers' attention, discretionary spend and brand loyalty," she said. "The average American belongs to 14 loyalty clubs. The digital world has exploded. If a player gives you their dollar in today's environment, they expect something extra because all sorts of other entertainment options are also vying for that same dollar. If we can streamline the process by making players comfortable with using a digital wallet, we can compete with casinos and other gaming entities—and we can responsibly grow lotteries' player base. So a big focus for me is looking at the digital

competition and figuring out how we can excite people to engage with lottery."

An offshoot of that thinking, according to Sina, is upping the fun of lottery. That is one of the goals of Pollard and NeoPollard. "We have a great opportunity to amplify the fun and entertainment value of the lottery brand," she said. "That's how we see the future of the platforms and programs offered by lotteries. Even if a lottery can't sell online, most can offer free games through their digital platforms. To me, that's a gateway to the digital world because it puts the product in front of the player, teaches them about the lottery and its products, and lets them have a little fun. At Pollard, we call these Express Games, and they have high engagement and really capture the players' attention. There are many tactics to attract players, keep them engaged and keep them coming back."

Gregg wrapped the panel discussion by returning to a point that is important to all lotteries – how to maintain a balance between the expansion into the digital world and boosting their retailer community. For lotteries like Arizona and Texas that don't sell tickets on online, this is a critical balance and one that has a great impact on revenue.

"One question is, 'are we talking with new players or are we talking with established players?'" said Ryan. "Because a new player can be attracted with the types of digital offerings they see in other areas of commerce. We're creating an environment that's going to be more welcoming to those new players. And when these players are at retail, we have QR codes in our app that provide coupons for retail sales. So they come to us through our digital offerings and then they can use digital to inform their at-retail buying decisions. And these programs are also good for our core players because they are also receiving offers they can use at retail. In the end, we have a wealth of data that will again drive our decisions for all players."

Jay said that in Oklahoma, they continue to roll out initiatives that operate within their mandated restrictions but provide options for their players. "While we don't offer iLottery, there's much we provide to

Social Responsibility **(EN - DE - FR - ES)** another key topic for the Association.

Romana Dernovšek, President & CEO, Loterija Slovenije and Supervisory Chair of the EL RG/ CSR Working Group expressed her happiness and gratitude with regard to the adoption of the mandatory RG Certification and the CSR Resolution.

"We, Members of EL put our values first. Responsibility, sustainability, and integrity are the way we do business. By adopting the EL CSR Resolution and making the Responsible Gaming Certification mandatory, we have shown that we really do live up to these values. This is our way to continue prioritising the well-being of our players and to empower sustainability initiatives and programmes for the benefit of the society. I am proud to have been part of these processes and look forward to supporting all EL Members on our common journey".

Further highlights

EL welcomed NOVAMEDIA/Postcode Lotteries (NL) as a new Regular EL Member and Degree53 (GB) as a new Associate Member. A revised Responsible Gaming Certification Framework and changes to the EL Statutes were adopted - including the move of the Statutory seat from Switzerland to Belgium, the forming of an Advisory Board and making the statutes ''pandemic proof''.

EL publishes 2020 Annual Report

2020 was a year like no other. **In the third edition of the Annual Report (https://www.european-lotteries.org/news/el-publishes-2020-annual-report),**

EL reflects on an unforgettable year. Services to Members continued despite the pandemic, and EL quickly adapted to the ''new normal''. A move from physical events to successful online meetings, a state-of-the-art new website and e-learning platform, all proved that the Association could continue it services fully to Members.

There is no doubt that the pandemic which presented Europe and the rest of the world with the biggest health, economic and social crisis in modern history, had a significant impact on the lottery sector. Yet, national lotteries upheld their historic support to society in times of need. EL Members continued to fulfil their core values of responsibility, sustainability, and integrity by supporting local communities.

The 2020 Annual Report includes examples of how EL Members supported society during the global pandemic, as well as testimonies from the EL President, Secretary General and EL Team on how the pandemic had an impact on their lives professionally and personally.

Looking ahead

Despite the many challenges faced over the past year, the 2021 EL virtual General Assembly successfully and positively brought together over 70 Members from across Europe. The work of EL now continues with further webinars, e-learning modules and continuing to advocate the interest of EL Members. The work also begins for the 2022 Industry Days in Wiesbaden, Germany and the 2023 Congress and Trade show in Sibenik, Croatia. More information can be found on the EL website **www.european-lotteries.org.**

players through digital – web site, apps, social media updates," he said. "And let's not forget about payments as well. This is so important as more people move away from using cash at retail. We're fortunate in that we can accept all forms of payment but now we need to consider how we can award players through their mobile device, which will move us to where the rest of the world is with payments. It's basically putting lottery in line with other products at retail."

Even for a successful iLottery juridiction like New Hampshire, retail is still the key focus. "About 70 percent of our sales are still through our scratch product sold at retail," said Kelley-Jaye, "so it is still

our main focus. But we try to undertake omnichannel initiatives such as launching a scratch ticket that rewards players with online play. We need to increase driving players from online to retail and things like couponing online players to play at retail will be an increased focus for us. But we have not forgotten important initiatives like retailer winner-awareness and check presentations with winners at retail locations which are very popular with players and retailers. We are not looking to move players from retail to online. Instead, we want to attract new players through our digital programs, including iLottery, and keep them engaged.

Gregg spoke for the many lotteries that can't/won't sell products online. "Our digital world in Arizona is now defined for us which is a bit of a blessing because we know what the rules are and how we'll be playing for the next 20 years," he said. "So we're looking at ways we can thrive in the digital world, ways we can transform our digital footprint and drive our cultural connection to a younger demographic. Not offering iLottery does not mean the end of creative thinking. We're excited about what is ahead of us and how we can build on our success." ■