

PGRI LOTTERY EXPO & POST-COVID19 LOTTERY: THE MOVIE

**Executive Summary of the Digitization at Retail Roundtable**

**The Future is not Just about iLottery:  
Digitization of the in-store shopping  
and player experience**



**DIGITIZATION ROUNDTABLE LEADER:**

**Gary Grief**, Executive Director, Texas Lottery

**PANELISTS:**

**Michelle Carney**, Vice President Global Lottery Marketing, IGT

**Maxwell Goldstein**, Vice President Sales, Carmanah Signs

**Nick Papadoglou**, Chief Commercial Officer, INTRALOT US

**Jennifer Westbury**, Executive Vice President Sales & Customer Development, Pollard Banknote

**PGRI INTRODUCTION:** As much as iLottery is on the radar for many lotteries, brick-and-mortar retail will continue as the most critical sales channel, and modernization of the in-store shopping experience is critical to the continued success of the lottery industry. So while we look at the future of online lottery, Lottery leaders continue to focus on technological trends at retail and on how to help our channel partners merchandise their products in the best manner to engage customers and move product. This starts with deploying the latest technology and digital tools to improve that in-store experience.

To set the record straight – not all lotteries see iLottery as the near-term future for their particular state. Operating restrictions, legislative inaction, technology restrictions – there are a number of reasons that a digital lottery is not in the foreseeable future for many lotteries. So with an eye to the future, the directors of these lotteries have their efforts firmly planted in the here-and-now actionable business of growing sales at retail.

One of those directors is Gary Grief, Executive Director of the Texas Lottery and host of the Roundtable that focused on the modernization of the in-store shopping experience. Running one of the largest and fastest-growing lotteries in the world, Gary is watching carefully the shopping trends of his customers and making plans accordingly. “Since March, we’ve all seen the rise in

technologies that can eliminate, or at least reduce, person-to-person exposure – food and grocery delivery, curbside pick-up,” he said. “The word of the day is ‘contactless.’ Digital engagement makes shopping easier. You don’t have to be present to obtain the goods you either want or need.

“Now what does this mean for lottery? The research indicates that there’s strong intent by the purchasing public to continue with contactless activities, not just in the United States but around the world. For lottery, on one hand the changes that consumers have made to their retail shopping behavior is having an impact on lottery buying, and really all impulse purchases. On the other hand, it might accelerate things we had already started to discuss and, in some cases, have implemented. Integrated in-lane lottery purchasing is high on that list.

And retailers are asking us for even more innovation.”

On the frontlines of this innovation are the lottery industry vendors who work closely with both lotteries and retailers. The iLottery developers might get the headlines but many lotteries are working with their commercial partners to make the in-store experience safer and more efficient to satisfy the needs of lottery customers.

“We’ve seen companies such as VISA and American Express reach out to customers about the safety of the in-store shopping experience,” said Michelle Carney, Vice President Global Lottery Marketing at IGT. “It’s no different in the lottery industry – we must communicate with players that cashless and contactless options for lottery transactions are available at retail to support their health and safety. Many

stores have lottery vending machines, and more and more states allow cashless lottery purchases; let's get that information to players.

"For a number of years, lotteries have also offered digital play slips through their mobile apps. They have been offered as a convenience option and have typically seen low adoption rates. Now is the time for lotteries to take the opportunity to promote these tools by emphasizing to players that they present an additional option for a contactless experience: No touching a play slip or pencil, just show the clerk the barcode, it gets scanned, and the lottery ticket is produced. Basically, it's the same process that many restaurants are now offering, making menus available by scanning a QR code and payment via a mobile phone. Technology can support a fun and safer lottery shopping experience for players."

While the majority of lotteries can't offer iLottery, almost all lotteries have websites, apps, notifications, etc. These platforms, originally conceived to improve communication with players, are now the perfect tools for allowing players of all demographic groups to interact with the lottery and purchase products at retail, with a high level of safety.

"The exciting thing to me is that we are seeing more and more adoption of these technologies among our core segments, particularly older people who are increasingly adopting technology for their retail interaction," said Nick Papadoglou, Chief Commercial Officer, INTRALOT U.S.

"At retail, we've certainly seen an uptick in the use of lottery vending machines and cashless options. Our lottery retailers have certainly seen these changes and, thankfully, seen them help keep their sales in the positive direction.

"While much of this increased digitization of the lottery retailer experience has been in the works for some time, COVID19 has pushed this implementation and adoption of a quicker timeline. We are seeing a new norm with business and all of us – lotteries and vendors alike – have had to adapt quickly. These are habits that, I believe, are here to stay."

Of course, the lottery industry has faced challenges before in its 50-plus year history in the United States ... self-service gas

pumps which impacted foot traffic, the rise in local casinos, multiple economic depressions. The one constant has been that lottery has survived and, in some cases, thrived due to the speed at which it adapts to new operating environments.

In a word, the industry is resilient.

Obviously, the lottery has done really well in this period," said Jennifer Westbury, Executive Vice President Sales & Customer Development, Pollard Banknote. "Initially we did really well as almost all forms of entertainment were closed and lottery was basically the only outlet for the gaming dollars. The instant ticket product showed us just how resilient it is and how popular it is to our players.

players before the point of sale, leading to a quick interaction at the register. It's not contactless but it is very quick.

"The critical mission for lotteries and vendors is to put the right tools into the hands of lottery sales representatives so they can properly help their retailers. In the interest of safety, we know that retailers really appreciate digital message boards and menus that can be updated and changed remotely. And customers like the ease-of-understanding that digital devices provide. So win-win ... safe updates and easy-to-understand information."

In Texas, the safety of employees, retailers and customers is always on Gary's mind as director. And COVID19 is accelerating

## The critical mission for lotteries and vendors is to put the right tools into the hands of lottery sales representatives so they can properly help their retailers.

"I also believe that our retailers have realized in this pandemic just how important the lottery is to their businesses. And they continue to look to partner with us on new ways to sell the lottery product and attract customers to their stores. So this is a wonderful opportunity for the lottery industry to help convenience stores move customers quickly through the sales process, help grocery stores figure out in-lane sales and self-checkout. Most of these technologies are available now and we have a tremendous opportunity for all of us to work with the retailers and help them sell our products."

Working for a company that produces digital messaging products for retailers, Maxwell Goldstein, Vice President Sales, Carmanah Signs, has seen firsthand the power of providing technology that actually attracts customers and sells lottery products.

"We have seen how the use of digital technology improves customer interaction," said Max. "Digital lottery ticket menus, changeable signs, signage at various points of the store – these all help retailers reach

programs they had already put into motion.

"We work closely with our vendor IGT on safety, as the Texas Lottery sales representatives (LSRs) are their employees, but our retailers very much like to see them in person," he said. "Given the situation and our strict state-mandated safety guidelines, we have all had to be creative to properly serve the needs of our retailers and keep our employees safe. We don't need to require two visits per month to every one of our 20,000 retailers by our LSRs. Our internal discussions are 'how can we be more efficient with our contact, which retailers need more in-person assistance, how can technology help with these issues?' These are critical issues that will impact the lottery for many years to come."

As with many parts of our lives, most conversations about where the lottery industry is headed have to start with technology. Not necessarily the technology that moves paper tickets to eInstants and keeps people out of retailers. For the lottery, there is also the technology that will improve the purchasing experience and increase the customer base at retail, including the younger demographic.

*Continued on page 45*

For Intralot, these types of discussions are now happening at hyper-speed. While lotteries are busy in the trenches working on retailer issues, they are looking to the vendors to concentrate on the “big picture” issues.

“The technology is there, now we have to make sure it gets to the players and that they understand how to use it and trust it,” said Nick. “As more parts of our economy continue to build their online presence, from banking to shopping, we will see acceptance of lottery technology rise among our players. It might continue to be small for some players – QR codes and registering for player clubs. But that is how we can grow the digital footprint for customers. As people feel more confident in the safety and security of our technology, the acceptance and use of this technology will grow.”

Of course, there is a “middle road” between in-store sales of lottery products and iLottery and that is the courier or concierge services which have been adopted in some states, including Texas. Gary said that while the adoption of this trend has been slow, it is here to stay.

“What we have seen over the past few years with couriers just partially cracks the surface of the potential of these types of services,” Gary said. “It is really about how can we most easily get our products into the hands of our players. Selling over the internet and mobile apps through outside services is another tool in our toolbox.”

Michelle Carney said that IGT has spent much time studying digital adoption by players and what this means for the future of lottery sales. Mobile certainly leads the way, in most estimations.

“More than ever, mobile is the channel that will be the technology future for all commerce, including lottery,” said Michelle. “At IGT, we deploy 11 mobile apps in the United States with varying degrees of functionality, from pure basic convenience to full iLottery. Each lottery enables different features, some allowing

players to choose their preferences, others rolling out digital roadmaps.

“At IGT, we use the data collected from these mobile apps to inform our current and future efforts. Certainly, using an app to purchase tickets is high on the list of player demands. In Texas, we also use the app to provide mobile coupons, and the consumer reaction has been very positive. We feel that is a great opportunity for future customer engagement.”

## “More than ever, mobile is the channel that will be the technology future for all commerce, including lottery”

Of course, any discussion about moving forward with technological advancement has to include an important topic – budget. With states seeing lower revenue across their agencies, lotteries have to balance their spending against the financial restrictions they are facing.

Max said he and his Carmanah colleagues recognize the financial pressure lotteries are facing but think that stressing the safety that technological advancements offer might help advance their causes.

“We’re working on technology that allows for in-store signs that are easily read before players get into the store,” he said. “This lowers the time-in-store for players. So the lottery spends money on technology that improves the shopping experience AND increases the safety of retailer personnel and lottery customers.”

Nick said that he sees three areas where lotteries might want to consider investing their budgets. “We think vending machines are a critical component of the channel mix for lotteries,” he said. “Second, lotteries need to look at sales automation tools, making sure that the sales representa-

tives can do their jobs better, quicker and safer.

“And third, as others have discussed, is improving the mobile experience, retailer portal, web sites. Lotteries have to offer the same digital experience that players find with Amazon and other online retailers.”

Pollard Banknote’s Jennifer Westbury said retail is where we must focus. “Lotteries must expand their retail footprint. We need to fast-track our work with the Costcos,

Dollar Generals, the stores that are located across multiple states and who we know are interested in offering lottery.

“And as hard it is in these unsettled times, lotteries must develop a roadmap. This will help lotteries decide where to put their limited resources. And this roadmap must include digital. Where does a lottery want to go with its digital footprint? The answer to this question will be critical for lotteries to answer.”

Michelle Carney said that IGT has focused investments on creating tools to advance the player journey and help lotteries use their resources to make lottery easier to buy and a better experience for players.

“Obviously each state’s investment will be unique to that particular lottery,” she said. “But in some way, all lotteries have the same need to deploy technology that expands points of distribution and evolves the player purchasing experience. Adding features such as mobile play slips, digital tickets, various cashless payment and redemption options is important, as is making sure the technology is user-friendly when deployed, so players can easily download, register, and use it.

“Lotteries need to make decisions based on what’s best for their jurisdiction and what’s happening within their state. But we see from the insights we collect that all lotteries are dealing with the same types of issues. In the end, we move forward as an industry by working together – vendors and lotteries – to improve the player experience and make the purchase of our product as safe and simple as possible.” ■