

PGRI LOTTERY EXPO & POST-COVID19 LOTTERY: THE MOVIE

**Executive Summary of the Instant Scratch-off Roundtable**

**Maximizing the Endless Potential of Instant Scratch-offs to Continue to Drive Growth**



**INSTANT SCRATCH-OFFS ROUNDTABLE LEADER:**

**Beth Bresnahan**, Executive Director, DC Lottery

**PANELISTS:**

**David Barden**, Chief Executive Officer, New Mexico Lottery

**Charles McIntyre**, Executive Director, New Hampshire Lottery

**Meghan Dondero**, Regional Vice President, Scientific Games

**Mike Purcell**, Senior Vice President of Sales & Marketing, Kentucky Lottery Corp.

**Brad Thompson**, Vice President Sales & Marketing, Pollard Banknote

**PGRI INTRODUCTION:** Scratch ticket sales have been growing for years, but exploded for many lotteries during the pandemic. What’s driving the growth during these pandemic times, and what can lotteries do to leverage new insights and drive ongoing growth in Instants? How can a balanced and mutually-reinforcing relationship between online and off-line Instants be built? Why is it important to attract and engage players on multiple channels? What are future growth platforms, POS devices, pathways to expand access to the games and attract new consumers?

**W**ant to know as much as possible about the past, present and future of instant scratch-off tickets? Learn where the product is going, how the move to digital will impact players and lotteries? Let’s ask the experts who have been on the front lines of driving sales of both products. Better yet put them all in one (Zoom) room and let them talk.

That’s exactly what happened at the “Instant Scratch-Offs Roundtable” which featured some of the industry’s most respected leaders. As roundtable leader, Beth set the table for what would be a spirited 90 minutes of lottery discussion. In her previous job as Executive Director of the Massachusetts Lottery, the lottery

first hit the \$5 billion mark in sales (more than 70% of which were instant sales). She now oversees the DC Lottery, which has recently implemented sports gambling. But it is the instant ticket product that truly moves the needle for Beth, and the industry.

“Building a successful instant ticket portfolio is truly both an art and a science,” she said. “How to assess the playstyle and theme, how to build an attractive prize structure, what colors to use, what call-outs to feature. These are not the things going through a customer’s mind when they walk into a convenience store and see a display of tickets. But these points, and many others, are on all of our panelists’ minds, every day. Those who think bringing an instant

ticket to market is an easy task have never fretted over call outs, color schemes and prize structures. It’s one of the most critical tasks we undertake as lottery representatives.”

**And with that, they were off. First step – the meteoric rise in scratch ticket sales in 2020.**

Charlie McIntyre, who served as General Counsel at the Massachusetts Lottery before moving north to take the top spot at the New Hampshire Lottery 10 years ago, has had a busy 2020. Expansion of Keno and iLottery was always on the table, and then sports gambling was added. But for right now, scratch tickets continue to pay the bills.

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We've also made significant investments in our marketing technology platforms, so we need to focus on how we are using it to deliver a personalised experience for our customers. We also want to optimise and make our advertising as efficient as possible. Personalisation is a large focus for us over the next three years.

**Where do you see the future of digital retail going in the next few years?**

In digital and technology things move so quickly that it can be challenging to think where you will be in a year, let alone three or five years! I've always subscribed to the idea of thinking about what might not change in the future as it gives you an

*Instant Scratch-offs continued from page 20*

“The acceleration in sales has been crazy – we're already in the top 10 in per capita sales in the United States,” he said. “And there have been many factors. We know that many Massachusetts residents moved to their second homes in ski country and at the lakes during the COVID lockdown and we got a tailwind from them. And there was not much else for people to do – no movies, no restaurants, no recreation that involved groups of people. And the casino in Boston was closed.

“But the lottery stayed open. We met internally in the early weeks of March and decided that under no circumstances will we shut down. I wanted more inventory then was projected to be needed and asked our vendors to work closely with us on achieving that goal. The result was that at no point did we fall short. When our players started returning to stores, they found full bins of tickets, and it has stayed that way through the year.”

Ensuring the stores would always have a full stock of tickets was also on the mind of lottery veteran Mike Purcell. Having previously worked for the lotteries in Virginia and Florida, Mike has vast experience in creating and selling the scratch ticket product. Now leading the sales efforts in Kentucky, Mike's past experience and his knowledge of the players in the Bluegrass State helped keep tickets stocked and selling.

“Like the NH Lottery, we pushed inventory and our ticket levels never fell short,” he said. “When the pandemic started, we had a four-week supply on hand for retailers,

anchor from which to plan.

What we know is that people will always want the chance to dream about winning the big one, and our business will conduct lottery draws each and every day. But how they buy their ticket, where they buy their ticket, how they check their numbers – those are the things that can change. By looking at what doesn't change, it gives you more control over the things that can change.

Our greatest opportunity over the new few years is bringing our online and in-store experiences even closer together and giving our customers as much choice as possible, be it celebrating a win with a local retailer, creating a syndicate with friends online or

but our vendors kept us supplied and we never fell short of what our retailers needed. With an automated ticket ordering and delivery system, we saw very little interruption in delivery to retailers. That was a key for our sales.

“So much of the entertainment and recreation industry closed in Kentucky – horseracing, so important to our culture, stopped. No casinos, no theaters, people couldn't go out to eat. But our c-stores were busy. Because people weren't travelling, they didn't need as much gas. But they did have more discretionary income, and some of that went to lottery. That trend continues today.”

Across the country in New Mexico, CEO David Barden applied mathematics to help push sales. The NM Lottery has payoff restrictions which require the lottery to return 30% of revenue to the state every month, a daunting requirement for any lottery. With sales of jackpot games lagging, David had unclaimed prize money that he could use to seed his scratch product offering. That resulted in an increase in payout across all denominations. The result?

“Surprise, surprise – we're up 24 percent this year over last year,” he said. “We've also worked closely with our vendors on prize structures. The chances of winning are about the same, but we've loaded the games with prizes between \$500 and \$1,000. This has created a buzz among players, and we've heard that people love the new games even though the top prizes are not at the levels you see in larger states.

checking results with Alexa!

We also ask ourselves how dramatically does the landscape need to change, or even if we want it to change? We have had some varying forms of competition, and it makes us consider do we transform our offering or adapt it to the market. We've taken an adaptation approach, and it has worked well for us so far.

What's core to our business is creating a dream by selling tickets, conducting draws, delivering results and paying prizes. Those are the levels we need to innovate and streamline as much as possible and not transform for the sake of transformation. ■

Winning experiences keep the players coming back.”

In our nation's capital, Beth had a unique problem – empty streets, empty stores, empty commuter trains. With workers being told to stay home, the daytime population in Washington, D.C., dropped an astounding 90%, as commuters from Maryland, Virginia and other neighboring states stopped travelling to D.C. Beth didn't have to worry about inventory – there simply weren't enough people to buy their products.

“Our biggest retailer shut down because there were no commuters travelling into the city,” she said. “Our neighborhood retailers continued to sell our products and we had no problem providing them with tickets, so District residents had 100% access to lottery products. Our sales didn't completely shut down. But we were certainly impacted by stay-at-home orders and the lack of daily workers.”

While lotteries were scrambling to equip workers with laptops so they could effectively work from home and safely supply retailers with tickets, commercial partners were facing their own concerns. How do they keep the printing presses running efficiently yet safely? What would happen if COVID shut down a manufacturing location? Will COVID restrictions interfere with the shipping of the product?

Lottery commercial partners faced multi-prong challenges – take care of their employees' health needs, make sure their lottery customers are properly supported,

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