

» **SHARON ANDERSON**
 HEAD OF DIGITAL –
 LOTTERIES (THE LOTT) TABCORP



THE FUTURE OF DIGITAL: LOOKING INTO THE POST-COVID19 WORLD

PGRI INTRODUCTION: Sharon Anderson is the Head of Digital for The Lott, at Tabcorp, Australia's leading gambling-led entertainment company, listed on the Australian Securities Exchange (ASX).

Since 2015, Sharon has driven the digital strategy that has contributed a significant increase in sales and customer satisfaction scores across The Lott's digital channels.

Sharon is passionate about innovation, customer centricity and data-driven decision making. She has led and worked directly with teams across marketing and technology to transform products, people, and processes at all levels within the organisation.

Paul Jason: How did the COVID-19 pandemic impact The Lott's digital business?

SHARON ANDERSON: Having had continued investment and support from executive leadership in our digital business since 2015, we felt we were well prepared to handle the organic migration of customers' shopping behaviour from purchasing in-store to online.

From the outset, there was a big expectation on the digital team that we were doing everything we could to ensure the success of the business. Fortunately, the majority of our retail outlets remained open to trade, but we still saw an increase in sales in our digital channels. Digital sales as a percentage of all sales grew from 26.7% in the six months to December 31 2019 to 28% in the six months to June 30 2020.

With this in mind, we revisited the journey for those customers who have never purchased a lottery entry online before. We planned each customer journey and produced experiences to align with

each step. This included new content that highlighted how to join The Lott online, what it means to be a member and how to play online.

A unique customer segment of older Australians emerged during COVID-19 seeking to purchase online however they didn't necessarily have the technical understanding. We communicated with our Customer Care Contact Centre daily to understand what issues they were receiving calls about and used this to overhaul our online help centre content.

During the first few months of the pandemic, the regulatory requirements and restrictions were changing daily as the situation evolved. The challenge became trying to understand what the biggest priority of the business was for that day while being flexible enough to pivot towards working on the new requirements. While that was happening, we also launched PayPal as a new payment method, implemented a new brand identify for The Lott, supported a significant donation

and re-launched Saturday Lotto, one of The Lott's flagship lottery games. It was exhausting and challenging work for our team, but I'm proud of what we achieved as a business function during this time.

Did the COVID-19 pandemic impact your projects for FY20? What was your biggest project for FY20, and why was it such an important project for the business?

The biggest project for us in FY20 was the launch of our omnichannel program in August 2019, which focused on combining both the online and retail experiences through a single membership. We led the digital execution for this project, and it was a good opportunity for our team to focus on how our digital channels can drive an in-store interaction.

As part of the project we digitised a version of the physical membership card our customers use in-store to register entries within our existing apps. Not only saving them wallet space but also ensuring they always had their membership card on hand. For members who also purchased online, we added another feature within the apps to allow them to use the funds within their online account to purchase entries in-store. We're looking forward to building out more features in the future that allow players to use their own device as an in-store experience. Our focus has always been on building our online channels for the future and the great thing about omnichannel is that it meets current and future customer expectations.

What other projects did you focus on in FY20, and how did they benefit The Lott's customers?

All our projects have a customer lens because as a digital channel, we have to be customer focused. We are not a physical person having a conversation or engaging with a customer, so we can't design technology for the sake of it; we need to design it for people to use. Over seven million Australians use our range of channels, and we need to ensure our projects align to ensure they have the best digital experience possible.

One of our customer-focused projects was introducing PayPal as a payment method in our online channels in early April of 2020. Customers wanted more choice in the way they pay, with PayPal being a highly requested option by customers.

PayPal now represents around 10% of total online deposits, with over 60% of PayPal connections and deposits occurring within The Lott Apps. Customers have been delighted to have more choice in the way they pay, and we've also seen a small but steady reactivation of customers who had ceased using our channels due to not having PayPal available.

Another successful customer-focused project we implemented in FY20 was expanding our team's ability to optimise our existing digital experiences. By introducing team members who are dedicated to optimising our selling touchpoints through A/B testing, we have been able to realise millions in revenue per annum, just through streamlining the customer journey of existing website and app traffic. It really shows that small changes can make a big difference! By changing a button here or there, or making something on the website a different colour, you can completely change the outcome of what customer is trying to do.

It also means we can be more data-driven about decisions we make regarding our projects. The team focuses on ensuring we are making the right enhancements to the website and app, spending the right investment in time and funding, and we use the data to make the best decisions to run a campaign. It's been a huge focus for us in FY20, and it will continue to be our focus in FY21.

What is your strategy for planning what projects you will focus on in the coming financial year?

“By changing a button here or there, or making something on the website a different colour, you can completely change the outcome of what the customer is trying to do.”

We identify one landmark project to work on and then identify several other key areas to focus on. These areas can be anything from customer experience to compliance and security. Running a digital business carries risk, so we must balance ensuring we keep our customers safe and protected. While at the same time, providing a reliable, easy to use and fun experience.

The customers, what they want to see, and their feedback is at the core of what we do, and this helps us decide which enhancement projects to work on. Each financial year we ensure there is funding available for us to continually evolve the customer experience through the website and apps. We don't want the channels to become stale. We also make sure we liaise with our Customer Care Contact Centre to see what roadblocks customers are experiencing and any other insights we get from our marketing teams.

Looking forward to FY21, what are the three major projects you hope to achieve in the next financial year?

The Lott is launching a new brand identity this year, so our major focus is to continue to roll that out across the digital platforms. We have been a caretaker for The Lott brand since it was launched digitally in 2016, so we understand how important it is that the brand comes to life in our channels.

Overall, our focus is to continue to bring the digital and retail customer experience closer together supporting each other. In addition to the website and the app, we have expanded our focus to include our in-store terminals. We see the launch of the brand identity as a chance to align our look and feel and give The Lott a real breath of life.

Another project we are hoping to launch this year is store syndicates online as currently, players can only play syndicates in store. It will be our first toe in the water since we launched Syndimate in 2018. When it launched, it was a tool to help private syndicate leaders to organise syndicates and find the best value

entry and conveniently purchase in-store printing syndicate shares for all members of the syndicate. We've seen huge adoption of this tool, and last year 4% of syndicate revenue was made through Syndimate.

Creating store syndicates online is a great next step as it gives online players access to more chances to win but also allows our retailers to sell their syndicate offerings online.

Where do you see the focus of digital channels and customer experience of The Lott heading in the next few years?

Now that we have established our digital channels, we are focusing more on how to increase the experiential part of our services, which is why we hope to launch our voice app as a trial later in the year. This voice app will be across the Alexa and Google Assistant applications. We are excited by this as it will be information focused, which will help our customers if they have a winning ticket.

We think lotteries is the perfect way for people to engage with their voice-based assistants regularly.

As part of our goal to create a more experiential online experience for our customers, we want to reinvigorate our lottery draw experience. As a business that sells anticipation and excitement, we need to maximise the glow of the actual event that creates winners.

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,

Continued on page 41