



WHAT HAS 2020 TAUGHT US?

By Paul Lawson, Chief Technology Officer, Abacus Solutions International

STRESS-TESTING ENVIRONMENTS.

Being a CTO means you are always focused on ensuring systems and processes are able to perform across all possible circumstances. The global pandemic has certainly tested all of us over the past 12 months, creating a new set of unique strains - not just on the business but on staff too, everyone has had to adapt.

When I left school many years ago, I did not have a career in IT and technology in mind. I initially trained in mechanical engineering, working for a defence manufacturing company. Many of the initial engineering basics I learned during this time have carried over into my career in designing and building technical systems and processes. One of these engineering principles is that any system needs to perform not only under nominal conditions but also when it is placed under extreme stress and strain.

The global community has certainly been stress-tested over the past 12 months as the COVID-19 pandemic impacted large swathes of the economy in remarkable and

generally not very positive ways. There is not one company doing business today that has not been affected in one way or another by the virus and pretty much every sector is having to do things differently, with staff working from home, those who are in the workplace practising social distancing, supply chains being disrupted and demand falling off a cliff.

But few areas of the economy are experiencing bigger levels of shock and upset than retail, and when the virus is finally banished from our shores and things return to a new normal, there are several ways in which retail will probably be changed utterly and forever.

Retail was already moving towards offering more convenience to their customer base through online shopping, click and collect (or BOPIS), self-scan and self-service. The global pandemic has only accelerated this rate of change, and when the crisis eventually ends, how many customers will return to their old shopping habits of browsing and buying in-store, and what number will continue their new trend of buying via their phone, tablet or PC? Without question, the pace of change away from traditional shopping norms will be accelerated by the crisis and a reversal afterwards seems unlikely.

This change in retail has wide-reaching implications for the supply chain and the products that are traditionally sold through a brick-and-mortar environment, and this includes lottery products.

ALL YOUR EGGS IN ONE BASKET.

Draw-based and instant games are traditionally sold in a brick-and-mortar retail environment using a dedicated lottery terminal. Over the past twelve months, as retail modernisation programs move customers away from the traditional touch point, the rate of change has accelerated at a frightening pace due to the pandemic and lottery sales have seen a sharp decline in sales of traditional products.

Although initiatives such as the NASPL API in the USA started a recognition that this reliance on a single channel puts sales at risk, uptake has been slow. Relying on a single touch point to move product in retail is akin to putting all your eggs in one basket. Under extreme market stress which closed many retail outlets, there was limited opportunity for the customer to purchase the standard lottery product.

PROOF IS IN THE DATA.

In general, businesses that have survived and weathered the COVID-19 storm are those who have been able to adapt to the changes forced on them. They have also diversified across multiple channels to ensure they can reach as many of their customers as possible.

Let us consider a specific example to show how operating across a wider sales channel can help protect your business in times of crisis.

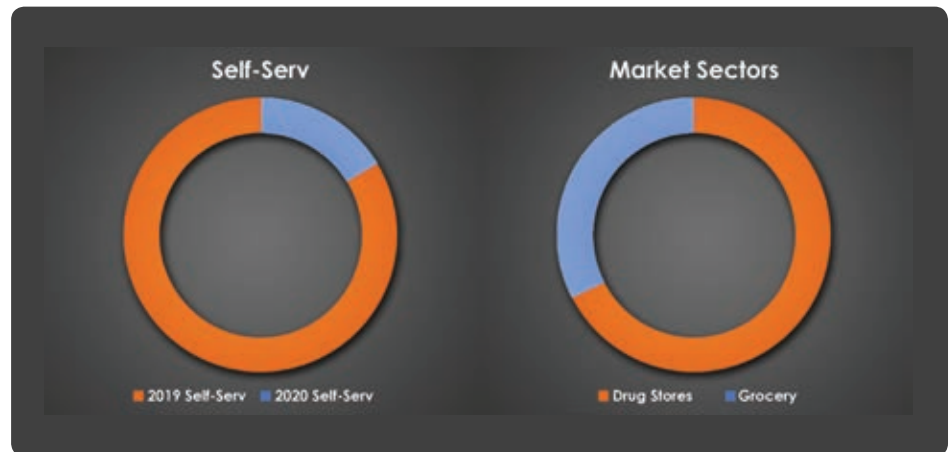
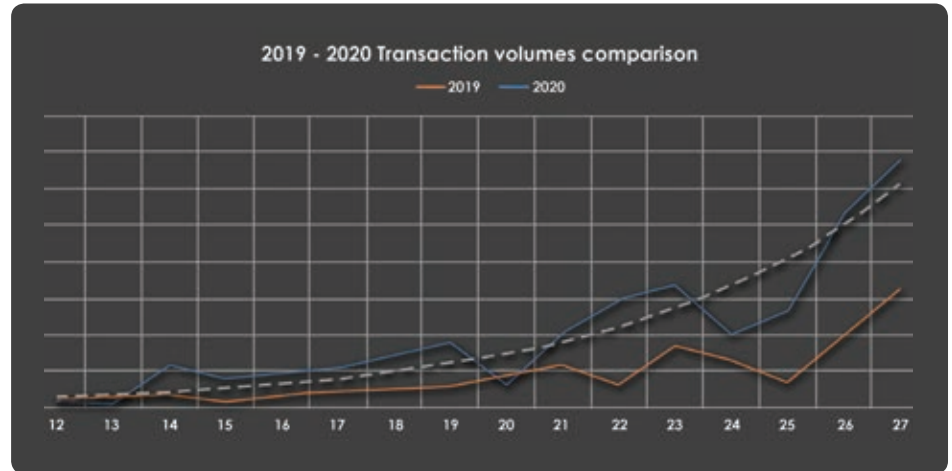
A major European lottery has been moving towards a more distributed sales channel for several years and utilise the Abacus platform which is connected to more than 30,000 points of sale (of which over 5000 are self-service or self-scan cash registers) across four large national retailers. One of the largest draws occurs on New Year's Eve and ticket sales always ramp up through the month in the lead-up to the draw.

However, in 2020 as December loomed, the country went back into a COVID lockdown, effectively closing many retailers overnight that would have sold lottery tickets through the traditional terminal network. This sudden and immediate loss of the retail network had a huge impact on the lottery business. Yet with around 60% of the terminal network offline, sales in 2020 went up by around 10% on the same period in the previous year.

This was achieved through diversifying sales channels and putting the product where customers shop the most. One of these channels was an in-lane program utilising the Abacus platform.

in sales. This trend continued through the whole month of December (with some days peaking at over 500% sales uplift on the same period in 2019). This increase in sales through the channel showed customers' appetite to continue to purchase their lottery tickets, and a willingness to embrace any sales channel that allowed them to do this.

tions through the in-lane and self-service channels, and whilst some of this increase can be attributed to the COVID-19 lockdown closing other channels, it is anticipated this trend will continue. Integration of the Abacus solution is a simple process for lottery and retailer alike. Abacus' fully managed service ensures that the heavy lifting of integrating the



As sales ramped up towards the Christmas period and the large New Year's Eve draw, Abacus started to see a more than 200% increase

A comparison of sales seen through the in-lane channel in 2019 and the same period in 2020 clearly shows a consistent increase of transac-

solution into both retail and lottery systems is carried out by the team at Abacus and ongoing support of the solution makes the lottery sales process transparent to all. Utilising a print on receipt style of delivery means there is no in-store collaborator required and there is no chance of running out of stock as a big draw approaches and sales really take off.

Drilling down into the sales data Abacus saw sales of tickets from more than 90% of connected self-service cash registers with sales figures increasing by more than 500% from 2019 to 2020. This trend in allowing a contactless sale of the lottery category to customers is one that has been anticipated by the industry and was borne out by the sales data as changes in customer behaviour and the ability to reduce interaction between customer and cashier continue to grow.

Market sectors was a surprising aspect to this data analysis. Abacus have enabled points of sale in both the grocery and drug store sector. It was interesting to see the largest volume of sales was achieved through cash registers enabled in drug stores. The reason for this increase was basically twofold. The lottery invested in marketing the product in the drug store chains, with clear presentation of the game vouchers at the service counter. This push in marketing the games made it easier for the customers to pick up the tickets. Also, as 60% of traditional lottery retailers were closed, this shifted customers towards the essential stores that did remain open, and the lottery picked up otherwise lost sales.

MARKETING IS KEY.

Anyone who is in sales recognises the need for marketing their product so that the customer knows it is there. In-lane sales of lottery products are no different. As part of the shift towards diversified sales channels in December, additional marketing was placed in store to inform customers that they could still buy lottery products in the run-up to the big draw date, even during a country-wide lock down.

Retailers are already pushing towards the self-service checkout solution in store to lower cost and improve service. Although this process has been accelerated due to COVID-19, the trend for consumers to use mobile and online functionality had already gained traction pre-pandemic. This trend also makes an in-store self-service solution increasingly acceptable to consumers. Lottery in general needs a shift in its traditional way of thinking towards this new opportunity. Specific marketing is needed to support this change in the lottery's customer journey.

The stores that actively marketed the in-lane product saw the largest increases in sales of any retailer connected to the Abacus system, with some stores seeing more than a 200% increase on the previous year.

REMOVE THE LOAD.

Another true test of a system is when the stress is removed, does it continue to perform under more normal conditions?

As we move into 2021, the stresses of the pandemic and various lock downs are still in place, however, the attraction of a large draw has been removed from the equation. The question is, has this return to a normal day to day sale of tickets impacted the in-lane program?

At Abacus we have seen more than a 50% increase of sales through the in-lane channel day on day through the month of January as customers continue to utilise the convenience and opportunity that is offered through the in-lane program. These figures prove the statement that as the acceleration and rate of change in retail continues, consumers are unlikely to revert to their old habits, and we expect this trend to become exponential.

WHAT DOES THE FUTURE HOLD?

As the rate of change across the retail ecosystem shows no sign of slowing, and the data bears out that it is unlikely to revert to its previous structure of reaching customers, businesses that rely on brick and mortar to sell their products must diversify to keep pace.

Abacus continues to add more games, services and flexibility to its platform. 2021



will see us open new markets and opportunities globally and continue to keep pace with the change we are all seeing not just in retail, but the global economy.

Validation and redemption of both draw-based and instant tickets through the retail ecosystem is ready to be deployed. Our existing self-service estate will continue to grow to keep pace with retail demand in this sector. Digital sales and delivery of products is now part of the Abacus portfolio of products and services. With new styles of games and services through mobile game play. The Abacus road map for 2021 will certainly keep us very busy as we continue to roll out diversified offerings to the market.

The question for operators and vendors alike is "can you afford not to have a diversified program that will protect your business if another crisis looms?" Abacus started as an in-lane provider but is now so much more! ■

** For clarity, the charts and figures detailed in this article were over the month of December 2020 on the run up to the New Year's Eve draw. The days over the Christmas period have been removed as all retail outlets were closed and therefore do not give a realistic representation of the trends.*

	Number of Stores	%increase (2019 - 2020)
National Retailer 1	943	145%
National Retailer 2	1011	225%
National Retailer 3	561	190%
National Retailer 4	224	235%