

EXECUTIVE SUMMARY OF ROUNDTABLE DISCUSSION
AT PGRI LOTTERY EXPO NASHVILLE

DATA AND THE “DIGITAL MENTALITY” ARE RE-SHAPING LOTTERY’S FUTURE

Long before offering eInstant and eDraw games online, the Pennsylvania Lottery was building a robust digital presence. A player’s club that collected data, including player locations and demographics, rewards for frequent play and ticket entry into an online site, and free-to-play games associated with key licensed games – these were all part of the lottery’s entry into the digital realm. So even before iLottery, the PA lottery was able to collect valuable data and use it to market to its players.

So, what better person to lead a panel titled “The Digital Mentality of the Data-Driven Future” than Pennsylvania Lottery Director Drew Svitko. Drew and his staff understand the power of data and how lotteries should use it. It has certainly worked for them, especially now that the lottery is fully immerse in the iLottery world.

“Let’s be honest, data is driving all of our businesses,” he said. “And look at the huge growth of companies like Facebook, Amazon, Netflix, YouTube, companies which are so effective at harnessing and applying the power of data. Even though not all lotteries are selling online, most are collecting data. One big question is ‘how do we decide which data is the most important to make business decisions?’”

Helping guide the discussion through this, and many other critical data-specific topics, was a panel of veteran lottery experts:

Trevor Allison, Marketing Manager, INTRALOT

Richard Bateson, Chief Commercial Officer, JUMBO Interactive

Andrew Crowe, SVP Business Development, Sightline Payments

Merv Huber, Senior Director, Digital Growth Marketing, Scientific Games

Brian Rockey, Director, Nebraska Lottery

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Merv Huber works directly with the PA Lottery on its digital lottery programs. Merv said you can never have too much data. “It’s all about taking stock of your goals and finding which data points are going to best help you achieve your goals,” he said. “What’s important is that you have the tools to actually make those data points actionable and the right experts who know how to use the data and tools together

to achieve those goals. For example, in Pennsylvania, we use predicative analytics to score players on their likelihood of taking certain actions. And we customize these analytics so we can send personalized messages to these players. What percent likely is a player to take a certain action based on their recent frequency of play and past winning experiences? We use the data collected from dozens of attributes and put them to good use in our CRM program.”

For INTRALOT, **Trevor Allison** takes the mountain of data he is provided and sifts through it for what is most valuable to his efforts to optimize the player experience. “Every morning I wake up with a brand new set of data that’s relevant to our customers and what it is that they’re doing,” he said. “We’re constantly testing to determine which data is best. We then use this data to send emails and push notifications through our Sales Force marketing tools. This allows us to control what messages we should send, what

promotional message will generate more opens, higher click rates, etc. AI and predicative analytics is transforming our ability to convert raw data into useful business intelligence.”

Sightline Payments, which works with lotteries on cashless payment and mobile solutions, collects data based on player purchases. **Andrew Crowe** explains how

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data is used to determine patterns and changes in play. "Sometimes a player will make purchases outside of their pattern of play. It's important to review the behaviors leading up to that user activity to encourage responsible play," he said. "Analytics tools help us focus on the correct data and take actions that are informed. Sightline sits at the intersection of digital and brick and mortar lottery. This position enables us to help our customers broaden the view and use of the data they're collecting."

JUMBO has been in the digital business for almost two decades and has operated across the globe. "It's incredible to look back on how the number of data points we utilize has grown over the years," **Richard Bateson** said. "We started off small but the data has grown exponentially to effectively serve as guardrails for lotteries. We've invested heavily in data because we needed to understand what the best activities are to adapt and maximize the opportunity to increase sales or onboard a new player. For me as a marketer, I find these tools fascinating in that they allow me to receive a much more advanced view of the player. The result is that my decisions are much more focused on exactly what the player wants."

Brian Rockey oversees a lottery that doesn't presently offer iLottery but has a robust players club. "We have a few hundred thousand players registered and active in our MVP Club and we interact with those players often," he said. "When we do our segmentations and psychographic work, we try to delineate and identify the varying degrees of loyalty. This can be done by looking at lottery spend as well as what else the player does for entertainment. We know, for instance, that 40% of our players have visited a casino in the past year. So our question is 'will they stick with us when casinos open in Nebraska next year or will we lose them, or lose a portion of their spend?' We need to know how much of their daily activity we consume and determine what we can do to keep them as customers."

Drew Svitko moved the conversation to

the next step. "Many of us are collecting data but not every lottery is selling online or accepting cashless payments," he said. "So what can we do with all this data that we have collected to inform the rest of our business, the traditional retail side of the business? How does this data help those that aren't selling online or perhaps aren't accepting cashless payments?"

"The use of credit cards transforms the transaction from an anonymous cash purchase, in which nothing is known about the player, into a record and data-point that can help the player be more aware and manage play more responsibly."

Merv Huber said that the reality of the situation is that the majority of lotteries still don't sell products online, including most of Scientific Games' clients. "Most of the CRM programs we run are for lotteries that don't have online sales," he said. "They have loyalty programs and second chance programs. But we learn a lot about those players that are just entering tickets into the system. What games do they like to play? Are they hitting the responsible gaming limits that are set within the system? We know the retail behavior of many players from the record of their second chance game entries, or if they're funding their digital accounts at retail locations. So we can gain a lot of valuable information from different digital activities, even from those who are not actually purchasing games online."

Trevor Allison believes an important point is often missed when looking at data. "I think when most people think of CRM they're thinking strictly retention," he said. "But that thinking misses a big piece of what CRM can do, which is also capture User Experience and User Interface information. And if we can optimize UX and UI in the digital space, there's no

reason we can't take that same information and transfer it to the traditional lottery space. INTRALOT is doing that now. A recent launch of sports betting for one of our customers includes applying the information to different parts of the lottery, not just digital. We now understand the player fully and we work to keep a balance between supplying them with promotional information and bonuses that will drive purchases and not annoy them."

Richard Bateson believes data leads to evidence-based decision making, which is what all businesses need, not just lottery. "I think it's a misconception that if you're not selling through iLottery you're not transacting online and you don't have a digital program," he said. "Actually, some of the lotteries who are prohibited from offering iLottery have fairly advanced digital programs and capabilities. Whether it is understand-

ing the player experience and interface or their use of CRM tools through a loyalty program, I've been quite impressed with how advanced the non-iLottery lotteries have become. They then use this data to make the same evidence-based decisions as lotteries with iLottery programs."

Brian Rockey runs one of those non-iLottery states and he agrees that they have become creative. "Our data comes to us in different forms," he said "We use coupons a lot, both at retail and through our loyalty program and we are able to gauge player patterns through the coupon redemption. We are able to reward players for purchases and see if we can drive certain consumer behaviors. We also have had a mobile app for many years and we are working to continue to add as many features as possible, short of selling through the app. Then we can learn as much about the app user as possible."

Drew Svitko steered the discussion to a final and very important component of the digital lottery world – responsible gaming, asking "We've determined that the data collected can be used on both the digital and traditional sides of the business. How can the data also be used to allow lotteries

to act in a responsible manner as we work to attract players and promote purchases?”

Andrew Crowe said that at Sightline, we have years of experience with how the public views the use of credit cards. Applying insights from that experience to the lottery industry, Andrew spends much time working to show how cashless transaction technologies contribute to responsible play. “The use of credit cards at lottery vending machines is a great illustration of how we can use data for all facets of lottery business,” he said. “At first blush, many of our stakeholders think that allowing credit cards is irresponsible and perhaps shouldn’t even be allowed. But the use of credit cards transforms the transaction from an anonymous cash purchase, in which nothing is known about the player, into a record and data-point that can help the player be more aware and manage play more responsibly. Decisions on both the lottery and player sides will be more informed from that data.

“Once you start to have digital activity, the consumer now has better visibility into how much they are spending and are in a better position to self-regulate. Another benefit that is often overlooked is that the banks are also now involved in monitoring. They know the player’s debt- to-income ratio,

their credit score, income levels, normal behaviors, etc. and they know this is a gambling transaction. The bank is making a decision about the risk tolerance of this player at a transactional level. For lotteries, we’re not looking to squeeze the extra nickel out of the player. It’s about growing responsibly, empowering the consumer behave responsibly and working with you to make decisions that comport well with all other aspects of players’ lives.”

For **Richard Bateson**, the question is “How far do you want to take your responsible gaming policies? We have the data on our players’ patterns. So you can either commercialize it, do something with it to protect players or, even better, both. We know what works to promote purchases and we also know our at-risk players. How do we help this small population? It’s actually easier with digital than at retail. We owe it to our players and communities to offer safeguards that will protect them.”

Merv Huber said responsible gaming is a part of Scientific Games’ predictive analytics program. “We score every player on the percent likelihood that the player will self-exclude X months into the future,” he said. “It’s a powerful tool but how do you put it into use? Do you throttle back your marketing? Test and measure?

You could send your responsible gaming message to a group you’ve identified as likely to self-exclude a few months in the future. Send the message to half those players and hold a control group back. And then after three months, score them again. What did the predictive analytics say about the players who got the message versus those who didn’t? Did you improve that score? What did self-exclusion look like for those pools of players who did or did not get a responsible gaming message? It’s important to use the same tests and measure for responsible gaming that we use for all other marketing activity.”

Drew Svitko wrapped up with a few thoughts on data. “Obviously data is important to all of us and our businesses, and in some cases it’s because we can use it to do the right things and in other cases drive our businesses forward,” he said. “Data is the present and the future of our business. For those not selling online currently but see it in their future, please reach out to the lotteries which are able to offer online sales. We have our own data that could help inform your decisions. Even if online sales are not in your future, the data collected from other states might help your decisions, both with your current digital program and your traditional lottery sales.” ■

Digital Lottery Growth is Skyrocketing continued from page 26

realize that you must think and act differently,” he said. “For us, with no iLottery on the horizon, there are incremental things we can do to help our retailers and add players.”

Rebecca added to this idea of re-imagining the retail experience to include any type of digital. “There is no need for us to use the same trade styles, to limit ourselves in reaching our players,” she said. “We know our customers aren’t limiting themselves as the multiple retailers with which they interact are always selling them something and reaching them through their smartphones and other means. So let’s make sure we act like any other retail brands and send our customers offers on their phones and move them back and forth between in-person retail and digital.”

Darrell reiterated the importance of optimizing loyalty programs and VIP Clubs, particularly for lotteries which cannot sell

products online. “Let’s make sure we make our sign-up as simple as those in other industries,” he said. “As you look at what other industries, you see simple processes for joining their digital worlds, and certainly many lotteries have similar processes. But if you use a Facebook sign-on or just ask for email information and then start collecting information, you have simplified the process and you’ll see a greater conversion rate for players. In the end, it’s all about convenience.

Shannon emphasized that digital isn’t only about online sales and VIP Clubs. “There are a number of lotteries that have embraced the opportunities with social media and are creating some great content and have an entire personality around their brands,” she said. “Other are creating paid content that doesn’t really look like paid content which is important because it still has authentic-

ity. And that is critical. We want to engage our customers but not turn them off with overtly ‘sales-y’ content. Provide them with authentic content and you’ll keep them coming back.”

And as **Matt** said to conclude the panel, “For all us, even those who can’t sell online, there are opportunities to use digital to promote our businesses and reach players. We all need to figure out how we can best engage players in a mobile/digital world and demonstrate we’re relevant to their lives. Let’s become more efficient and more successful, always keeping in mind that the better we do, the better the good causes we support will do.” ■