

# Fast-Forward To The Future

**As the industry adapts for a post-pandemic future, IGT is paving the path for success. The company is building on consumer trends and applying research-driven solutions to support lottery customers in the transition to what's next.**

The post-COVID-19 world may still be coming into focus, but IGT is thinking about the future. No one is likely to forget the recent challenges in the industry. But even in today's changeable environment, operators can harness the momentum of evolving consumer preferences and behaviors to build a stronger connection with players – and support sustainable growth at a time when funding for good causes is more necessary than ever.



## Gauging Trends

Global analytics and trends agency, the Foresight Factory, IGT's longtime research partner (see sidebar), has found that many of the retail and consumer trends impacting lottery prior to the pandemic remain highly relevant. And some familiar ones – such as the move to a “convenience culture” and a cashless society – have rapidly accelerated with corresponding health and hygiene concerns related to COVID-19.

The following findings from Foresight Factory research point the way to strategies that lottery operators can use to harness consumer preferences and help ensure sustainable performance and transfers in the coming years.

### The Rise of Presence-Free Living

Pre-pandemic, the concept of “Presence-Free Living” was already trending upward, along with the growing acknowledgement that in a connected world, a physical presence is no longer necessary or desired for many transactions and experiences. Consumers have become more aware of the associated costs of in-person experiences, whether in time, energy, money, or environmental considerations. And the widespread encouragement to socially distance and find alternatives has only boosted this trend.

### The Continuing Shift to Online Shopping

Unsurprisingly, weekly online shopping has doubled in the U.S. and the U.K. since the start of the pandemic, including a dramatic increase in online shopping for the 65+ age group. The Foresight Factory found that the shift within this age group went from 19% pre-pandemic to 49% post-pandemic, highlighting the impact of the coronavirus on the behaviors of those who were reluctant converts to the digital age. When the pandemic recedes, these figures may drop slightly, however, The Foresight Factory expects the overall trend towards more online shopping to continue.

## Favoring the In-Store Experience

Despite of the rising trends noted above, the research also shows that many U.S. and U.K. consumers continue to *prefer* the in-store experience to shopping online. Approximately 50% of consumers surveyed in these markets say that, post-pandemic, they will shop in store the same amount as before. And, in the U.S., close to 30% say they will do it *more* than before. This is good news for the lottery industry, which can take advantage of multiple opportunities to improve the player experience at retail.

### A Surge in New Activities

The crisis has also produced a surge of new activities, with 75% of consumers surveyed stating that they have tried a new shopping behavior. A full 36% of those surveyed by Foresight Factory reported trying a new brand since the start of the pandemic, calling into question the concept of brand loyalty, and 73% of these respondents say they intend to continue incorporating new brands in the future. The beneficiaries of this shift include big, “trusted” brands that are seeing 50% growth during the crisis — including major digital and brick-and-mortar retailers. Many lotteries operate in monopoly or pseudo-monopoly markets, but brand loyalty is important if lottery players switch away from the retail brands where they currently buy lottery.

## A Pivot Point

Trends like these give the industry an opportunity to leapfrog on the path to modernization and initiate the changes that are most relevant to consumers now.

What's more, lotteries are moving forward from a position of strength: In North America, many lotteries experienced record-breaking sales and transfers to good causes in early 2020, a trend that is continuing through the latter half of the year. This is an amazing accomplishment in the middle of a pandemic and a testament to the resilience of lottery, the strength of lotteries' operations, and their hard work and partnership efforts with vendors.



## Foresight Informs Future Growth

Along with substantial investments in global player studies and new product-category research, IGT works with a range of independent research firms. IGT's longstanding partnership with the **consumer analytics and trends agency Foresight Factory** provides access to:

- **Multiple data sources to understand consumers worldwide**
- Insights drawn from data collected from **50,000 consumers in 27 markets**
- A team of **500 trend spotters in 80 markets** to analyze and **add local perspectives**
- A process of **innovation-scanning** to uncover disruptive and best-in class examples across technology, products, services, branding, and other communications
- **Social media** analysis to measure the volume, key topics, and tone of emerging themes

This established partnership with Foresight Factory allows IGT to provide lotteries with **more research-based consumer insights** and devise **tactics and solutions** to help customers address industry challenges.



What does this mean  
sees the future? How  
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As operators continue to weather changeability, the question becomes, "What do the trends that have strengthened during this time mean for the future, and how can we act on them to support further sustainable growth?"

IGT has identified the following tactics to capture opportunities to better serve retailers and players, meet post-pandemic requirements, and build on current successes.

## Accelerating Into the Future

**At Retail:** While trend data confirms that many consumers still prefer the in-store experience, more than 70% of shoppers also report needing further reassurance around hygiene concerns. Contactless and curbside pickup are accelerating. And, in the U.S., there is strong intent to continue these activities, as hygiene has supplanted convenience as a reason for consumers to pay by contactless means. It will remain vital to reduce consumer anxiety around completing transactions. Self-service is a natural way to help achieve this, through vending machines, in-lane purchasing (see "Expanding In-Lane"), and online fulfillment. IGT's cashless-enabled vending machines and other state-of-the-art solutions support health and safety as well as responsible play, while offering consumers the preferred experience they are using today for other purchases.

**Point of Purchase Strategies:** Traditional point-of-sales materials that advertise vending machines' features can be used to inform consumers about the benefits of using the machines. Including a QR code on vending machines can encourage players to scan and learn more about digital offerings.

**Expanding In-Lane:** In-lane sales is another way for lotteries to expand distribution while meeting consumers' need to minimize contact points. Many consumers who are reluctant to go to the customer service desk to buy lottery tickets might be willing to purchase them if they were

conveniently offered in-lane during the grocery transaction. IGT recently collaborated with the Texas Lottery Commission on the first implementation of the NASPL API to enable print-on-receipt paper tickets at HEB supermarkets, as well as Quick Tickets™ for Powerball and Mega Millions at Dollar General stores. Both implementations have been successful and there is active discussion about expanding this opportunity for instant tickets, given that most sales in Texas are derived from instants. And recent pilots at five Albertsons stores in the Dallas/Fort Worth area showed that an IGT-provided in-lane instants solution can increase store sales more than 20%.

**Evolving Lottery Loyalty Programs:** Some lotteries have partnered with retail chains and retail associations to offer promotions via a lottery's or store's mobile app. These types of affinity programs have been used broadly to the benefit of both the retailer and the lottery as a method to attract consumers to retail and to specific product offers. They are also another way to generate loyalty among players, for example, by offering players a discount on their purchase if they are willing to download the lottery app on their mobile device.

IGT recently introduced **digital couponing** functionality in Texas, and player response has been very positive. During the month of August, when the lottery was promoting its mobile app and offering the digital coupon, installs increased nearly 26% compared to the previous year. Year-over-year page views were up 22%. The promotion also appears to be driving repeat visits, with more returning users during the promotion than in the previous two months.

**Offering "Connected Play":** Given the current environment, enabling the **omnichannel journey that bridges the retail and digital space** – what IGT calls **Connected Play** – is a critical component to **aligning with new consumer expectations**.

For players, Connected Play starts with their mobile phone and access to a **lottery's convenience app**. IGT now provides a mobile app to 11 U.S. lotteries, with functionality ranging from locating a retailer, to checking winning numbers, to mobile couponing.

Some players use paper play slips to make their number selections, so another contactless opportunity from IGT is to offer players **digital play slips** that can be scanned not

# Contact-Free Digital at Retail



Player downloads convenience app, makes selections on their mobile device and creates a **Digital Play Slip**.



Player's **Digital Play Slip** is scanned at the terminal.



Player elects to pay with **eWallet**. Barcode in the app is scanned at the terminal.



Player receives the **Digital Ticket**.



Player can claim prize at retailer to **eWallet**. OR Ticket is auto checked. Prize is paid to the **eWallet**.

only at traditional lottery terminals but also at vending machines. This functionality also allows players to store their favorite numbers in the app rather than use paper slips that they must pick up and fill out in store.

Many lotteries already offer players the ability to scan their ticket on a mobile device to check if it's a winner. Working with IGT to enable a Connected Play experience will allow players to have **lower-tier winnings paid digitally to their eWallet or bank account**. IGT can also assist customers in offering a **digital payment option**, another way to improve the player journey – and one that is consistent with how most consumers are transacting today.

Of course, one of the big questions here is, just how frictionless should transactions be? The issue of facilitating a completely anonymous player journey versus some type of light registration, such as a phone number and name, is one for each lottery to determine based on its market, regulatory environment, and the level of consumer acceptance.

When some type of player-registration occurs, IGT can work with lotteries to

provide additional functionality. For example, with light registration, IGT can embed a **unique ID** into the digital play slip, allowing operators to associate transactions with player profiles, providing additional data that operators can analyze to improve the player experience.

The next step in enabling Connected Play is to introduce digital tickets. Importantly, this remains a retail transaction, so **lotteries can offer a digital-in-retail solution even if they are not permitted to offer internet wagering**. And digital players who have funded their lottery eWallet can apply unused funds at retail – either at a traditional terminal or at a vending machine – to purchase tickets in store.

When players have the prizes from a winning ticket paid to their eWallet, it eliminates cash handling for retailers and players and keeps funds safe in the wallet for future purchases. Use of the eWallet is another feature that makes the lottery journey at retail contact-free, more hygienic, and at the same time gives lotteries visibility into the full spectrum of transactions to know their players better. It now becomes

possible for lotteries to communicate with players directly through CRM tools with more personalized and relevant messaging or offers, based on players individual behaviors and preferences.

## Partners for the Future

Critically, all the features and functionality of Connected Play provide opportunities for lotteries to better understand their players and offer solutions to meet growing expectations for a frictionless purchase and play experience.

Change is inevitable, and the need for it has accelerated. As 2021 approaches, IGT looks forward to being our customers' partner for the future, working with lotteries as they develop their business plans and seek to bring new player experiences to life for ongoing success.

**Contact your IGT account representative to learn more about Connected Play and solutions to adapt lottery to new consumer preferences and behaviors.**