



There's only one tool that provides a unified view of retailer-level, lottery-category performance across U.S. jurisdictions, and it's available at no cost to all U.S. lotteries that choose to participate.

A roundtable discussion shines light on how lotteries and retailers are using RMI — Retail Market Insights® — to address business challenges and fuel responsible growth strategies.

For decades, the databases used by retailers' product category managers have included every type of consumer packaged good except for lottery. It's an omission that has long needed to be addressed, especially as more retailers are coming to recognize that the lottery category can be a significant contributor to their business goals.

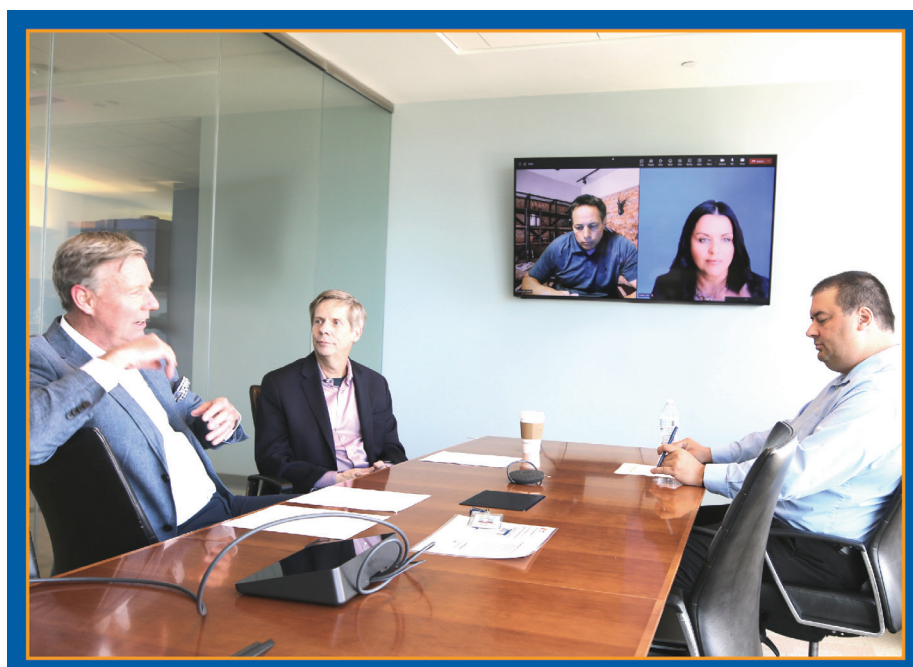
To give lotteries and lottery retailers the cross-jurisdictional data they need to inform decision making, IGT developed the Retail Market Insights® (RMI) tool, a retail-product sales database with a set of monthly data reports and a dedicated staff of analysts and other specialists who support users with a range of tactical and strategic applications.

Among its benefits, RMI gives retailers and lotteries immediate insights into how a lottery program is performing overall and how an individual state lottery's retailers are performing in comparison to retailer sites in other jurisdictions.

RMI's monthly publications and consolidated chain reports allow a retailer with a multistate footprint to compare their lottery sales "apples to apples" in

all jurisdictions where they do business and where there's an RMI-partner lottery, informing strategic business decisions and improvements in sales execution.

Lotteries and retailers are using RMI data to set benchmarks and identify successful practices that can be applied more widely — for example, with self-service deployment



Invested in delivering RMI data, analytics, and services to support lottery and retailer growth plans: IGT executives (L to R) **Paul Riley**, Vice President Retail Innovation and Partnerships; **Nat Worley**, Vice President North American Sales Development; **Steve Desautels**, Director Sales & Marketing Execution; **Gina Easley**, Senior Manager National Retail Accounts; **Tim Kriger**, Senior Manager, North American Sales Development.

and merchandizing standards — enabling retailers to identify and expand the most effective standards to more states.

With the inclusion of five more jurisdictions this year, the RMI database will now include lottery sales representing about 88% of the U.S. population.

A recent roundtable of RMI experts from IGT explored a range of topics around the use of this unique industry tool:

Q. RMI fills an obvious need for retailers, who can now obtain data on the category that was always missing from their existing databases. But what drives RMI participation for lotteries?

Paul Riley: The lottery business is data-based, and it's a relatively mature industry. Lotteries are looking for an additional edge, and RMI offers that: You get more data, you're getting a holistic view, and you have the means to do more extensive and comprehensive comparison analysis.

Nat Worley: What came through very clearly from a recent user-group conversation was that, in addition to the retailer chains themselves, the committed users are often the lotteries' corporate account sales managers. They really saw the value in facilitating conversations with the category managers or regional directors for the chains.

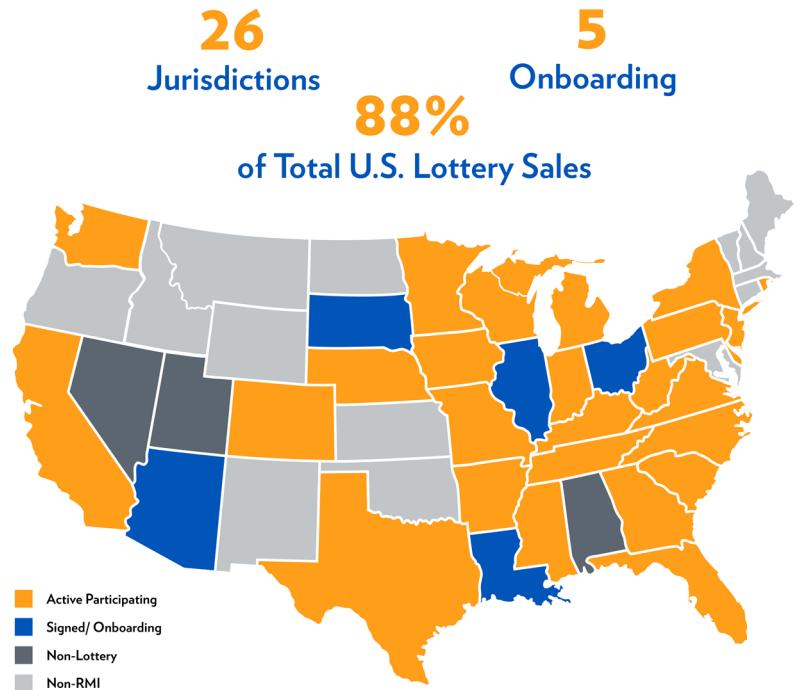
RMI data includes

1,450

national and local retail chains with five or more locations

Steve Desautels: One of the things that we've added to RMI over the past couple of years — and continue adding to — are consolidated performance reports for several of the top 20 chains. When an RMI partner-lottery, or one that is considering it, sees the amount of information that this provides on a top retail chain — as far as the key performance indicators for their

Retail Market Insights



Data Is Power

The Retail Market Insights® (RMI) tool provides valuable data and reporting on lottery sales for about 88% of the U.S. population. With RMI's single, chain-wide view of the lottery category, both retailer and lottery decision makers can analyze performance trends and make targeted refinements to achieve their sales goals.

jurisdiction and other jurisdictions with the same retailer — they see the value. It opens their eyes to opportunities that may exist, because typically they can only see what the retailers are doing in their own jurisdiction.

Gina Easley: A good example is with the world's largest retailer. We've been onboarding that retailer since 2019, starting with a large number of states. And to see that ramp-up rate for each of the jurisdictions — and for all of the jurisdictions to be able to see the performance across the board, including the number of vending units and average weekly sales information — it's really been helpful, especially for the new states that will be onboarding soon.

What are currently the biggest challenges to lotteries, and how can RMI help?

Riley: I think there are probably as many different challenges as there are lotteries: retail transformation, competition from other forms

of gaming, jackpot fatigue — the list goes on. But in my view, the value of RMI data is that it allows lotteries to form hypotheses, and with the right query you can leverage RMI to do an analysis of the particular challenge you're trying to address. It gives you that root objectivity of data-based analysis to inform your decision making.

Worley: One of the biggest challenges that RMI can help lotteries directly address is, How are we going to keep growing sustainably? — given that there are many things they have already thought to do, and there are some structural challenges, like the quantity of retailers in most states declining over time. How do you keep distribution up? How do you keep growing transfers to beneficiaries when you've had meteoric sales over the past two and a half years?

And one of the best ways to do that is to see within the universe of retailers — some of which are similar, some of which are

performing really well, and others of which aren't performing as well — whose sales should logically increase. Through the lens of this tool, retailers and the lottery sales force can identify a subset of retailers that they can target for better performance. It's effective both to encourage retailers to sell what the highest-selling lottery retailers are selling and to address performance discrepancies among a retailer's own locations.

Lotteries ask us as a solution supplier, *What can you give us that will support us in doing our job?* This is a tangible tool with data-based insights that helps a lottery organization focus energy and effort on a group of retailers as an opportunity to pursue.

The senior manager for a national convenience-store chain requested consumer insights, overall category performance, competitive and SWOT analysis, and more. “Using RMI, we were able to achieve this in less than a week, and the retailer’s feedback was that it was the best consolidated lottery view they’ve ever seen.”

Easley: Retailers also have their own challenges, which RMI helps to address. Recently, the senior manager for a national convenience-store chain reached out as they were entering their 2024 planning session. They had a detailed list of questions they needed help with — from consumer insights, overall category performance, and competitive analysis to SWOT analysis for the account overall. I was able to work with IGT's RMI analysts to consolidate the view into a thorough

presentation, all through RMI — taking a look at the retailer's performance against competitors as well as across all of their jurisdictions. Without RMI and that consolidated view, it would have been a long, difficult process. But we were able to achieve it in less than a week, and the retailer's feedback was that it was the best consolidated lottery view they've ever seen.

This retailer has both on-counter and self-service sales in some jurisdictions. It was very helpful to analyze both the business of the self-service units as well as what they're doing as a whole: Are there any jurisdictions that are currently not selling using self-service? There could be reasons why. In addition, are there locations that might qualify for multiple self-service units based on the RMI data? And then really taking a look at the competitive landscape, understanding what type of on-counter dispensers, digital displays, and other innovations are out there, and who's doing what from a “comp A, comp B” perspective. Also, looking at the promotions that different chain accounts are running. This retailer has a very thorough website with an app with many different rewards programs. How do we integrate lottery into that? It involved taking the data that we found through RMI and then digging deeper to find those actionable insights and opportunities for the retailer. I think there's going to be even more category development by the retailer leading from just this one request.

Worley: It was the combination of quantitative and qualitative information that was useful to them. The data is a great starting point, but it required experience in how to leverage performance.

Is this type of analysis something that lotteries can also request?

Riley: A corporate retailer is coming at it from a slightly different perspective, but there's commonality of interest. For example, lotteries are rightly focused on their own jurisdiction but are also interested what's going on in other jurisdictions, because maybe there's an opportunity: Why is this jurisdiction that's either geographically next to us or has a

RMI from an

Operator's Perspective



“RMI data has been instrumental in driving a number of goals for the lottery business in Indiana. It made it possible, for the first time, to benchmark the Lottery's performance and progress with national corporate retailers in comparison to the lottery sales in other states where they were strong players. It often validated what we were doing, and in some cases revealed opportunities for us to reach out and adopt successful practices that had been implemented in other jurisdictions. And the reverse is also the case, where Indiana had best practices in place — such as merchandizing standards that led to a greater presence for lottery at the counter — and those have been now modeled by other states. Being able to look at the RMI data and let the retailer know how well they're doing in a jurisdiction within the scope of their national footprint helps them build leading practices to put in place in other states.”

Melissa Pursley, IGT Senior Vice President of Lottery Product and Sales Development, and previously COO and General Manager of IGT Indiana on behalf of the Hoosier Lottery



similar type of product suite performing so much better? We can try and use the RMI data to derive an answer. The tool itself serves those different interests.

Desautels: Yes, an example is how we've been able to work with a major grocery chain to improve sales, which ultimately becomes helpful for multiple jurisdictions. With the support of RMI data, the retailer found that putting a large jackpot sign above a lottery vending machine (LVM) not only helped bring more awareness to the LVM itself, but made shoppers who wanted to play lottery aware that they could go there to get their numbers for Powerball and Mega Millions. The retailer wanted to expand the same strategy to other jurisdictions, and we quickly started working with other states where the retailer sells lottery to support this.

Kruger: And I would say there's a third component. We have done the work to use what we call session data to package the performance of a vending machine itself. For vending machines in certain RMI jurisdictions, every single action on the machine is a line of data. For those jurisdictions, we can report more than just "This machine sold \$100 in a day." We can report on what time of day had the most sales, for example, or what products are selling and at what times, some session analytics. If they don't have cashless it's more challenging, but even in a state that doesn't offer cashless sales, we put together a session proxy report where we can bucket transactions and tell you, for example, these products are typically bought together at this retailer. That could eventually feed some suggested selling or just inform the lottery of what gets bought together most. If a lottery wants to do some promotions, they can use that data to help inform those.

Riley: We've also been able to leverage RMI to respond to specific queries around LVMs for a lottery that is new to vending. Some of the analysis we're doing is on the performance of a single LVM versus multiple LVMs, and what performance they can expect from an all-cashless deployment. Each market is going to be unique, and we acknowledge that, but

existing RMI data is another tool that helps provide guidance on some very focused, specific queries.

Desautels: Regarding the expansion of LVMs, one of the things that RMI monitors is the LVM saturation of corporate chains versus one another. And one of the first things that stood out is that the #1 lottery retailer in the country had the most sales but the lowest percentage of LVM locations across the board. What we were able to do using RMI data was to compare the average weekly sales in stores that had an LVM versus those that didn't. And it was a night-and-day difference — in many cases it was almost double the sales simply by having an LVM in that store to complement the sales-counter offering. It helped to make the retailer aware of the opportunities, and we're already working with them to do an LVM expansion in other jurisdictions. If this works well for that retailer, other retailers and lotteries may benefit.

Is the predicted recession a factor in the growing interest in RMI? How does participation serve the prospects of future growth by lotteries?

Worley: Lotteries in the United States and other parts of the world saw record sales for the past two to two and a half years. That also means that lotteries' stakeholders now expect a higher level of transfers to good causes than ever before. Beneficiaries are counting on those returns. And for the first time, it does appear as if macroeconomic factors are having an influence on spend. We devote a lot of time analyzing why that is. Why wasn't this true nine months ago? Why wasn't it true even six months ago? It appears that the cumulative impact of persistent high inflation, declining household savings, and greater reliance on credit cards has diminished disposable income. This has caused some lottery players to reduce their lottery spending.

Riley: RMI brings transparency. The numbers are the numbers, but we can share what we see going on and ask, what are you seeing? RMI isn't necessarily going to address it directly, but it gives us

some indicators. For example, if we see average price-point purchases go down, it's another kind of measurement and a source of dialogue with retailers, which strengthens their connection with the lottery industry.

Aligning lottery with chain retailers is a critical component of lottery growth plans. How can RMI help position lottery products to drive retailer business success?

Worley: One of the ways the RMI data can now tangibly help address business-opportunity questions is that it includes product and product-category level information at the retailers. Steve and Gina constantly help retailers to refine the product mix in each store that will drive optimal performance for the store. And as Tim was saying, RMI is a great tool to look at which products are selling in which stores at which time of day. The ongoing consumer shift toward \$20, \$30, and \$50 tickets, because the winning experience is so appealing to a lot of players, is one directive that we can give to retailers: Offering the right mix of price points to appeal to the widest range of your consumers satisfies the retailers' customers and drives their commissions. I think that product performance by store is a big one.

Kruger: If chains can't measure how they're doing across jurisdictions, they don't know if they're doing well. The consolidated reports give them context. Lotteries obviously have their own data if they want to look at chains in their state, but with RMI they can get some context on how that chain is doing for the neighbors or peers in RMI states they want to compare to. If you can't see it, you can't change it. Those chain reports give them some insights on what a certain change of tactic might mean for them.

Worley: Tim's point is really an important one for lotteries, because the question of whether they should spend money on consumer-engagement elements like digital signage that are successful at driving lottery — that's a huge investment in some jurisdictions where you're doing thousands of new displays. Lotteries can

What can RMI do for you?



be more confident that investing in these assets is going to generate a positive return.

Easley: Successful retailers base their decisions on data, particularly consistent data they can use across states. RMI pulls that together and gives them that consolidated view, so they can operationalize it. It's in a format they're looking for and can use.

Over the past few years, Steve and I have consistently received more questions from both retailers and lotteries. We can estimate what we think a retailer wants to see, but to hear from the retailer how they're looking at their business, especially in this evolving landscape of retail, has provided a lot of insight into how we move forward with the data that we provide, what

questions they want answered, and how we can be that voice for the lottery industry.

Desautels: I'll just add to Gina's point that "space to sales" for all retailers is really important, and they don't make a decision today — whether a C-store or supermarket — they don't put anything on their shelves if it's not rating high on Nielsen or IRI data. All planograms at retail chains today are based on sales from those two types of reports. And the one thing that's not included to this day is lottery sales. Retailers who have stores in multiple jurisdictions have always had to reach out to the different jurisdictions for their lottery sales in each one. Lotteries have great reports, but every single lottery jurisdiction puts that information together differently.

If you're a retailer in 32 states, you have to figure out how to take those 32 different retail reports and come to a single answer that can speak to your lottery category. That's where RMI comes in.

What does joining RMI entail?

Kruger: It entails setting up the initial feeds for basic retailer, sales, and product data — normally about 20 to 30 hours of technical work for a lottery, and we have technical resources that work with new sites to help them get that data into the required format. Then it's hands off for the lottery going forward. Once you've established it and add retailers or add products, which lotteries are constantly doing, it rolls in. And as it gets larger, there's just more value that comes out of it.

Riley: As more jurisdictions onboard, everybody benefits from the more comprehensive view. Lotteries, retailers—everyone can perform better analysis.

Worley: One of the positive outcomes of having a network of people dedicated to this RMI capability is that we can respond to more questions, as Gina mentioned, and even generate questions that in the past haven't been answered. The tools and the data-visualization keep improving, the human intelligence about what can be done with this information keeps expanding, the population of RMI participants is expanding. The turnaround of that information is much quicker as well — often within the same day. The tool is reaching critical mass for being able to identify and solve business problems. ■

To learn how one lottery is successfully applying RMI to drive, validate, and defend its business, watch a short video at vimeo.com/igtvideo/rmi. Contact RMInsights@IGT.com for information on joining the program.

