



From the Publisher

Well, it's hard to know where to begin.

So much has changed since PGRI SMART-Tech Miami and the Women's Initiative in Lottery Leadership Seminar were held the first week of March. As we move past crisis management mode and forward with a spirit of optimism and positive expectations for recovering from these difficult times, we start to think about what the post-coronavirus world will look like. What are we going to do to make our brands, our games, our services, and ourselves more relevant than ever? How will we lead boldly and confidently into an uncertain future? We may not know what the "new normal" will look like. But we do need to make decisions now based on what we think it might look like. Clearly, there will be profound challenges and the need to make adjustments to the way we operate. I think we can expect there will be abundant opportunity as well. With ingenuity and a dedication to the service of our many stakeholders, let's work together to prepare for a re-bounding consumer demand and a new normal that will be even more receptive to the incredible value that government-lotteries have to offer.

We enlisted industry leaders to share their thoughts on how we might adapt and lead in the post-coronavirus world. We thank them for their incredibly thoughtful commentaries. I think all of them would preface their comments with the caveat that these are initial thoughts on a highly dynamic and fluid situation that requires flexibility to adapt and change course as needed going forward.

Following are just a few of the themes discussed:

- Many lifestyle, consumer, and shopping behaviours will be changed forever. We may not be wearing masks forever, but social distancing will continue to be a reality. Efforts to reduce the "high-touch, high-contact" nature of retail shopping and increased migration to online shopping will not stop once the virus is under control.
- Tax revenues that support government

services will be severely impacted for the foreseeable future. Shapers of public and regulatory policy will be turning to Lottery to generate more income to balance the budget shortfalls. This should increase the likelihood of regulatory change that allows more games, more flexibility in how and where the games are made available to the consumer, and more flexibility to advertise and manage the business to maximize net funds for the benefit of society. We can hope anyway.

- It is a myth that lotteries do not suffer the effects of an economic downturn. And there really is no historical precedence to guide us in how the forces of economic recession combined with global pandemic may impact the lottery industry.
- Crises tend to catalyze innovation if for no other reason than what we used to do no longer works. Change is forced upon us whether we like it or not. So we may as well embrace the opportunity to take big leaps forward and look for opportunity to instigate an ambitious agenda to modernize. Further to that: Times of change represent an opportunity to capture the attention of an audience which is more open to new ideas than ever.
- Lottery needs to do more than just make the products available online. We even need to do more than develop new games for the online world. We need to build a whole new player experience for the Digital World. Think more like APPLE, Starbucks, and TESLA to create a deeper and broader personal affiliation with the overall experience and the brand relationship.
- Draw games have been impacted much more than Instant Scratchers which continued to perform quite well in many jurisdictions.
- The trend towards self-service vending and checkout and cashless and "contactless" retailing will clearly accelerate.
- It's more important than ever to reinforce

beneficiary messaging and the mission of Lottery to serve society.

- Retailers are anxious and concerned about their own future. This represents an opportunity to reinforce the symbiotic relationship that Lottery has with all its channel partners.
- Coronavirus marks a hard break with the "Information Age" and leap into the era of Digital Transformation wherein every aspect of life is materially enhanced by technology.
- Video-conferencing has enabled a surprisingly high level of productivity in spite of lock-downs. But it does not replace the need for team-work that is facilitated by personal interaction.

Our Fall event – **Lottery Expo** – will be held in the fabulous Music City of **Nashville, Tennessee**. Tentatively scheduled for the end of September, we will keep you posted on specific dates, venue, and program as they are confirmed. We thank you for your support and re-commit to an industry that serves the interests of society, of good causes, of players and retail partners, and of countless Lottery-sector stakeholders. We are thinking about you with a new sense of appreciation for the great privilege of actually being together again in person – and sooner than later!

Paul Jason, Publisher
Public Gaming International Magazine

CONTENTS

FEATURED INTERVIEWS

Lottery Industry Leaders Share the Vision

- 12 **David Barden**, Chief Executive Officer, New Mexico Lottery
- 14 **Gretchen Corbin**, President and CEO, Georgia Lottery Corporation
- 16 **Kevin Gass**, Vice President Lottery Gaming, BCLC (British Columbia Lottery Corporation)
- 18 **Rebecca Paul Hargrove**, President & Chief Executive Officer, Tennessee Education Lottery Corporation, President of the World Lottery Association (WLA), Founder and Chair of Women's Initiative in Lottery Leadership (WILL)
- 20 **Mark Hichar**, Shareholder with Greenberg Traurig, LLP, resident in its Boston office, legal counsel on gaming, gambling, lottery
- 22 **Hansjörg Höltkemeier**, Member of the Managing Board of the Deutsche Klassenlotterie Berlin, President European Lotteries (EL)
- 24 **Rose Hudson**, President & CEO, Louisiana Lottery Corporation
- 26 **Andreas Kötter**, Chief Executive Officer, WestLotto, Münster, Germany
- 27 **Sue van der Merwe**, Managing Director – Lotteries & Keno, Tabcorp, Australia
- 28 **Gregg Mineo**, Director, Maine Lottery; Chair of MUSL Powerball Group
- 29 **Jean-Luc Moner-Banet**, Chief Executive Officer, Loterie Romande
- 30 **Stéphane Pallez**, President & Chief Executive Officer, la Française des Jeux
- 31 **Mike Purcell**, Senior Vice President, Sales & Marketing, Kentucky Lottery
- 32 **May Scheve Reardon**, Executive Director, Missouri Lottery
- 33 **Lynne Roiter**, President & Chief Executive Officer, Loto-Québec
- 34 **Matthew Strawn**, Chief Executive Officer, Iowa Lottery
- 35 **Dr. Heinz-Georg Sundermann**, Managing Director, Lotto Hessen GmbH
- 36 **Philippe Vlaemminck**, Managing Partner, Pharumlegal, Legal Counsel to Lotteries
- 37 **John White**, Deputy Director of Finance, New Jersey Lottery
- 38 **Olli Sarekoski**, Chief Executive Officer, Veikkaus, Finland
- 39 **Neil Brocklehurst**, Commercial Director, Camelot
- 40 **Jeff Anderson**, Executive Director, Idaho Lottery
- 40 **Marcus Glasper**, Director, Washington Lottery
- 41 **Pat McDonald**, Director, Ohio Lottery Commission
- 41 **Gregg Edgar**, Executive Director, Arizona Lottery
- 42 **Gordon Medenica**, Director, Maryland Lottery & Gaming Control Agency
- 42 **Mark Michalko**, Executive Director, North Carolina Education Lottery
- 43 **Rollo Redburn**, Executive Director, Oklahoma Lottery
- 43 **Harold Mays**, Acting Director, Illinois Lottery
- 44 **Barry Pack**, Executive Director, Oregon Lottery
- 44 **Brian Rockey**, Director, Nebraska Lottery
- 44 **Cindy Polzin**, Director, Wisconsin Lottery
- 45 **Teresa Immel**, Senior Director Sales & Marketing, Schafer Systems
- 45 **Simon Butler**, Chief Executive Officer, Abacus Solutions International Group
- 45 **Bill Breslo**, President, Diamond Game
- 46 **Doug Pollard**, Co-Chief Executive Officer, Pollard Banknote
- 46 **Brad Cummings**, Founder & CEO, EquiLottery Games
- 47 **Lorne Weil**, Chairman and CEO, Inspired Entertainment, Inc.
- 47 **Brooks Pierce**, President and COO, Inspired Entertainment, Inc.
- 48 **Maxwell Goldstein**, Vice President Sales – Americas, Carmanah Signs
- 48 **Steve Saferin**, Managing Director of Entertainment and Sports Gaming Network
- 49 **Richard Bateson**, Chief Commercial Officer & Head of North America, Jumbo Interactive
- 49 **Mike Veverka**, Founder and Chief Executive Officer, Jumbo Interactive
- 50 **Wendy Montgomery**, Senior Vice President of Global Brand, Marketing, and Communications, IGT
- 50 **Michelle Carney**, Vice President North America Lottery Marketing, IGT
- 52 **Chris Dimitriadis**, Chief Executive Officer, INTRALOT
- 54 **Patrick McHugh**, Chief Executive, Lottery Group, SCIENTIFIC GAMES



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LOTTERY INDUSTRY LEADERS SHARE THE VISION

PREPARING FOR THE POST-CORONAVIRUS WORLD

PGRI Introduction: Lottery directors and industry leaders were asked to share their views on the impact of the pandemic crisis and how Lottery might respond to the economic repercussions that follow. I so appreciate their thoughtful responses and am sure you will too. Thank you so much for your generosity and leadership!

Following are forty-six visionary articles and commentaries from lottery industry leaders. This magazine does not contain the entire articles. Some of them are continued online. Please visit us at PublicGaming.com to read the entire articles.

Some of the questions/talking points that were posed:

- How will the world be different when we come out of this crisis - and how will the lottery industry, retailing, consumer shopping and recreational behavior be different?
- What should we be doing to position our businesses for success in the post-coronavirus world?
- Lottery has historically performed better than other sectors in an economic recession. How severely will the economic repercussions of coronavirus impact Lottery?
- What opportunities will emerge in the post-coronavirus world?
- Crises tend to upend the risk-return calculus of innovation to favor innovation - Do you think this crisis will accelerate the adoption of new game categories, new technologies, new business processes and distributional methods?
- How might we inform and encourage policy-makers to evolve regulations to give lotteries more latitude to determine how and where to market the products?
- How might we reinforce the symbiotic relationship that Lottery has always had with its retail partners?
- What are some of the new challenges and obstacles that we will need to adjust to?



NEXT PAGE



David Barden,
Chief Executive Officer,
New Mexico Lottery

The supply chain has adjusted rapidly in order to bring more consumer goods directly to homes. In a time where online shopping was already impacting brick and mortar shops, we've now shifted even more of our purchases to the online channel. Adoption of technology has been forced on many Americans in order to obtain groceries and other items. Now that more consumers are in the habit of ordering online--and have learned to appreciate the convenience of homedelivery--I believe that people will continue to use online ordering even after the pandemic is behind us.

It is also likely that "social distancing" will continue in our daily lives for some time to come. Consumers will return to work, restaurants, and recreational venues, but the concept of avoiding crowds and direct contact will remain in our psyche. How this will affect lottery sales, positively or negatively, remains to be seen. It has already been a challenging year for Powerball, and the pandemic has only amplified those problems.

We have taken the approach of social responsibility during the pandemic. Previously purchased media advertising was converted to stay safe/beneficiary messaging. While lottery sales continue in essential retail locations, we are not actively pushing for sales at this time. Although our offices are closed to the public, we are making every effort to respond to player questions and to process mailed claims when we are able. We want New Mexicans to know their lottery is comprised of people just like them, waiting for this pandemic to pass. We feel such an approach is the right thing to do and will also be respected by players and policymakers alike, which in turn may help our efforts to develop new, even more responsible ways to do business in the future.

It is my hope that the challenges faced by lotteries will motivate legislators to authorize lotteries to make products available online. We have seen what can happen in jurisdictions like Michigan, Pennsylvania, New Hampshire, and others where distribution is opened up to include online and mobile channels. These distribution channels not only connect new consumer groups but also provide an online audience connection to drive customer traffic to retail. As a result, online lottery players buy more lottery tickets at retail. And of course, the online channel continues to function in a crisis like Covid-19 when it difficult to shop in retail stores.

Powerball and Mega Millions sales have been impacted even more than other game categories. Jackpots and rules have been adjusted to hopefully drive some improvement. But the real solution is to make the national games available online. I would submit that we should do everything we can to make that happen. I am working toward that goal in New Mexico, and I know other directors are working with their own stakeholders as well. I think we need to have a more nationally unified effort to place Powerball into the online and mobile channels everywhere. We are reaching a point where the best, if not the only, innovation that can drive organic growth of Powerball is to reach more consumer groups, and the best way to do that is by getting Powerball into online and mobile channels. Powerball is by far the most valuable brand in the industry and we need to act now to ensure sustainable growth. I think the digital platform would provide a richer canvas for innovation, for adding new game components and options and diversity into the Powerball player experience. And the crisis we are in highlights these realities for everyone, including our political stakeholders. Now is the time for the lottery industry to act. Only by bringing Powerball issues to the forefront of our agendas and by informing stakeholders and legislators of the urgent necessity to enable online sales will Powerball and other lottery games be positioned to grow sales in the future. I hope for positive action. Insofar as our political leaders want to preserve the funding for good causes, they will recognize the wisdom in giving their state lotteries more flexibility in how to market the games.

Unfortunately, the changes in consumer behaviors have already triggered

adjustments to the Powerball and Mega Millions games' jackpots. The long-term effects of these changes are unknown, but they highlight the need to shore up those games that we all rely upon for the benefit of good causes. With Powerball, increased population through international participation and the use of mobile technology are two ways to move forward. I think it would be a mistake to assume that lotteries will be somehow exempted from the impacts affecting the overall economy. Past recessions did not involve social distancing and other similar factors which directly affect the way people shop, buy things, and play the lottery.

We reached out to our retail partners early on to adjust inventory up or down based upon their needs, and we continue to communicate with them regularly. We are also flexible with general requirements such as selling subject to retailers' hours of operation. We can temporarily disable a terminal if a retailer so requests. The goal is to provide our retailers with the tools to sell lottery products if that's what they want to do. We hope this "whatever you need" approach has earned us the trust and respect from retailers that we can carry forward into stronger working relationships for whatever lies ahead for lottery products.

Self-service vending machines provide more social distancing than approaching a retail counter and interacting with a sales clerk. The trend towards self-serve and digital wallets will likely be accelerated by the desire to avoid the uncleanness of handling cash. I can't imagine in today's world of social distancing that any legislator would not understand the advantages of purchasing and payment solutions that provide both greater flexibility and safety. We are moving toward a cashless retail experience, and for lottery players to only be allowed to pay with cash in most states seems like an irresponsible position and potentially harmful to consumers.

We are here to serve our retailers. We have had approximately 5% of our retailers call us to ask that their terminals be turned off temporarily. A small number, but we certainly understand and respect their wishes.

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Continued at publicgaming.com



Gretchen Corbin, President and CEO, Georgia Lottery Corporation

Daily life for consumers the world over has changed in unimaginable ways in a very short period of time. As a result, we are faced with rapidly-changing habits and attitudes with the way we behave, the way we work, and the way we entertain ourselves.

Everything from how consumers enjoy a meal to how they purchase lottery tickets has been impacted. Grandparents are ordering items online. Millennials can't hang out with their friends, so they are streaming the same movie at the same time for a shared experience. Busy families that used to eat a lot of take out are now cooking every night. And we're seeing a spike in lottery players shifting to mobile play as they shelter in place.

Modern conveniences like e-commerce, online food delivery and streaming services have been growing for some time, however, they were not universal. Now we're seeing them attract new customers and expand into new products and services. As more people try these, they will adapt and this will become a new normal. While some of the changes are temporary reactions to our current circumstances, many are more fundamental shifts. People may be very cautious about returning to old habits.

Consumer behaviors and technologies were already evolving, but now the process has been accelerated. More people are going cashless, and more processes have been digitized. So we have to explore ways to expand our digital channels and be innovative with developing new concepts. Our lottery players will still want to play and win, but their behavior will be different. We have to really examine and understand that to move forward strategically.

After countless weeks of social distancing, online shopping and working remotely, consumer behaviors are bound to shift dramatically. In order to withstand this

crisis and position ourselves for future success, we have to anticipate what kind of consumer is emerging from this experience and how behaviors are evolving.

By understanding the most significant and lasting shifts, we can better position ourselves to prepare and adapt. From there, we have to develop the capabilities that ongoing success will require. We will need to rethink how we're reaching consumers, what products we are offering them, and how and where those products are being offered.

We'll need to focus on wide retailer recruitment and expanding our distribution base. We have to expand and grow our digital channel. And we have to find additional ways for our retail and digital networks to complement each other.

This is also a good time for us to reinforce our beneficiary messaging and remind the public of the many good causes supported by lottery funding. People feel good about purchasing our products and supporting their state lottery because they know that we support them and their communities.

There is hardly any industry that has not been touched by the coronavirus crisis, and that includes the lottery industry. As with any business that competes for discretionary dollars, the economy impacts our sales.

This is an unprecedented time, and it's difficult to predict what the economic environment will look like when this is behind us. There are a lot of factors out of our control. What we can do is focus on the things that we can control like our product offerings, our distribution channels, and opportunities for innovation. I am optimistic that we will learn a lot, adapt, and come out of this stronger together.

The COVID-19 pandemic changed the world in the blink of an eye. It could take years for things to return to normal, and it's highly likely that "normal" will be redefined. This certainly presents an opportunity to reach new players and to provide new experiences to existing players.

As we emerge from this crisis, some people will want to quickly return to previous behaviors, some will ease into them, and some will change the way they do things forever. After sheltering in place, consumers are more open to online purchasing and new entertainment options. Some of those who like to travel may want to stay closer to

home until they're confident that it's safe to resume travel. So they may be inclined to try homegrown forms of recreation like the lottery. We have a unique opportunity to tweak our business model and even reinvent aspects of it based upon the shifts that we're seeing.

Although we've experienced tremendous and rapid iLottery growth, our retailers are still our bread and butter. They're at the foundation of our success, and we have a deep appreciation for everything that they do.

All of our retailers have been impacted by the coronavirus crisis in one way or another. Some of them, for example some bars and restaurants, have even had to close during this period. Our sales representatives have been working hard to service retailers while sheltering in place. When they are back in the field and visiting retail locations again, they will do everything they can to ensure that our retail environment remains strong. We want our retailers to know that we are here for them and support them.

We will build upon our relationships with our retailers by connecting with them and assuring them that we are committed to our partnership and to their success. We will continue to employ strategies entailing maintaining manageable inventory levels, financial responsibility, industry information, and sales and promotions opportunities. It's also critical to explore ways to improve our digital space at retail.

Our retailers contribute greatly to our success, and in turn, we offer them a product that is a key driver of consumer traffic. Ultimately, we want them to know that we're here to help them bring in customers and move their business forward.

As always, the key is communication and engagement with legislative stakeholders. Consumer demand and habits are changing. Lotteries need the ability to offer products to consumers in a variety of ways. Brick and mortar retailers are always going to be an important part of the lottery business; but in order to continue to support the good causes that lotteries do across the world, there needs to be the option of new technologies. This can be done in a way that is safe and secure for players. Explaining how the funds will be utilized, the safety measures that can be put in place, and how authorization can benefit the lottery and consumers is the first step.

Continued at publicgaming.com





Kevin Gass,
Vice President Lottery Gaming,
BCLC (British Columbia Lottery
Corporation)

A LOTTERY’S APPROACH TO THE GLOBAL PANDEMIC

COVID-19 has significantly affected every single sector of the economy, and of course, lotteries are no different. One key challenge about this worldwide pandemic is how rapidly the situation evolved and how quickly the industry needed to make business decisions to support the safety of our people, players and communities.

During the COVID-19 pandemic, BCLC has consistently advised players and retail partners to put their health and safety first by following the Provincial Health Officer’s directions and emphasized that lottery tickets are conveniently available online at PlayNow.com or on the BCLC Lotto! app. PlayNow.com’s lottery and casino business more than doubled in the first week.

BCLC, along with all of the Canadian jurisdictions, implemented a six-month expiry-date extension for lottery tickets that have an expiry date between March 17, 2020 and September 17, 2020 in recognition that physical-distancing requirements to help stop the spread of COVID-19 may affect players’ ability to claim prizes. Following the temporary closure or BCLC’s prize-payout offices on March 18, 2020, we implemented an alternate remote prize-claim process to pay out prizes to winners.

In fact, we held our first-ever virtual winners celebration on the Lotto BC Facebook page on April 23, 2020 and paid Tibor Tusnady with his \$16 million Lotto 6/49 win in front of a live Facebook audience. More than 7,300 viewers saw the online event, many of whom posted congratulatory messages to Tibor. It was a virtual, feel-good first for BCLC and its players, and received significant provincial media coverage from more than 35 major media outlets.

BCLC has paid out other large prizes to winners, since the onset of COVID-19 restrictions, and shares these positive stories with media. Media and players have received these stories well, demonstrating that people crave a feel-good story during these challenging times – and continue to enjoy the chance to dream that comes along with playing the lottery.

BCLC’s 3,500 retailers are our front-line lottery ambassadors, so we continue to listen to their feedback and consider it as part of any operational changes. Since day one of this crisis, BCLC has supported the decisions of our private-sector lottery retailers to reduce hours, close locations and/or implement proper physical-distancing protocols; some lottery retailers have suspended lottery sales altogether, while others continue to operate and are adhering to physical-distancing directions.

To support certain retailers’ focus on essential services, primarily food and pharmacy, we also adjusted the availability of our in-lane experience at grocery, called Lotto Express. Early on, we also modified our Advance Buy lottery service to prevent our players from using their money to purchase future lottery tickets, should the COVID crisis affect future draws.

More recently, as our grocery retailers have adapted to the COVID environment, we have re-introduced Lotto Express at select stores that continue to sell lottery. BCLC re-introduced the option to Advance Buy for these games following feedback from players and retailers who told us that suspension of the option prompted players to leave their homes more frequently than they would if they purchased in advance. Some retailers who decided to suspend lottery sales in the earlier days of the COVID-19 pandemic have since decided to resume sales with additional measures in place to protect their employees.

Here in B.C., where BCLC also conducts and manages online and casino gambling, we temporarily closed all of our bricks-and-mortar facilities on March 16, 2020 following a directive to do so from our government. Private-sector service providers operate our casinos and these companies – like all of ours – continue to face significant financial challenges as a result.

ANTICIPATING BUSINESS RECOVERY

When the time comes to emerge from the physical-distancing requirements currently in place, BCLC anticipates draw-based games and Scratch & Win to recover faster as these products remained available for purchase at limited lottery retail outlets throughout the pandemic.

Acknowledging the uncertainty of the near future, we will focus on various purchase options, encouraging players to focus on the safest-possible option for both purchasing and prize payout.

We will also seek to understand how COVID has affected our players personally, financially and physically, and provide them with an entertainment experience that considers these factors. The same goes for our retail partners. We will continue to learn from them about how this pandemic has affected their operations, and work together to develop new and improved ways to support their operations and sales, while protecting their health and wellbeing – and that of our players.

FUTURE FOCUS

Here in Canada, we know that COVID-19 has changed consumer behaviour. A national Angus Reid Institute poll taken during the last week of March indicates that 48 per cent of those surveyed completed online retail shopping in the last week, an increase of 10 per cent as compared to two weeks prior. When asked about online shopping once COVID subsides, the percentage of those surveyed who said they would continue doing grocery shopping online increased by 23 per cent as compared to weeks prior.

In B.C., since COVID-related physical-distancing restrictions took effect, we have seen significant growth in e-lottery sales and new online account registrations.

The growth of our online products – combined with the latest research – highlights that, more so than ever before, it is time to accelerate our focus on a seamless, omni-channel experience for our players.

This work is well underway at BCLC as part of Personal Player Experience (P360), a key component of our Corporate Strategic Plan, to offer our players customized, cross-channel experiences – whether they are playing our games online, at land-based facilities or at retail.

Continued at publicgaming.com





Rebecca Paul Hargrove,
President & CEO, Tennessee
Education Lottery Corporation
President, World Lottery
Association (WLA) Founder & Chair
of Women's Initiative in Lottery
Leadership (WILL)

I think that answer will be quite different depending on where in the world you live. Globally, we see that Spain, France and Italy were impacted far differently than Australia and New Zealand. In the United States, we see that New York is impacted quite differently than Wyoming. The impacts of the virus have differed, and corresponding responses of city, state, and national governments have differed. We know that lottery sales in some U.S. states have increased while many have decreased. And while the varying degrees of restrictions impacts sales, the relationship between the severity of the virus, the degree of safer-at-home initiatives, and the sales of lottery tickets is not nearly as consistent as you might think.

As we go forward, policymakers everywhere are trying to determine the best course of action to reopen the economy without risking public health. If re-opening the economy goes smoothly, it's easy to imagine the marketplace and consumer and lifestyle behaviors returning more readily to pre-virus norms. If problems continue and force a continuation or reactivation of restrictions, that would obviously impede any economic reopening. Two behaviors that affect our industry and will clearly be impacted by the crisis are how we shop and how we gather together.

Since the 1990's, purchasing has migrated online. Given the life-altering circumstances of the last three months, I would expect that market-share has increased as consumers minimize the time they spend in public spaces like grocery stores, bars and restaurants. I'm sure that some people who never ordered online quickly learned how and began making

more online purchases. Others, who were already online shoppers, probably increased the number and variety of items they buy online. The longer we are in safer-at-home mode, the more likely it is that activities adopted during this crisis time will become habits that continue after the crisis abates.

We can be confident that brick-and-mortar retail is not going to sit idly as customers spend more online. Since their survival depends on an effective response to this competitive threat, we can expect the rate of retail modernization, digitization, and innovation in general to increase. That represents a great opportunity for lotteries to carve out a role for itself as trusted partners and resourceful innovators who provide solutions and help them serve and retain their customers.

The impetus to change and innovate is lowest when everything is going well. So a crisis becomes the catalyst to take more aggressive action, prompting the somewhat cynical refrain that my friend Paul Jason uses: "Never let a crisis go to waste." We have to figure out how to streamline operations and workflows to adjust to leaner staffs and work-at-home environments. Sales reps need to service their retailers without visiting the stores, or with fewer in-store visits. And who knew that so much work could be done so well from home? One result of these crisis management adjustments is that the freedom – and the requirement – to innovate unlocks the creative energy that leads to new solutions and more efficient and effective ways to operate. Then, as we return to full-service operations, business processes can be adjusted and fine-tuned, and resources can be re-allocated to deliver a far higher level of quality and service to our retail partners. That leads to more funding for good causes and more value to all our stakeholders.

At the Tennessee Lottery, we have all found ways to be productive while working at home and staggering shifts so that we have a lower number of staff in the building at any one point in time. My team and I miss working together in person-to-person groups, and I suspect everyone feels the same way. We need social interaction, and I think the in-person collaboration contributes to the effectiveness of the enterprise. Our WLA and regional association conferences are sorely missed. Zoom or Microsoft Meetings or conference calls are incredibly helpful, but I still believe that working together in-person provides us

with the most meaningful platform to share ideas, learn from each other and come up with the best solutions. It is making those adjustments that can help any organization, but especially a lottery, survive during disruptive times.

I disagree with the premise that lotteries are recession-proof or even less affected by economic downturns than other industries. If you look at the actual performance of the entire industry in recessions like 2008, you'll find that sales in roughly half the U.S. lotteries declined and half increased. That is probably the experience in many sectors. Some do well because they make the right internal adjustments to respond to adverse conditions. Others do well because their external reality is not as onerous as it is for others, like Wyoming or the Dakotas compared to New York and the lotteries in the northeast U.S. Some lotteries' enabling legislation may be structured to give them more flexibility to adapt to a changing economic environment. Others have to budget even detailed line items two years out and are not allowed to adjust when the whole world is sick. Others have an overly politicized management structure that changes too frequently. Multiple factors drive success and even more impede progress and positive action. The enabling legislation that prescribes the terms and conditions under which the lottery operates can have a profound effect on the ability of the lottery to pivot in times of crisis.

The source of misconceptions about lotteries being recession-proof may be successful lotteries. They are more likely to promote that fact than unsuccessful ones. I think the truth serves our interests because we have a worthy mission, and we pursue it with integrity and purpose. Therefore, I think we should disabuse people of the myth that lotteries are somehow recession-proof.

In our current circumstances, lotteries are performing better than games-of-chance sectors like casinos and sports betting, which have been shut down completely. We shouldn't make the leap from that happenstance to being overly confident in our resilience in the face of economic downturn. We want our audiences – the public as well as lottery players and stakeholders – to know that we stand shoulder to shoulder with them because we are all in this together and that lotteries are not somehow immune to the pain of economic recession. Whatever emerges on

Continued on page 28



Mark Hichar, Shareholder with Greenberg Traurig, LLP, resident in its Boston office, legal counsel on gaming, gambling, lottery

First and foremost, I think the pandemic has demonstrated to state lotteries – and likely also to state legislators – that lottery products need to be available to consumers online and on mobile devices in order to enable state lotteries to mitigate the business downturn and stay-at-home restrictions that may result from a national health emergency like the recent coronavirus pandemic.

In Massachusetts, where lottery products are not available online or via mobile devices, weekly sales during the coronavirus peak in the State were reported to be down 33% from the same week a year before.¹ Massachusetts Treasurer Deborah Goldberg (who oversees the Lottery in Massachusetts) told lawmakers: “This pandemic has dramatically exposed the limitations and vulnerabilities of the lottery’s all-cash, in person business model.”² Goldberg added that States with online lottery options instead saw a surge in demand. For example, the New Hampshire Lottery saw first-time online lottery players increase by 38% from February to March, with online lottery revenue for the same period increasing by 10%.³ The Michigan Lottery also saw a spike in first-time online players,⁴ and the Pennsylvania Lottery said that during the final full week of March, online play was up 29 percent on the equivalent week in February.⁵

Finally, in this regard, the Boston Herald editorial staff wrote on March 26, 2020:

Massachusetts lawmakers could not have foreseen the coronavirus pandemic and its disastrous effect on the economy. But it shouldn’t take the threat of a public health crisis to spur the Legislature into green-lighting a boost to the state’s revenue. All that was needed was the ability to strike while the iron was hot and give the nod for the Lottery to go online.

But it didn’t.

And Massachusetts is literally poorer because of it, a misstep highlighted by the COVID-19 outbreak and its financial fallout.

It wasn’t for State Treasurer Deb Goldberg’s lack of trying. She sent a bill legalizing an online Massachusetts State Lottery to lawmakers in December 2018. Sen. Eric P. Lesser, D-Longmeadow, noted at the time:

“It’s impossible to envision the lottery surviving without going online,” said Lesser.

But the Legislature didn’t bite. Not even the example of neighboring states New Hampshire and Maine, which offered online lottery options and reaped the fiscal benefits, could budge Beacon Hill.⁶

Second, there may be a change in how physical lottery tickets are sold in retail outlets in order to facilitate social distancing. Such a change could, for example, involve the increased use of player-activated lottery ticket vending machines.

During the peak of the pandemic, some state lotteries were criticized for selling tickets inside stores, critics fearing that lines of customers waiting to purchase lottery tickets jeopardized the health and safety of store employees and other store customers.⁷ Indeed, in Michigan some called upon the State to shut down the sale of physical lottery tickets, arguing that the Michigan Lottery was not an essential business and that such sales were not being conducted in accordance with the State’s virus mitigation directives.⁸ In response, the Michigan Lottery notified lottery retailers on April 1, 2020 “that they must immediately stop selling Lottery products if they are not following all requirements of the [State’s “Stay Home, Stay Safe”] order.”⁹ In addition, the Michigan Lottery urged players to “only purchase Lottery tickets at a store if they [were] already there purchasing necessary items.”¹⁰ In addition to Michigan, “[n]ews reports from multiple states – including Connecticut, Pennsylvania, Vermont, Florida, California, and Oregon – suggest[ed] that concern about lottery players congregating in stores [was] prevalent.”¹¹

Accordingly, I would expect that there will be renewed consideration of how physical

lottery tickets are sold, and this may lead to changes in sale methods, such as increased use of player-activated lottery ticket vending machines in order to reduce congestion in stores.

Again, I think the experience of the coronavirus pandemic points to the desirability of state lotteries making their games available online and via mobile devices so as to mitigate declines in the sale of physical lottery tickets in the event a health emergency or other emergency makes it necessary that residents stay in their homes for long periods of time.

In the immediate post coronavirus world, I expect people will travel less. While I think this will create opportunities for local recreation, I think people will continue to be conscious of social distancing – at least in the Northeast United States – long after virus mitigation restrictions are eased. So, for example, I expect the wearing of masks to become much more common in the Northeast United States than it was prior to the coronavirus pandemic (when one rarely saw masks), and I expect the six-foot social distancing standard to become common – even when no longer recommended. As examples of this, I expect to see increased spacing between tables in restaurants and increased spacing between machines in casinos. Moreover, some people may refrain from attending events or places where there will be large numbers of people and social distancing is either not possible or poorly enforced.

As a result, I think the post-coronavirus environment will create incentives for the accelerated development of new and/or new types of online and mobile games, and games that one may play via smart televisions or game consoles. By way of example, several vendors have developed new types of virtual sports games (i.e., not involving a real-world sports event) upon which wagers can be made.

I think cooperation in ways to reduce congestion in retailer stores is one way to reinforce the symbiotic relationship between state lotteries and lottery retailers. Increasing the use of player-activated lottery ticket vending machines is one way in which the length of regular checkout lines may be reduced, thereby reducing store congestion and facilitating social distancing.

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Continued at publicgaming.com



Hansjörg Höltkemeier,
President, European Lotteries (EL)
Member of the Managing Board of
the Deutsche Klassenlotterie Berlin

**How will the world be different,
when we come out of crisis? And
how do we – as lotteries – have to
react?**

First: It is still difficult to predict the sustainable changes.

Whereas certain segments of the gambling industry are expected to be affected, the lottery market might not be hit that hard, as people tend to fall back to their former behavior.

Second: Nevertheless, we learned a lot and we as lotteries shouldn't just fall back into former behavior.

Undoubtedly, the pandemic will keep us busy for some time to come, as Covid-19 is hitting the economies of almost every country in the world. Our way of personal interaction will change, and very probably the changes will extend even after the virus has been contained – fewer personal meetings, less business travel, no more handshakes. And I believe there will be fewer large gathering events such as spectator sports events and there will be strict conditions to minimize the risks of spreading germs. It is easy to predict that these circumstances will further drive the trend towards digitalisation and new formats that enable digitized “virtual” interaction. Players, that made good experiences with digital platforms in the phase of lockdown and social distancing might not come back to the shops again and we will meet higher expectations in the digital channel.

A more granular look at the precise effects that these changes will have on the way that society functions reveals that our lottery industry may not be impacted as directly or dramatically as I originally thought it would.

Lotteries are a service that is less dependent on physical value chains. And to play the

lottery or, more precisely, to buy a lottery ticket, is in most cases a single transaction with a single player. Even in those jurisdictions where online-sales are still not allowed, this shouldn't be a problem, as long as there is a strong subscription-business and the shops are allowed to stay open and to sell under conditions that guard against contagion.

Some lotteries have been severely impacted by closed shops or even closed operations, as in Italy or Spain. This is dramatic, but even then, it should be easier to re-open and re-start an existing infrastructure than to restart a physical production-inventory-delivery process. The same applies to sports betting and casino operations, both land-based and online. Operators which already had a robust business of connecting players via their shops or via digital channels are surviving the pandemic. I am optimistic that the lottery industry will overcome the direct impacts of the crisis with little disruption or damage.

As many states and jurisdictions start to reopen shops and facilities, it may feel like “the worst is over” and that we will slowly go back to normal. But many are predicting that the virus will stay for a long time or even return, which means the longer-term economic effects might be the next challenge.

Lotteries are played from a person's “entertainment-budget” and this depends on the player having an actual income and being able to budget for the future. Now, with millions of unemployed, entire sectors of the economy shut down, flare-ups in countries that thought they had eradicated the virus like Singapore, Korea, and maybe China, and no timeline for vaccine and no clear vision for how to contain the virus – it is hard to know what the long-term economic effect will be. As the players face economic uncertainty, discretionary income for lottery will likely decline. And responsible operators will be expected to not push consumers to spend more of their limited budget on lottery.

My fear is that even re-opened economies will operate at a lower level of activity and a lower level of spending in the stores. At the same time, my hope is that we will pass through this stage of return to normalcy faster than expected because we all have short memories when it comes to reasons not to do the things we want to do – like socialize and play the lottery!

There is no vetted “best-practices” template

yet and certainly no specific one-size-fits-all recipe. Each lottery and each jurisdiction has its own unique set of externalities that shape the most appropriate response and strategic planning. But some of the impacts and best-practice responses would seem to be universal. Investing in player loyalty while minimizing the spread of germs and thereby enable a continuation of social distancing in the land-based space should for sure be done by all of us. Likewise, we should all be investing more to strengthen the digital channels in parallel, not as substitution but as complementary way to strengthen the contact between operator, shop and player.

On the content-side, I see then two new opportunities to enable lottery operators to be successful in future. One is to position lotteries and our brand as the stable anchor in difficult times, the game of the people which is owned by the people's government and serving the interests of society and good causes which need funding now more than ever. The other opportunity is to offer more entertainment-oriented products and to make the games and the overall playing experience more fun.

There are already lots of offers in the digital channels. Are there enough and are they good enough?

It is not a matter of quantity or quality of a single offer. Virtual offers are based more and more on “eco-systems”, in which a user or player becomes part of a company and community of consumers just by using the product. Being part of it is bringing added value and higher loyalty. Examples outside our industry are APPLE or TESLA.

In contrast to this, online lottery games have tended to resemble the games that we have already been offering in retail stores. Services delivered through digital channels often have too little added value. I think we could re-imagine the whole way we think about the online playing experience.

Think about the evolution of the electric car. Why did Tesla produce a breakthrough product? They built not just a car with a new engine, they built up an eco-system with a brand-new car (from scratch), online-updates for the car-electronics, a supercharger-infrastructure and new ways for maintenance being organized automatically through digital interaction between car and manufacturer. Tesla used the benefit of starting from scratch as opposed to figuring out how to electrify existing models.

Continued on page 39



Rose Hudson,
President & CEO,
Louisiana Lottery Corporation

I predict that people may be more health and safety conscious with a heightened concern with cleanliness, not only regarding their own personal hygiene but in retail and business establishments.

Prior to the pandemic, online shopping, shopping online with curbside pick-up and grocery delivery already existed. Now, however, these types of shopping experiences are becoming even more routine, customary and widespread. I believe these habits will remain.

A growing trend in brick-and-mortar retail has been creating a customer experience as a way to remain relevant. Now more than ever, this will be a necessity. People will continue to shop but will demand an experience that they cannot find online. That could be grab-and-go convenience, learning something new or being entertained while shopping. The lottery industry should evaluate what part of its product makes more sense online as shoppers shift to routine purchases there and what part of its product makes more sense as an in-person purchase at retail.

Lottery operators should examine optimal product distribution points for consumers, whether that be online, delivery or in-person at retail. In Louisiana, we found that in the beginning many of our retailers, especially in the hard-hit area of New Orleans, made the decision NOT to sell our products during the pandemic even though these stores remained open for other purchases as essential businesses. Some of the reasons for the decision were reduced staffing and hours, as well as the amount of customer interaction required to process a lottery transaction. However,

“settling in” to the current situation coupled with the loss of Lottery revenue has caused some retailers to reverse that initial decision. Nevertheless, we need to be asking ourselves what lotteries can do to minimize the “high touch” nature of a lottery transaction at retail. Reducing the amount of effort required to purchase/sell a lottery ticket has always been a high priority for the industry, as it increases retailer profitability and player satisfaction. These efforts will become even more critical in our post-pandemic reality.

It remains to be seen whether Lottery will be resistant to an economic downturn, as a pandemic of this type and scope is unprecedented. As a form of entertainment, playing the lottery is relatively inexpensive as compared to other types of recreation; however, at retail, lottery products are often an add-on or impulse purchase. If individuals are making less frequent store visits, that could make a difference. Currently, our sales have been marginally affected, but the factors may have less to do with economic repercussions and more to do with the consumer effects of stay-at-home orders and retailer business decisions in the midst of the pandemic.

In the past, here in Louisiana, we have seen decreases in regional sales that correspond to the health of our oil and gas industry. This industry has obviously been severely impacted by the pandemic, compounded by global supply issues that existed prior to the pandemic. We will be watching how this may affect our sales on a more long-term basis as well.

I am not sure that we’ll be traveling less but perhaps using different modes of transportation and choosing recreation options that are less about crowds and more about new experiences – think renting a cabin in the mountains for a family gathering versus visiting a huge theme park, at least in transitioning to normalcy. I expect that harder-hit industries -- such as cruise lines and airlines -- are taking a serious look at what changes they can make to reassure consumers, and something really innovative could come out of this. Remember the Tylenol tampering scare

in 1982. That crisis did not result in the demise of over-the-counter medicine; instead, drastic improvements were been made in consumer safety across all sorts of types of products.

It has been interesting to see some retailers decide NOT to sell lottery during this pandemic, even as they have been deemed essential businesses and remain open. We respect those individual business decisions but must also evaluate why they made those decisions and how we can remove those barriers for the future. Coming at the problem from the opposite direction, we should also ask ourselves whether we have an obligation to diversify our distribution options, such as going online, to offer financial protection.

I believe this pandemic has brought some regulatory issues to the forefront and increased the sense of urgency. Lotteries need the freedom to diversify the ways they can deliver their products, and they should also look for ways to reduce the “high touch” nature of transactions at retail. Industry-wide solutions and best practices can be developed and shared. Because of the global impact of the pandemic on nearly every facet of business, I believe legislators and regulators will be receptive to positive changes.

During the first week of crisis, we were in “challenge” and “obstacle” mode as we stealthily reacted to the health crisis as individuals, employers and business leaders. As we consider what a return to safe work will look like, we have already transitioned to “opportunity” mode as we assess went well, what did not and what we can do even better for the future. This crisis has united us around a shared problem and experience, forcing us to look at different ways of doing business and making us predisposed toward action. From a best practices standpoint, crisis MUST lead to innovation. Even as we deal with the emergency, we are currently determining what options can we deploy on a long-term basis to address a new reality, including altering the prize claims process, digital marketing and communication strategies, retailer customer service solutions and staffing situations. ■



Andreas Kötter,
Chief Executive Officer, WestLotto,
Münster, Germany

In my opinion, it is not possible to give conclusive answer to this question right now. The crisis continues and at the moment we cannot determine the complete impact, particularly the social and economic dimensions. Only one thing is clear, worldwide we currently are learning how vulnerable we are, individually and as a society. This will have a major impact on our enlightened and economically dominated world. However, I do recognize that some trends will probably consolidate.

I expect an increasing sectoral deglobalization in some industries. For example, many value chains will become shorter. Current trends are already growing regionalization in food supply, shorter supply chains in industry and increased warehousing. In other parts, there will be a changed form of globalization. Cooperation in health policy will become increasingly global, as will the expansion of the digital infrastructure (5G). Digital trade is currently experiencing a massive increase. Platforms such as Netflix are experiencing a record of 15.8 million new subscribers in Europe in the last quarter, while Airbnb is experiencing a dramatic drop in revenues. This crisis hits some hard, others less so. The digitalization of commerce will be further intensified.

A second trend that I believe will intensify is a more flexible working environment. The current situation shows all industrial leaders that people are perfectly able and willing to work from home and with state-of-the-art software applications if they have a sufficient IT infrastructure. Not all things work as they used to, but differently. We will have to be prepared for the fact that the relationship to the workplace will change, partly dramatically. We as a lottery provider will not be able to isolate ourselves from the rest of the business world.

A third trend that is clearly emerging is that international lottery cooperation's are becoming more and more successful and have a stabilizing effect. In Europe, we are currently experiencing dramatic developments in some countries and the associated economic shutdowns due to COVID-19 - in some cases, such as Italy and Spain, regional drawings cannot take place. An international lottery draw such as Eurojackpot, which can still be organized, is of central importance.

Despite all these trends, it is also clear that lottery is and will remain part of our customers' daily routine and has contributed to the stability of society. Lotto continues to stand for trust and is part of everyday culture

The balance between the consistency for which large lottery providers - good causes - stand and the ability to adapt flexibly to changing environmental conditions in order to grow with the target group will be the big challenge. As already mentioned, the trend towards digitalization is continuing. We are currently recording double-digit growth rates among online customers. Especially the share of customers >45 years of age stands out, who want to be sure to play "their numbers".

It will be important to know how we integrate our regular players, who are of central relevance for major lotteries, in our online activities and how we can adapt our online solutions especially to this target group.

At the same time, the trend towards digitalization does not automatically mean a decline in terrestrial services. We will have to continue to invest here in order to maintain our market share.

On the product level, it is important to notice the new trends that have been reinforced by Corona. Topics such as e-sports and gaming and thinking in terms of cooperation have become more important.

Our asset is also the reliability of our IT systems, which we must continue to safeguard for the future. At the same time, this is also a key to find ways to review and improve operational efficiency.

Unfortunately, illegal providers are using the crisis to win customers for illegal gaming offers in the digital channels through a

massive increase in advertising expenditure. After the crisis, we must take stronger action against illegal providers and encourage politicians and regulators to act more consistently.

Lotteries has traditionally performed better than other sectors in past economic downturns. This is due to our special product and sales structure. This also exists because of our cultural uniqueness. Lotteries are usually sold together with other goods for daily use. This unique selling point is sometimes an obstacle, but in this case, it has usually been an advantage. Nevertheless, we see a difference in sales between impulse products such as instant lotteries and classic lottery products. Large lotteries stand for the fulfillment of people's dreams, which occur during economic upturns and downturns, possibly with a different accentuation. An analysis of the stakes together with the course of the GDP in times of economic recession therefore shows more or less no direct connection.

I currently assume, and social-psychological studies also show this, that a significant proportion of people want to quickly find their way back to their normal lifestyle after the shutdown. Especially adults with families are literally yearning for the "pre-corona structure", in which the family live, work and leisure activities is clearly regulated.

For us as a lottery provider, however, major questions will come up.

Will the large lotteries be able to demonstrate their real social added value in the future or not? My conclusion is that if lottery companies do not manage to do so, it will be increasingly challenging them to keep their good position in society. The pure legal mission is not enough. It is about a good mix of purpose, social vision and position as well as attitude. One of the essential questions will be: how do we strengthen the social fit from lottery providers to the beneficiaries? And: how do we, as lottery providers, create an online solution that gives our target groups a familiar lottery environment?

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Continued at publicgaming.com



Sue van der Merwe,
Managing Director – Lotteries &
Keno, Tabcorp

I think we will be a much more virtually connected world with digital communication channels being even more prevalent than before. At Tabcorp we already supported flexible work so we moved quite seamlessly to working from home and many team members are seeing benefits to their personal lives. However, people are also saying they miss the physical face to face connection so the human element will always be needed. This crisis has accelerated the adoption curve of many things but the challenge will always be achieving the right balance in the future. This poses some interesting questions around what that means for our big cities and supporting infrastructure such as transport and retail precincts.

Bricks and mortar retail has stood up particularly well here in Australia throughout this period with the vast majority of lottery retailers being able to continue to trade under the Government's guidelines. As we start to emerge from the crisis, demands on retail will continue to be around a heightened emphasis on 'COVID safe' venues and practices along with solutions like contactless payments to minimise person to person contact.

We have gone from being time poor to time rich and values have shifted to be more focused on family, safety and community. I think our products fit extremely well with those shifts and in particular products like our Australian Set for Life game with its annuity prize will do very well.

For many lottery operators, the goal will be to continue to drive our businesses in the direction we were going. Focussing on what our customers want and delivering the products they enjoy playing. Having product strategies that mirror the variety of player motivations across our portfolio offerings will continue to be important. The Set for

Life game was identified as an opportunity for us in a post Global-Financial-Crisis (GFC) world and it's important we stay connected to societal sentiment and ensure our products remain fit for purpose as our society works its way through its biggest shock in generations.

In Australia, our well-established CRM and customer membership program have enabled us to engage with our players in a more personalised and relevant way. We have seen growth in our active customer numbers and we intend to use our capability in digital marketing, data and customer experience to build on the opportunity to strengthen enduring relationships with our customers.

There is also an opportunity to educate our players about the contribution we make to our community. We are doing this by highlighting how our community partners are responding to the COVID-19 pandemic, so customers know our donations and support continue to benefit others. To put this philosophy into action, we donated \$1 million to The University of Queensland's School of Chemistry and Molecular Biosciences, one of six research facilities worldwide tasked with developing a vaccine against COVID-19 by the Coalition for Epidemic Preparedness Innovations. The donation was made from Golden Casket unclaimed prize money.

Australia's lottery market was quite resilient through the GFC but we did not see unemployment of the same severity as was seen in some places around the world and certainly that is being predicted now across many markets. I think lotteries remain resilient to economic downturns but are not immune from severe and sustained unemployment and constrained household disposable income.

I think our core offering gives us real reason to be optimistic. Our products offer hope, fun and entertainment and raise critical funds for good causes in the process. No one else engenders the water cooler conversation quite like our businesses and I'm not sure we need more opportunity other than continue to do what we do well and be true to our purpose. I think with people travelling less, working from home, spending more time with their immediate families and witnessing the hardship throughout the

world, has offered time for reflection. It's difficult to imagine us rushing back to the old normal but our core lottery proposition has stood the test of time and will continue to do so.

I think our experience in Australia in recent weeks has reinforced our belief that our omni-channel focus is as relevant as ever. Despite the challenges of people being restricted in movement and far lower footfall across retail, retail sales have remained strong across the board in Australia in both draw games and instant tickets. I think this is a testament to the strength of the model and proves how important it is to focus on the customer and provide choice and convenience.

From an operations viewpoint, I think it's defining what the return to the office looks like and redefining how we function as a business internally and with our key partners. In many ways the move to isolation at home was easier. Bringing our teams back whilst maintaining social distancing requirements and keeping our people safe is a lot more complex.

Our marketing teams have already quickly adapted to an increasingly changing market, ensuring all promotions and offers are relevant, engaging and enticing while keeping in line with consumer sentiment and responsible gambling guidelines.

Responding quickly to large changes in the retail landscape if and when they occur and the depth of the economic impact and the pace of recovery per the above response could pose further challenges.

While other areas of the gambling industry have temporarily closed in Australia, such as casinos, pubs, clubs and other wagering venues, the vast majority of our retailers remain open for business. We have armed them with the tools and resources they need to enforce social distancing and hygiene measures required by our Federal Government to keep them and their customers safe.

For those players who are self-isolating or reducing their visits to retail stores, they can play online via our app or website. Participation in Australian lottery games has remained solid.

Continued on page 30



Gregg Mineo,
Director, Maine Lottery; Chair of
MUSL Powerball Group

These are big questions that I would imagine many businesses in many industries are grappling with now. Some of the “cottage industries” that have either developed or grown during the pandemic are delivery services and personal shopping services. Will they continue to play a part in the consumer shopping experience? I can see more people using these services to buy everything from groceries to prescriptions to even lottery tickets. Of course, in the lottery business, those states that legalized iLottery have a leg up; players can enjoy the comfort of their home and buy tickets on-line; the pandemic and resulting “stay-at-home” culture may continue into the near and long term, and this in itself may spur on more states to consider on-line play.

When a crisis occurs and a business struggles to adjust, retrench or perform a reset, it’s always important to look to the “blocking and tackling” components that got us where we are. That includes being nimble in our approach to the customer and consumer demands, having a quality portfolio of games that responds quickly, an innovation platform, responsibility messaging and of course stellar customer service. This is what we should be thinking about and working on.

First of all we were successful in Maine at designating the 1100+ lottery retailers as “essential.” These comprise grocery stores, supermarkets, convenience stores and others, who sell lottery tickets in addition to staples that most everyone needs. Selling lottery products helps them to stay in business and survive this downturn. We have seen a significant downturn in lottery sales, especially draw during the last 6-7

weeks, but interestingly enough, last week we saw a slight upturn. I think people are getting restless, and are starting to venture out, hopefully being safe and keeping a safe distance from others while stopping at their favorite lottery retailer. Regardless, we have a long road ahead of us, and getting back to some sort of normalcy will take ingenuity and perseverance.

What opportunities will emerge in the post-coronavirus world?

That’s the big unknown, isn’t it. Even after the “all clear” is announced, how will the consumer react? How quickly will someone want to get on an airplane? Go to a concert? Travel to see family? Get a haircut? Go to a movie? I think you’re right on your second point that we are “highly social animals,” but how will that be tempered with our hesitance to “touch the people” again? I think people at first will automatically think “local.” And, yes, casinos may benefit, but I am confident our players will gravitate to what they are comfortable with, and that includes lottery stores. As Lottery managers and regulators we need to be ready for this new world.

How might we reinforce and build upon the symbiotic relationship that Lottery has always had with its retail partners?

Great question. This is the “blocking and tackling” I mentioned previously. Excellent customer service. We will ramp up our presence in lottery stores in a safe way, and be on call for all of their needs. Really nothing new, but more heightened.

Legislators and regulators will have a lot on their plate over the coming months. Even so, what can we do to push harder than ever to get approval to make Lottery products available online, i.e. iLottery? And to push for authorization to invest in new games categories, and new technologies like in-lane sales and cashless transactions?

Legislators and administrations have one thing in common; they have gotten used and continue to want revenue streams to fund programs. The Lottery does just that,

and this post-COVID time will be a good time to renew those discussions on new game categories, new retail channels and new routes to market.

What are some of the new challenges and obstacles that we will need to adjust to?

The obvious one is simply less discretionary spending available. Most people will be regrouping post-COVID (if there is one that feels “normal” to us), and will be trying to make ends meet. I look at this as an opportunity to be more responsible with our players; offer products that meet their needs, maybe less costly, easier access, BUT not intrusive and not heavy handed in any way. The lottery regulator needs to be the business manager of course, but also the partner with the players.

I would like to add Paul that in this industry we are lucky to have such strong and diligent support from our trade associations, vendor partners, game system operators and fellow lottery colleagues. I am heartened to think that we will get through this together, and come out of it in good shape, and that we have the smartest people to rely upon. ■

Rebecca Hargrove continued from page 18

What will the “new normal” look like? That will vary widely. Italy, Spain, New York and some other U.S. states have been so severely impacted that the road to recovery will be arduous. Their “new normal” may be quite different than the pre-COVID environment. Social distancing, increased online purchasing and other lifestyle changes may be a bigger part of their new normal than in jurisdictions where the crisis was not as severe. If the cautious re-opening being pursued in my state of Tennessee goes according to plan, it is my hope we will return to the shopping and lifestyle behaviors of pre-pandemic days. Outside of that hope, I know all of us at the Tennessee Lottery are focused on what we can do: making the necessary adjustments and innovations so we continue to fulfill our mission and raise money to support higher education for Tennessee students. ■



Jean-Luc Moner-Banet, Chief Executive Officer, Loterie Romande

It's a genuine challenge to try to answer the questions you're asking. I will try to let you know my current and local analysis of the Covid-19 crisis and its potential consequences on our industry. Nobody dares to make predictions about what will happen this year and next, but I'll give it a try!

Why my focus on current and local? I think that whatever the global challenge from a public health perspective, it must be analysed from a local perspective for the consequences to be properly understood. Each and every jurisdiction has a different situation that they live in. Local sanitary, political, economic and regulatory conditions vary widely across geographical regions. The magnitude of the crisis is imposing and we need to recognize that anything we do has also to be considered in a dynamic perspective. Of course, there is still so much to learn about the virus itself. But also our self-image and our view of society that we have today may not be the same tomorrow.

The virus is global, but we must address its challenge locally! Our local solutions must find a way to be valued, reformulated, and consolidated globally to benefit the entire community. In this respect, the World Lottery Association has a major role to play in the coming months and years.

Our industry should be focusing on clarifying and communicating our fundamental values, the pillars on which we can reinvent ourselves not only after the crisis, but right now during the crisis. This crisis represents an opportunity to rediscover and refocus on the strengths of the WLA community. Over the past decade, we've been constantly focusing on a responsible approach for our gaming activity. Since the beginning of the outbreak, social responsibility became increasingly central in our societies. Governments are now trying

to find the right way to protect people from the virus, especially the vulnerable. The crisis has already had an impact on everyone's ability to commune and interact with each other and that includes lottery and sport betting players! More than ever, lotteries and sport betting operators must hold fast to the values of integrity and responsible gaming that have always been at the heart of their activities and also resonate as the highest priority of the society. This is the number one orientation to keep for the future: act responsibly, be successful but respectful.

So too, the role that the WLA community is playing to fund good causes is becoming more and more important in a time when all the stakeholders of the cultural, social and sport sectors see their activity dramatically slowing down or even stopped. The recent WLA Data Compendium reflects the importance of our contribution to these causes. It is the sum of 87 billion USD that our community is allocating every year to good causes and to public treasury. That's net funds transferred, not gross sales. In these difficult times for our states and our beneficiaries, this is the ideal time to remind all our stakeholders of the objective that we stand for: raising money for the community and the good causes!

Social responsibility and the allocation of our profits to good causes must remain at the center of our activity and public communication, now more than ever!

Another pillar, common to all lotteries and sport betting operators, is the capability that we have to inspire people to dream, to dream high and big while playing our games. This is a strength of our industry – both during and after the crisis our players will pursue the dream of winning the lottery! This is the reason why our games are so firmly established in the hearts of our players and this, in my opinion, will not change. The loyalty of the players to our brands and games is a key factor to our long-term sustainability. If sometimes we've been worried about the reluctance of players to embrace new games and adopt the innovations that we offer them, we should today be happy that they are such strong, resilient, and loyal customers.

On the other hand, there will definitely

be an evolution in our retail environment. Because of the highly contagious nature of the virus, customers may be reluctant for awhile to re-adopt their previous shopping and consumption behaviors. It is also highly probable that some retailers' businesses will not survive the crisis and that further consolidation will take place in the sector. For some of us, like Switzerland, the bars, cafes and restaurant sector is key to our business and central for the distribution of games such as VLTs, sport and horse betting or club keno games. This part of the retail market is likely to suffer a lot and many popular places will not re-open after the outbreak, or will at least be highly affected. Lotteries and sport betting companies therefore need to adjust to this evolution to protect their market-share and relationship with the consumer. New commercial and marketing initiatives will be needed to support their re-start period. Perhaps outstanding invoices could be discounted or other incentives extended. It is obviously the ideal time to develop and implement new games, new products and solutions, and digital apps to facilitate the convergence of the traditional retail environment with the fast-growing digital world.

To end, I think that it is paramount that our industry aggressively builds its on-line activity! Over the past few weeks, Loterie Romande has doubled its focus on the digital market in its jurisdiction. Customers are opening new accounts in very large numbers on our internet site; the average amount players spend weekly has also increased. There is no doubt that slowly but surely the retail network will emerge from the midst of the crisis and will remain very important in our business model. But during this difficult time, digitalization is demonstrating its effectiveness and ability to address the player needs in all circumstances. We have also discovered during this time how digital solutions can be applied to enable employees to be effective while working remotely from their home offices and being available 24h/7. Our industry has to ride this wave to pursue the development of its digitalization in parallel with the support the retail network will need. If there is opportunity to emerge from the crisis, it is that one! ■



Stéphanie Pallez,
Chairwoman and CEO of FDJ (La Française des Jeux)

How will the world be different when we come out of this crisis - and how will the lottery industry, retailing, consumer shopping and recreational behavior be different?

As countries are slowly exiting lockdowns and sanitary emergency, a debate opens on which kind of society we want. For weeks, consumption has been limited to essential goods, and greater appreciation is now given to everyday essential workers, from medical staff to cashiers. This is likely to have an impact on expectations regarding the economic recovery, with acute pressure on businesses to run sustainable activities, taking into account their human and environmental impact. The lottery already contributes to the local economy and to the benefit of society by supporting good causes and grassroots sectors like sport and heritage and will continue to reinvent itself to stay relevant and fulfill this mission. For sure the world might be different when we come out of this crisis and we are deeply monitoring the new consumption habits that will emerge from this.

While we are analyzing the consequences of the crisis and the changes it implies for the future, we can already take further steps towards the modernization and digitization of our business. We have managed to operate our games and draws efficiently and safely, with most of our employees working remotely in record time. We are learning from this experience and making the necessary adjustments so that we are ready to face the next crisis of course, but also to increase our everyday performance and employee well-being using all these new tools to work and meet.

This will inevitably have an impact on our games. We will continue to invest in digital platforms as they have shown how a vital alternative they can be. Digital services will also be more present in points of sale, and many solutions are yet to be invented, in partnership with other retail actors as well as the innovation ecosystem we work with. As retail operations will be different, we must rethink the way customers interact with our products and our retailers, and how we communicate with them to maintain this fruitful relationship.

We experienced a significant decline in sports betting activity, as a direct consequence of the limited sports betting offer that was available due to the suspension of most professional competitions. Lottery sales were also impacted by closures due to the lockdown and a drop in customer traffic in our points of sale, even if we experienced a spectacular rise in online registrations. There is no certitude that players will resume identical playing habits, but we are confident that our attractive and safe gaming offer will meet its public if we can deliver an adequate omni-channel experience.

We will of course onboard our retailers as key actors of this change. FDJ is supporting them throughout this economic challenge, with financial help by postponing some payments, as well as communication materials to make sure that their customers can adopt safe gaming conducts. For some of our iconic game brands, social distancing rules mean designing new customer journeys in points of sale. This particularly concerns express draw games and instant games, which generate a lot of retail activity and traffic as players like to reinvest some of their winnings.

The lockdown and travel restrictions have impacted our everyday life, but it has not stopped us from working and interacting with each other, thanks to the modern digital tools that were widely adopted. People have turned towards a more local economy for basic commodities, but it is clear from the public debate that their desire for leisure, entertainment and social contact remains. Lottery retailers constitute a proximity network, where this social

contact is made possible. FDJ's points of sale are often the last remaining store in some isolated villages. This being said, lottery and other forms of gaming facilities will be facing new restrictions, like all shopping and entertainment venues open to the public, that will transform the way we conduct these activities. These efforts to ensure the safety of both the retailers and customers are key to facilitate their return to the stores.

The closure of points of sale and travel restrictions have mechanically benefited to the online sector, which is also part of our business and a factor of growth. The market will probably not return to its previous situation nor remain at status quo, but instead there will be opportunities for all operators to benefit from new playing habits. Legislators and regulators should be vigilant regarding the development of illegal forms of gambling and allow lotteries and other regulated operators to better differentiate their safe gaming offer, adapt them to the consumers' new expectations and enhance their attractiveness, notably by developing new distribution platforms and communicating about them. ■

Sue van der Merwe continued from page 27

As many people have said during this time, we are all in this together. The Lott is Australia's largest franchise network, with over 3,800 retailers across the country selling our products. Supporting our retailers during this time has required us to adopt extra resources and new ways of working.

With the situation changing so rapidly, we have provided a constant flow of communication to retailers with daily updates, responses to frequently asked questions, video messages from our team leaders, virtual visits to stores by business development managers and more. We have also suspended site surveys and audits during this period, giving retailers more time to focus on their business.

To assist cash flow, we have temporarily changed the settlement terms for our Instant Scratch-Its products so retailers are not charged until they are sold to customers. ■



Mike Purcell,
Senior Vice President, Sales & Marketing, Kentucky Lottery

What has really changed as a result of coronavirus is how people behave. Players are making fewer trips to store but when they go they are making larger, bulk, purchases. After waiting in line to pay for a shopping cart full of groceries they are much less likely to stand in line at the customer service desk.

Instead of going inside many people choose to use curbside pickup. Even if we are included in the retailer's app for curbside pickup, the game options will be limited, there will be very little impulse play, and none of our in-store messaging will be seen. This includes our c-stores and not just grocery stores.

Bars and restaurants have been especially hard hit during the pandemic. Our products, especially Keno, are a good source of much needed revenue when they open back up. Unfortunately, social distancing guidelines will still be hampering sales.

The industry needs to be looking for additional ways to sell our products. For example, touch vending machines are great at moving customers away from the counter. Unfortunately, you have to touch them and a lot of people are afraid to do that. Can these machines be converted to voice activation?

The pandemic has forced most people to accept and use technology. Those that were hesitant have been converted. Those that didn't think they could use it have been shown how by others who are excited to help and share. Our sense of "community" has rapidly grown.

We first need to accept that we may never truly be "post-coronavirus". Our planning needs to include working around the new obstacles that have been created.

Making our products more available, whether through digital, BOPIS (Buy Online Pickup In Store), home delivery, or in-store apps is very important but it is not enough. We cannot keep trying to get more sales from our existing player base. Broadening our player base with new games, new ways to play those games, and new locations play is going to be key.

Because state budgets have been hugely impacted they will be looking at more options than ever before to raise revenue. Now is the time to make your case for new product implementation.

Lottery is not exempt from the impact of recessions, viruses, etc. When discretionary dollars diminish, so do our sales. Only time will tell just how severe the impact will be but we need to ensure we are doing everything possible to minimize the impact.

When players have fewer discretionary dollars to play with, we need to make sure that we have good products at lower price points available. Are we offering a low-cost form of entertainment that people want to purchase with their discretionary dollars?

In the post-coronavirus world, some people will go back to doing everything the same way they have always done them as soon as they can. Some people never stopped. Others will have changed to the new social distancing norms and will probably never go back.

For those that are not traveling and shopping at brick and mortar we have opportunities to introduce players, existing and new, to products such as cashless, mobile apps, debt and credit, and mobile pay.

It is also a good time to revisit basic product displays such as menu boards, on-counter dispensers, and play center placement. All these things will help the customer make their buying decision long before they reach the checkout and will minimize contact with store employees.

How might we reinforce and build upon the symbiotic relationship that Lottery has always had with its retail partners?

Hopefully, you have been doing that throughout the pandemic. Our sales representatives and key account

representatives have been calling each of their accounts every week. They start with three questions: How are you? How is your business? What can the Kentucky Lottery do for you? We address other business concerns after that, but we needed let our retail partners know that we are here for them.

We learned that many retailers were concerned with the size of ticket orders and billing terms. As a result, we make temporary adjustments to both in order to become better partners and help them with their business concerns.

Now is the time to ask what their business plans for the future and see how we need to act in order to a part of that.

Crises can accelerate the rate of innovation and the rate of mass-market adoption of new ideas, new products, new ways of doing things. Do you think that will happen in our industry and if so, how will it happen?

The lottery industry is great at sharing information. This has been especially true during the pandemic. The information has ranged from advertising strategies, claims office procedures, and plans regarding sales representatives in the field. The information and discussions have been extremely helpful in developing, gauging, and reassessing our plans.

Unfortunately, the technology implementation side of the industry is painfully slow. The good news is that an issue like the pandemic alerts everyone of our shortcomings and help reduce the time that will be taken to implement the improve technologies.

The most important priority will be ensuring our people are safe. The office protocols are easy enough to figure out and observe but it is much more of a challenge for the people working in the field because of all the variables they experience daily. Their job is critical to maximizing revenue and they need to perform their duties in the retail environment, all while keeping safe.

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Continued at publicgaming.com



May Scheve Reardon,
Executive Director, Missouri Lottery

Consumer “confidence” will be slow to recover from the COVID-19 pandemic. Even when states attempt to reopen and relax social distancing, many consumers will lack the “confidence” to resume their previous patterns of travel, recreation and purchase. Complicating this timeline is the threat of a reoccurrence later this fall as the weather changes and with the possibility of additional cycles in the future.

Until there is a significant drop in positive cases and deaths, successful treatments, a vaccine and sufficient time has passed, many consumers will still limit trips to retail and use other distribution channels such as the internet, BOPIS (buy online and pick up in store) and courier for many items.

Many in public health have said for years that it is not “if,” but “when” a pandemic is going to happen. We have just experienced the severity of such an event and many have called for a more national approach to more successfully manage these kinds of crisis vs. leaving it up to individual states that all respond differently. That is not an easy task given our country’s comfort and history with “states rights” in handling things like emergency responses.

During the COVID-19 Crisis, NASPL gathered insights from many Lotteries on how they were responding to the crisis including: how are you handling retailer billing, new ticket launches and ticket returns; how are you paying prizes over \$600; are your offices open; have your drawing procedures changed; how are you social distancing and protecting your sales force in the field?

Many states managed things differently, and maybe that will never change. One thing is certain, what one of us does in the Lottery industry impacts all of us from an integrity standpoint. This could be an opportunity for NASPL and member lotteries to look back at

what worked and what didn’t, and develop a national response (best practices) for future events like COVID-19. COVID-19 forced NASPL to cancel its professional development seminar scheduled for July in Denver and the World Lottery Summit 2020 in Vancouver, BC, in October. Lottery industry conferences are essential to sharing best practices and continuing education credits for Lottery employees in certain disciplines. This pandemic event has forced many schools and organizations to conduct classes and training using video streaming. This might be a good opportunity for NASPL to consider the possibility of organizing and streaming educational opportunities as teleconferences in the future.

The COVID-19 Pandemic has created havoc on state budgets. Lotteries are key contributors to those budgets. Lotteries are a natural for seamless omni-channel distribution. More states will consider adding the digital channel to preserve and grow profits for their good causes. During the COVID-19 crisis, many other brands stepped up efforts to distribute their products using BOPIS (buy at home and pick up in store) and home delivery. Look for Lotteries to follow this lead, as it will be part of the new normal.

Lotteries have traditionally weathered economic recessions because our games provide affordable entertainment and hope during tough times, and that has not changed. But COVID-19 is different in that it seriously impacted the entire world and everyone in it. Most lotteries depend on their retail partners to sell their products. When large sections of their retail network such as bars, restaurants and self-service are closed by government order, it reduces access to lottery products. Lotteries who have a large number of grocery and c-store partners fared better, as those retailers were deemed “essential” and could continue to sell Lottery. Lotteries and other brands that offer consumers products through the digital channel fared even better during this event.

The two most profitable U.S. jackpot games (Powerball and Mega Millions) usually dictate what kind of year a Lottery will have, as other games benefit from large jackpot runs. During this COVID-19 crisis, player participation dwindled to a point that both

games were forced to make game changes in the middle of jackpot runs. The impact those changes will have on the games’ future is unknown for now. Both multi-state groups will need to collaborate on strategies to stabilize and jump start those game once things begin to open up.

Some consumers, especially those in more rural areas that were not as severely impacted by the virus, will attempt to return to normal but there will be a large portion of the population - especially in more densely populated areas - that will continue to live the new normal - practicing social distancing and limiting trips to retail and other public areas. Players still want to play, but their behavior will be modified as we recover from this crisis. Lotteries must adapt and help meet the new normal. The digital channel is an obvious solution for states that can make that happen, but there are other strategies Lotteries can implement to help players feel more comfortable with our existing products. Lottery mobile apps permit players to check their tickets and produce play slips that can be scanned at retail to avoid social contact. We can encourage draw games players to use advance play. We can encourage more retailers to accept debit and credit cards for lottery purchases, as cards are perceived to be more easily disinfected than cash.

Relationships have always been a driving force with Lottery retailers. Many lotteries have taken steps during this crisis to protect retailers’ profits including suspending billing and communication fees, offering more liberal billing terms for Scratchers ticket returns. Most lotteries depend entirely on their retail partners for product sales. Lotteries that make relationship selling a priority fare better during uncertain times like COVID-19.

Many of those “essential” retail employees made sacrifices during COVID-19 to keep important products and services available to their customers. We all owe these employees much respect and gratitude and should make special attempts to recognize their sacrifice. The Iowa Lottery created a television spot recognizing retail clerks and emergency workers for their hard work and sacrifice during COVID-19.

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Continued at publicgaming.com



Lynne Roiter,
President & Chief Executive Officer,
Loto-Québec

We never expected to one day be faced with closing our casinos and gaming halls while at the same time ceasing all retail lottery sales. COVID-19 has given a whole new meaning to the notions of business continuity and crisis management, presenting challenges but also opportunities for each of our business sectors.

We recognize early on the potential threat posed by COVID-19 as we observed the situation of our colleagues in Asia and Europe, and we immediately began to fine tune our business continuity plan. Our plan was inspired by Canadian astronaut Chris Hadfield's keynote speech on preparedness that he gave at the 2016 World Lottery Summit in Singapore. In it, he explained the "what will kill us next" mantra used by astronauts during their two-year pre-launch training to prepare for emergencies. Thanks to this approach, we already had in place all the measures required when the work from home order was given.

We quickly modified our systems to enable draws to be performed remotely and added servers to accommodate for the likely increased demand in online gaming, ensuring that our website remained up and running throughout the critical period. As the casinos closed, we were already equipping approximately 90% of our non public-facing work force—more than 1,000 people—so they could work from home in a technologically secure environment behind Loto-Québec's firewall. We also established means to provide weekly updates on the latest developments to all of our personnel, including casino and gaming hall floor staff and other employees who do not work at a computer.

When the public health emergency became apparent, our first priority was the health and wellbeing of our customers and employees. Concrete measures were taken in all of our establishments while a multi-sector Hygiene Plus committee studied the customer and employee journeys in our establishments and at our administrative offices, ensuring work spaces and gaming areas were reconfigured to respect new public health guidelines. Posters detailing guidelines on social distancing, wearing masks, disinfecting surfaces, hand washing as well as elevator and stairway etiquette have been developed in order to ensure a safe return to the workplace for our employees and customers alike.

In stores, we collaborated with retailers to make sure our products were sold in a safe environment. For instance, posters were printed to inform retailers and their customers of the public health measures to adhere to on both sides of the counter. Scroll messages to the same effect appear on retailers' game terminals. This collaboration strengthened the already strong bond between Loto-Québec and its retail network. The readiness with which retailers implemented safety measures and made any necessary adjustments we asked of them gave us the full measure of just how much they regard our product.

After closing our casinos and gaming halls at the request of the government, we donated \$1,000,000 as well as foodstuffs from our warehouses to food banks. In addition, we sent over 35,000 N95 masks to health authorities. In April, we partnered up with chefs across Québec, reopening casino kitchens in order to supply tens of thousands of meals every week to people in need. All sponsorships in our \$10,000,000 program were maintained in order to aid of major festivals in weathering the storm and we reinforced responsible gaming messages and measures in light of the increase in online play.

Restarting in the new COVID-19 world is an opportunity for us to rethink our business models in a positive way. We will need to adapt them in order to take into consideration the new attitudes of consumers.

During the 6-week suspension of retail lottery sales, we witnessed how much the lottery plays an integral role in the daily lives of so many of our customers. The pleasure they take in managing their lottery portfolios provided us new insight on our responsibility to supply customers with an easily accessible and multi-faceted offering.

Casinos will also be under pressure to provide customers with virtual options. Even after social distancing becomes less critical, many players may be reluctant to play in traditional casino settings. Providing them with easy access to online alternatives will be crucial. What's more, by bolstering our online casino offering, we will be giving players who live far from bricks-and-mortar gaming establishments access to new forms of entertainment.

During these first two months of the coronavirus pandemic, we have seen exponential growth in the number of customers playing the lottery on loto-quebec.com. Although customers who purchase lotteries online tend to maintain their level of purchases at retail points of sale, the increase in their numbers on online platforms is not without risk. Contrary to retail, the online market is fraught with parasitical lotteries and illegal gaming platforms who, unlike government lottery and gaming corporations, offer little to no responsible gaming measures and whose revenues do not serve the common good.

In this context, it will be increasingly important for state-run entities to build on the goodwill they have established over the years by showcasing their commitment to both social responsibility and responsible gaming principles. Our corporate responsibility efforts during this crisis call attention to the core differences between Loto-Québec and parasitical and illegal operators that our customers may encounter as they begin to play online in greater proportions. Now is the time to show our customers that we constitute the most reliable and trustworthy purveyor of lotteries and gaming products. ■



Matthew Strawn,
Chief Executive Officer, Iowa Lottery

**GOING BEYOND PROCEEDS TO
COMMUNICATE YOUR VALUES**

Stay Home.

Those two simple words appeared on television, smartphone, and computer screens throughout Iowa in April and represented a first in the 35-year history of the Iowa Lottery. It was a statewide media campaign not designed to feature lottery products, introduce a new promotion, or even highlight beneficiaries of lottery proceeds, but instead, featured a call to action encouraging Iowa citizens – our players – to stay home.

During the ongoing COVID-19 public health emergency, whether an Iowan was sheltering-in-place at home by watching broadcast, cable or connected television, streaming audio while working in the backyard, or scrolling through their social media feeds, the message from their state's lottery was the same: Stay Safe. Stay Aware. Stay Home.

It was a message unlike any previously delivered by the Iowa Lottery, especially considering the only manner in which one can purchase an Iowa Lottery product is by explicitly leaving the home. But the lottery's message also went further, pairing the safety emphasis of life today with a "Thank You" to those Iowans unable to stay at home. A scrolling on-screen list thanked nurses, doctors, grocery store workers, truckers, cleaning crews, delivery drivers and other Iowans on the frontlines of keeping us healthy and safe during the public health emergency.

The lottery's campaign, which began in mid-April and continued for the next two weeks, succeeded in delivering a timely and relevant message to Iowans, but that is

not all it accomplished. It also succeeded in communicating the values of the Iowa Lottery to those it serves.

Before going any further, it is important to distinguish and understand the difference between values and purpose. Too often purpose-based communication fails to tell the whole story. It only communicates the function of what we do as lotteries, not why we do it.

For example, the purpose of the Iowa Lottery is to responsibly generate revenue for important state causes as designated by the Iowa Legislature and governor. In Iowa, one such cause is the Iowa Veterans Trust

the core organizational value that is critical to communicate to Iowa citizens, our stakeholders, and our players.

Why is communicating your values critical? Simply put, those we serve tell us it is critical. An organization's values increasingly matter to the very consumers who are central to a lottery's purpose – generating revenue for important state causes.

One recent study showed 77 percent of U.S. consumers feel more emotionally-connected to organizations driven by a purpose and values. Another noted it is not just millennials calling for values-



Fund, and like most lotteries, the Iowa Lottery regularly communicates about its help for veterans through campaigns educating Iowans of the lottery's purpose and beneficiaries.

But communicating your values extends beyond explaining that function, or purpose.

Again, using the Iowa Lottery as an example, a core value of our organization is service, specifically serving Iowans. We are not "a" lottery or "the" lottery, we are the "Iowa" Lottery. From the moment the sun rises in the morning, until our heads hit the pillow at night, we serve Iowans. That sense of service is in the DNA of the Iowa Lottery and its people, and is exactly

driven companies, but that over half of the Gen X demographic actively considers company values when making a purchase. Yet another survey found 63 percent of global consumers are buying goods from companies that reflect their values.

If we are to meet our purpose as lotteries, we must communicate our values.

Encouraging Iowans to Stay Home during the ongoing public health crisis, and doing so with a multi-platform statewide media campaign, did just that. It communicated to Iowans that a core value of the lottery was keeping them informed and safe, and that the lottery's service to our State extends far beyond only those who benefit from lottery proceeds. ■



Dr. Heinz-Georg Sundermann,
Managing Director,
Lotto Hessen GmbH

How will the world have changed for the lottery industry after the Corona crisis?

In order to answer this question, it is first necessary to take a look at how the lottery business has been impacted by the crisis. I think it is important to note that in the pre-Corona period, we often talked about the gambling industry only as a whole. During the Corona crisis, we have now become aware that the gambling industry cannot be seen with this closed view any longer. Sports betting providers, amusement arcades and casinos have a completely different business model in comparison to that of us lottery providers. Their business model of entertainment providers has been particularly hard hit during this time when unnecessary physical contact has been banned almost all over the world. The situation is different for us lottery providers, who generally do not make independent offers to our customers in our own shops, but instead combine our offer with that of food retailers or the sale of magazines, for example. This model has proven crisis-proof. For example, 2050 of the 2100 shops in Hesse are still open, and the situation is not much different in the rest of Germany. At the same time, our products offer a piece of normality, which people need more in some times, especially in times of crisis. In this respect, after more than 2 months of corona crisis in Germany and large parts of Europe, it can be stated that our business model is essentially stable, while at least the traditional retail business of our gaming competitors in the sports betting sector, amusement arcades and casinos has come to a standstill.

We can even go so far as to state that our retailers in our different locations are very grateful that they can rely on our technical service and support even in times of crisis. And the reactions of our customers also

show that we are not only, but especially in these times, regarded as a reliable, stable partner and provider.

Can expectations for the coming period after the Corona crisis already be inferred from this?

It is certainly not easy to say in the middle of the crisis how the time after the crisis will develop. But one thing should be clear. Traditional lottery providers, especially in markets like Germany, will emerge from this crisis stronger than before. This will be so first, because they will have proven that their products are in demand even in times of crisis. Second, they will have proven to be stable and reliable partners for the retailers with whom they work, partners who are there when they are needed. This applies not only to the gambling offers, but to almost all German lotteries, including LOTTO Hessen, who have also contributed to making life in the retail outlets safer for both staff and customers. If at all, there are probably only a few other consumer goods providers who have made the same commitment as the lottery companies to overcome this crisis together. I am convinced that this behaviour will yield not only recognition but also stability in the cooperation with our partners after the crisis.

The situation is different for gambling providers in the area of sports betting, amusement arcades and casinos sectors, at least as to their face to face offers in their shops. Whether indebted or not, they have not made any stationary offer to their customers throughout the crisis. At the same time, the costs have continued to run for them or their franchisees. Market leaders such as Tipico have suffered particularly badly from this situation. Their balance sheet therefore appears to be pretty sobering during the time of this crisis, especially since, in the absence of an adequate sports betting offer, not even the sports betting providers are able to make up for part of the losses via the Internet. If they survive financially at all, they will encounter customers who, at least in the initial post-crisis period, will be very reluctant to accept their offers.

In summary, it can be said that in all those countries in which lottery providers have been able to continue to offer their products

on a broad and stable basis to their customers and have provided a stable and reliable service to their sales outlets, they will emerge from the Corona crisis stronger than before. Exactly the opposite is the case for gambling providers on the ground who offer sports betting, or operate amusement arcades or casinos, as they are currently suffering great economic damage and have unsettled their customers at the same time. For the state-owned providers, life after the crisis will initially continue normally, while the other providers will have to work their way back into the market with difficulty.

Is the assessment the same for the Internet sector?

For years now, the state providers have been trying, with varying degrees of success, to make their Internet offering attractive enough for younger customers in particular to access it. If I look at the development of Internet sales and customer numbers during the Corona crisis for LOTTO Hessen, I can see that both figures have developed very positively, just like with most other state providers. Home office for many people as well as the restrictions in face-to-face shopping have led to a boom in the Internet sector. In addition to the positive effects in the retail store sector, the Internet sector is a business area for state providers that has developed positively during this time of crisis. The more the individual state provider can claim that it has already made customer-oriented investments in its Internet system in the pre-crisis period, the more the increasing number of customers during the crisis will prove stable in the post-crisis period as well. For LOTTO Hessen, I can therefore say that I expect the Internet to account for a growing share of total sales in the coming years. If we are currently at around a good 10 %, a revenue share of up to 20 % in a 5-year period appears realistic.

The situation is the same for gambling providers in the sports betting sector, for both traditional retail and on the Internet. In the absence of sports events, no satisfactory offer can be made and thus there are no customers to whom one can make an attractive offer.

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Continued at publicgaming.com



Philippe Vlaemminck,
Managing Partner, Pharumlegal,
Legal Counsel to Lotteries

**LOTTERIES LEADERSHIP:
COOPERATING TO REBUILD
OUR SOCIETIES**

In a speech at Smart-Tech New York I referred to the Bob Dylan refrain: “If your time to you is worth savin’, Then you better start swimmin’ or you’ll sink like a stone. For the times they are a-changin’”. I followed up in Lisboa at the EL Industry Days bi-annual event invoking John Lennon’s “imagine” to put us in the future frame-of-mind.

These words are today even more true and important. Following COVID-19, the world has no other choice than to be one against the invisible enemy of a world pandemic. Researchers around the planet are enhancing efforts to find a medical solution that can save the world. They need support. At the same time people face huge problems as educational systems are disrupted, poverty is growing, cultural & sport organizer are fighting to survive... and the economy is undergoing unseen difficulties.

Governments and international institutions are increasing efforts to avoid the worst, ... but there is so much more to do. That is where Lotteries can come into the picture.

Times are indeed changing fundamentally, but Lotteries can more than ever bring hope for people & solidarity amongst them, and peace for all ...

The Lottery community is one world driven by common values, embedded in local life, but with great care for the consumers, with their entertaining products and based upon the principle of integrity, expressing the solidarity of humans. Lotteries provide large amounts of money for R&D, education, fight against poverty, support for sport & culture and development aid. All areas that are seriously affected by this sanitary crisis.

So Lotteries can become even more essential for our future societies. They can and need to take up this role and position themselves as valuable partners of governments and civil society. It is a matter of leadership. Bring the message, share the message, of hope and solidarity for a better and sustainable future, to the benefit of all our societies.

To do so we need urgently to rebuild our activities as they were seriously affected, in a less vulnerable way enhancing the dialogue with the authorities and regulators advocating for “regulatory openness for innovation and change and digital transformation” by Lotteries. There is indeed no time to lose given the urgent needs of our societies.

Regulators and lawmakers may well argue that in an area as sensitive as lotteries, betting & gambling, we need to act with care in order to avoid that consumers get hurt by addictive games. But today we have no choice than to embrace innovation. More than others, Lotteries are the best placed, given the strict state control they are subject to, the standards and values they promote jointly and life up to, to be recognized as the essential laboratories for innovation in the lottery, betting & gambling area.

Already in 1999 the Court of Justice did explicitly recognize this in the Finnish Läärä case: “Limited authorisation of such games on an exclusive basis, which has the advantage of confining the desire to gamble and the exploitation of gambling within controlled channels, of preventing the risk of fraud or crime in the context of such exploitation, and of using the resulting profits for public interest purposes, likewise falls within the ambit of those (public interest) objectives.”

This was explicitly repeated in 2009 in the Santa Casa da Misericordia de Lisboa: “In that connection, it must be acknowledged that the grant of exclusive rights to operate games of chance via the internet to a single operator, such as Santa Casa, which is subject to strict control by the public authorities, may, in circumstances such as those in the main proceedings, confine the operation of gambling within controlled channels and be regarded as appropriate for the purpose of protecting consumers against fraud on the part of operators.”

These are the common causes to be achieved

by the broad leadership of the world lottery community experts.

Lottery has performed better than other sectors in an economic recession. How severely will the economic repercussions of coronavirus impact Lottery?

The impact may be different from Lottery to Lottery depending whether lockdown will have impacted all or some activities due to closing of POS, absence of sport (and betting) and the difficulties in organizing draws... However, this time Lotteries have in general been severely impacted by the pandemic

People are social animals and need to reestablish contact with each other to feel better. The psychological impact of the lockdown, as experts tell us, is probably bigger than we may think. Social contacts and recreational activities may help to recover. Lotteries need to help to bring social and community life back alive, bring more interactive games and offer new games (e-sports & virtual betting) along the existing games. More games with low stakes and smaller winnings could make people again enjoying life and provide them hope. Digital transformation will be easier to implement as people gets more used to new technologies to communicate, to act ... Travelling will not come back very fast, at least not when it will require mass commuting through airports, planes and cruise ships, but family commuting will come very fast, as well as more climate friendly ways of transport and holidays. People will need to dream again and travelling will bring back those dreams, maybe in different formats. The touristic sector will need to re-invent its offer. Casino have to provide even more different forms of entertainment and nearer by.

Lotteries need to continue to support the retail sector. It is more than just POS, it is for many persons the social neighborhood. At the same time we have to lessen the costs and increase the availability of new games and consider new, even digital, tasks.

Shapers of public policy will have a lot on their plate over the coming months. Even so, what can we do to push harder than ever to get approval to invest in new games categories, and new technologies like in-lane sales and cashless transactions?

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Continued at publicgaming.com



JOHN WHITE, Deputy Director of Finance, New Jersey Lottery

In New Jersey we already have experience with a recent event, Superstorm Sandy. So we have a general idea of what to expect in the not-too-distant future. In that event our retailer network was severely crippled. Retailers along the Atlantic coast and flood-prone areas were out of commission for some time and many never reopened. Sales fell off precipitously and were slow in recovering, particularly for the multi-state jackpot games.

This environment, although similar to Sandy with its impact of reducing sales and the number of retailers, has another aspect that sets it apart from the natural disasters that many lotteries had to cope with in recent years and that is the social distancing necessary to control and eradicate the disaster. It is this factor that presents the greatest challenges to lotteries in recovering from the pandemic, especially given the prognostications of public health experts that COVID-19 will return in cycles multiple times in the next few years.

The social distancing mandated in response to COVID 19 has compelled many employers to have more of their employees work from home. Many are finding that despite some initial logistical obstacles, that productivity has not been significantly hindered. That said, it is highly plausible that COVID 19 has accelerated many employers' plans to increase telecommuting as a means of increasing productivity while reducing overhead (decreased facility and related utility costs). If this theory holds, there will be fewer people out and about on week days and these same people will be less likely to frequent brick and mortar establishments during their "business" day.

In New Jersey and New York, almost everyone knows someone who suffered from or died from the pandemic. This factor alone will give lottery players caution about their purchasing habits, whether they minimize visits to retail establishments or

how they socialize publicly. Both behavioral modifications are of concern to lotteries. The former for the obvious reason, but the latter because of the increasing number of lottery products that lend themselves well to bars and restaurants such as keno.

In New Jersey we are particularly concerned because as recently as Fiscal 2017, we had no social space games in our portfolio. In Fiscal 2021 we were anticipating very robust sales from our keno style game Quick Draw and its sister game Cash Pop which was successfully launched in September 2019. In view of all these factors, New Jersey will need to reassess its expectation. Lotteries are a business, but they are a government business. As such they must be managed in a way that foster positive externalities and public health is definitely a positive externality.

To be successful in the post COVID-19 world, lotteries must not only offer a diverse portfolio, but more importantly, diverse methods for players to play our games.

At the start of the pandemic, New Jersey only had one registered courier. There may be market opportunities for more couriers in the state. Increased competition will guarantee that players are not paying exorbitant fees to play the lottery without going to the store.

Lotteries for some time now have been developing online or i lottery games and some are much further along than others in their deployment. Given the expectation that players are not going to leave their homes as frequently as in the past, the demand for such products is only expected to increase. Furthermore, the dearth of sporting events in this pandemic and the potential for further suspensions of professional sports in future pandemics, those lotteries with well-developed online portfolios will be better poised to benefit from a gambling option that should be immune from social distancing protocols.

In the years prior to COVID-19, consumers have been using less and less cash and more plastic to pay for purchases. Younger consumers are more likely to carry no cash on their person and pay for all their needs through a credit or debit card. Faced with an aging player base, younger consumers are of course the most sought-after demographic for lotteries. COVID-19 is only expected to hasten the shift from cash to credit/debit

as cash is seen to be an easy way to spread germs, whereas, credit and debit cards can easily be sanitized.

Thus lotteries must work to make the use of credit and debit cards a viable option for players wanting to play their games. This will require working with banks and financial institutions and possibly state regulators on the fee structure for such cards and determining who will bear the costs for such fees - retailers, players or lotteries themselves.

This is a very important question, because lottery retailer networks are going to suffer significantly from COVID-19 and may never quite recover from its impact. Historically, brick and mortar retailers have been the lifeline of the lottery industry and must continue to be an important part of the industry's continued success moving forward. What lotteries decide to do with credit and debit cards will determine how successfully their retail network will be in the years to come. Depending on what lotteries decide to do with the associated banking fees may also help to put retailers on an equal footing with the courier services with whom they are in increased direct competition.

In the short term from a state revenue perspective, the lottery is at least bringing in revenue where tax collections have been postponed and other state revenues such as motor vehicles fees have been slowed due to staff not being available to process receipts.

With regard to the economy as a whole, New Jersey can again point back to its recent history with Superstorm Sandy. In a natural disaster and now a pandemic, consumers have to refocus their priorities. Ensuring they have the essentials of food, clothing and shelter take precedence to entertainment consumables such as lottery tickets.

In the wake of Sandy, jackpots that previously sent casual and committed players alike running to stores were no longer that important. Games such as Powerball and Mega Millions saw sales decline. Under COVID-19, both games have already had to restructure top tier starting jackpots and mandatory increases downward due to insufficient sales. This will result in further declines when jackpots reset. Subsequent to Sandy, the matrixes changes enacted a few years later remedied the situation and generated the record growth in the period from 2016 to 2019.

Continued at publicgaming.com





Olli Sarekoski,
Chief Executive Officer,
Veikkaus, Finland

First of all, it is great that you used word "when" instead of "if"! It is vital to stay positive and believe that we will come out of this crisis with solid strategies for building a prosperous and sustainable future for the lottery, though it is hard to predict what will happen and what that future will look like. Some experts say that many things will be totally and permanently changed after the crisis. There are others who predict that quite rapidly we will try to live our lives as we were living earlier this year. A global pandemic is not something that we have experienced before so we are in uncharted territory.

When coronavirus forced us to maintain social distancing with everyone more or less forced to stay home with bars and restaurants closed, there are challenges related to even supply the lottery product. But the much bigger issue may well be the shock to demand. People will likely continue to be cautious about their spending and that has significant influence on consumer shopping and recreational behavior of all kinds, including gaming. I do personally also believe that digital gaming in general will take significant steps forward and that will also be the case with lottery games.

Staying aligned with operational basics were fundamental pre-corona and that will not change in the post-corona world: the game portfolio needs to be interesting and include competitive features; you need to sustain the trust factor; players need to enjoy a seamless experience across all channels and game categories. Lottery operators also need to have versatile Responsible Gaming solutions, and effectively communicate them so they

have the intended impact on the players. I also believe that good causes might be even more appreciated by our stakeholders, by the good causes that lottery supports, and by the general public, than before coronavirus. Our government and society will be facing some serious economic issues as we work to rebuild society's basic economic activities. The funds generated by government lotteries will be more needed now and going forward than ever before.

It remains to be seen how Lottery will perform amidst economic challenges that may follow the pandemic crisis. You are right, traditionally Lotteries have been described and regarded by some as almost recession-proof. This time Lotteries, which have been able to digitalize their core business, are at least way better positioned compared to operators like casinos which lean on almost purely land-based POS.

I am not certain whether zero impact to Lotteries should necessarily be our goal. Fulfilling our mission to serve society is the positive outcome we want. For instance, coronavirus and economic disruption may cause some people to think of Lottery as a potential solution to their financial problems. We may need to escalate our dedication to Responsible Gaming to ensure we do not generate increases in sales and profits among those vulnerable players.

The overall performance analytics predict that global gambling revenues in 2020 will drop fiercely, maybe by as much as \$50 billion USD, ending up to match 2015 figures. It is hard to believe that the Lottery world would be totally safe during this global pandemic and its aftermath when the broader games-of-chance industry faces double-digit decreases.

I think we can expect the ways of consumption to change. It might be the case that coronavirus impedes the forward march of economic globalization and eventually paves the way for more dependence on local sources instead of international. The virtual world of the internet is certainly more conducive to social distancing. Maybe the new normal of social behavior will be even more

focused on digital platforms, iLottery, and iGaming in general. Like I said earlier, we might also face a shock to demand and who knows what happens after that. It is clear that now more than ever, Lotteries need to be more and more agile, more innovative, more willing to change and adapt to a world undergoing profound disruption.

Lottery needs to be a fair partner, encouraging open communication between Lottery and retail partners and modernizing so that large portions of those innovations are co-created with our retail partners. The POS business will continue to be truly the most important channel to every single Lottery enterprise – that relationship needs to be nourished on a daily basis!

Offshore operators annually generate more than 300 million € GGR here in Finland. Within a few years it will reach annually 400 million € GGR. Veikkaus overall market share in 2019 was estimated to be 85%. Outside Veikkaus, in Finland it is the "Wild West" with inadequate regulation. Veikkaus market share of internet gaming is lower – more like 63%. And even lower in casino and sports betting – around 50%. Of course, commercial operators will always push harder to gain more revenues and market share. I think the evidence shows that their real target is to change the system to create a regulatory environment even more favorable to their business model.

The focus of government regulators is to regulate whomever they are legally empowered to regulate. In Finland, that is Veikkaus. Clearly coronavirus has influenced regulatory bodies globally, as more and more restrictions on all forms of gambling have been set, especially on land-based POS because of the need for social distancing. So far, the restrictions that have been made or proposed are framed as being temporary. It is hard to tell how these temporary changes may end up affecting the regulatory structures on a more permanent basis.

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Continued at publicgaming.com



Neil Brocklehurst,
Commercial Director, Camelot

The world we live in now isn't the same one we were living in only a few months ago. Everyday life, including our working lives, has changed drastically – and I don't think there's any one person that COVID-19 hasn't affected. The implications of the global pandemic, and ensuing lockdowns, have thrown up many new challenges for businesses – and that hasn't been any different for us at Camelot. We've had to move quickly and adapt to an ever-changing situation, while continuing to meet our licence and integrity obligations.

From the outset, we've been implementing a range of measures – for example our entire Contact Centre can now work from home – enabling us to continue running the UK National Lottery as safely and responsibly as we can because we know the importance of the work it does in raising £30 million every week for Good Causes in England, Wales, Scotland and Northern Ireland. This is even more important as National Lottery distributors continue to fund vital work in communities – and these funds are now more essential than ever. For instance, last month it was announced that up to £600 million of National Lottery funding is being directed towards charities and organisations around the UK to help tackle the impact of coronavirus.

Obviously, our number one concern throughout all of this has been our employees – and making sure they're safe, well and set up to do their jobs as best as they can in this new world. In addition to this, getting our response right in retail has been important for a number of reasons – primary to this being that our 44,000 retailers are the backbone to The National Lottery. In our latest financial results, they accounted for around 70% of total sales. They are therefore vital for raising money for Good Causes and are also a primary interface with the majority of National Lottery players.

We've remained in constant communication with our retailers throughout the crisis using a range of channels to provide them with timely updates and important information. For example, we've been offering details about safe ways to play The National Lottery in retail, including information about how to minimize risk by encouraging players to buy a Lucky Dip ticket – as this means they don't need to use a pen to fill in their selection and it cuts down on contact – as well as paying prizes on to debit cards where this is possible.

We've also been encouraging players to only buy tickets in retail when they're already in a store to buy essentials – to buy and check tickets online instead. We're also reminding people who have winning retail tickets that they have 180 days (around six months) from the date of the draw to claim a prize, so not to make a special trip out to a store to claim a prize – they have plenty of time.

While it's too early to say what the overall effect will be on National Lottery sales over the medium to longer term, what's clear right now is that there has definitely been a change in the way some people are playing during this period. Due to the fact that we've been encouraging people to play and check their tickets online and on the National Lottery app, we've seen a significant increase in people downloading our app and traffic to our online channels.

What's impressed me most during this unprecedented situation is how well the various teams at Camelot have worked together under such difficult circumstances – especially as they've been under pressure to deliver quickly, particularly in the initial weeks when it was all beginning to unfold and we had to adapt to a drastically-changing environment.

Take our Marketing team, for example. They have been fantastic in turning advertising around in short periods of time, such as updating ads to carry the 'Play online or via the app' messaging for upcoming draws or jackpots – to cut down on the number of people going into stores during lockdown. And they very quickly created new advertising to support the £300 million National Lottery Community Fund COVID-19 support package – which is part of the £600 million I mentioned earlier. This particular ad uses user-generated video content from a wide range of beneficiaries across the UK thanking National Lottery players for their enormous

contribution during this difficult time.

Obviously, we've been following government advice, which has meant the majority of our employees have also been working remotely from home, but you wouldn't guess that from the co-ordinated output that is being generated. The work that everyone at Camelot has been doing under such trying conditions has been genuinely outstanding.

During this time, I'd like to take this opportunity to send our best wishes to everyone involved in the lottery industry around the world. I hope that you, your colleagues, and your friends and family stay safe and well – as we continue to collectively navigate this uncharted territory. ■

Hansjörg Höltkemeier continued from page 22

This is a very important question! All operators with a land-based business model depend on the shops to stay open and have an active customer base. Lotteries can use their online connection to drive traffic to their retail partners. We have always done that but I think we need to do it more going forward.

We have observed in our local markets that even in a crisis like this, or especially in a crisis like this, the relationship between players and their favourite store is stronger than ever. Our players in Berlin, for example, are choosing to go to their store over the online channel in spite of the focus on social distancing. This was amazing to see. Maybe the lack of other outlets for social interaction causes people to appreciate more the simple things in life – like going to a counter and buying a lottery ticket from a retail shop assistant.

I personally believe that our obligation to support our retailers is not fulfilled just by paying the commission and having sales reps call on them twice a month. We want to work more intimately with them to help them achieve their goal of bring-ing more customers into the store, increase the dwell-time in the store, and in-crease the basket size at check-out. Of course, those goals are somewhat aligned with lottery's own goals anyway so the ROI on increased effort to support our re-tailers is very positive. I think there is lots of potential for the lottery product, the lottery playing experience to enhance the overall in-store shopping experience for the benefit of the retailer.

Continued at [publicgaming.com](https://www.publicgaming.com)



Jeff Anderson, Executive Director, Idaho Lottery

COVID-19 THOUGHTS FROM FLY-OVER COUNTRY

I'm sure all of our teams have thought a lot about what things look like when we as a people fully emerge from the measures used to respond to the COVID-19 pandemic. It's interesting to see the differences in perspective based on what individual people have experienced.

Those who are fortunate enough (or not, I suppose, as the case may be) to telework while obeying shelter-in-place orders had, I'm told, an experience like never before. It feels "safe". Or not. Social distancing was generally achieved, groups of ten or less not so much, when shopping for food with 205 of your neighbors. Of course, a spouse or two were heard saying "honey, I married you for better or for worse but not for lunch, please go back to the office". I suspect these folks are invigorated by seeing their friends and colleagues in person again.

Those who were out each day on less crowded streets serving the public at grocery stores and C-stores and home improvement stores, delivering goods (plenty of liquor but not enough toilet paper) to warehouses or retail stores, stocking shelves, patrolling the streets, putting out fires, saving lives, caring for the sick, and everyone else who had to venture out to do their jobs had a different experience. This was me. For some it seemed "normal". For others, weird. For some, scary. For me, just weird.

Those who were quarantined for a time or couldn't telework but lost lots of human interaction on a daily basis had a first-time experience. The Pastor. The candidate. The waiter. The bartender. The flight attendant.

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Continued at publicgaming.com 



Marcus Glasper, Director, Washington Lottery

If there is one positive from our current situation, it is that more of the general public understands how important lotteries are to state revenues. It is so encouraging to hear different interest groups throughout the country describe lottery games as important products for lottery retailers, and many of those retailers have been deemed essential businesses. We have heard concerns from some members of the public and the media questioning if lotteries are really essential businesses, and they can't understand why we're still operating. We've tried to communicate that while lottery is considered entertainment by some, it also helps fund essential services in the community. We need to continue to communicate that message.

I was speculating with some friends that prohibiting social interaction with their social groups would make young people bored. But I was shocked when most told me that their children were adapting just fine and were continuing to interact with their friends as usual, through online channels. This generation has different needs in terms of socializing.

We have had to waive quite a few of our current policies to allow operations to continue uninterrupted. When you're working with small businesses and financial issues, particularly in times of crisis, you need to help them and also look for opportunities. They have been through a lot and they need our help in re-building.

And this has an impact on the lottery industry in that we will need to ensure that our products are available via multiple distributions channels, including online. Those of us who grew up with perhaps more social contact, particularly at retail, think of a store as the place to purchase lottery products. Younger people interact online and they are much more comfortable with the online channel.

We know from past experience that in times of crisis, the state legislature is more receptive to the contributions that lottery makes if allowed to pursue new strategies to generate revenue. The state budget will be significantly impacted for the next year or more which may cause the legislature to look more favorably on new lottery initiatives. If we show policymakers that we can provide added value during this difficult time, perhaps there is an opportunity for online sales.

As long as there are lotteries, retailers will be critical drivers of sales. Lotteries have to continue to support their retailer networks, particularly as we begin to emerge from the economic damage of the past few months. As an industry, we are always looking for ways to reinforce and build on the symbiotic relationship we have with retailers. Is there anything about this crisis or emerging from this crisis that we use to our advantage to move our retailer relationships forward? As I mentioned, we have been extremely flexible with our retailers during the lockdown. And we need to continue to listen to their concerns as we go forward. They have been on the frontline of this pandemic and there will certainly be fallout from that stress. Maybe this is a time for us to hold retailer panels, at least virtually, to hear their concerns firsthand.

Of course, in time, Washington's Lottery employees will be back in the field visiting retailers face-to-face (or perhaps mask-to-mask). We will return to our important tasks of restocking tickets, distributing POS material and performing all the field operational tasks. And we will begin to return to the lottery's offices. Most of our customer service centers are behind glass but that's not so for our lottery kiosks. I think naturally there will be some fears and we will need to think about how we support people during the transition. Our job as leaders will be to kind of normalize and allow people to re-adjust. That will be challenging.

Those challenges will perhaps not be as drastic as moving an entire workforce to at-home status. Many of the lottery's employees were working at home for the first time in their careers. At first, we were all unsure how this would work but now we see, OK, we made this happen. Some of these positions we never considered for telework before and everyone found a way to make it work. In every crisis there's opportunity. ■



From the Publisher

Well, it's hard to know where to begin.

So much has changed since PGRI SMART-Tech Miami and the Women's Initiative in Lottery Leadership Seminar were held the first week of March. As we move past crisis management mode and forward with a spirit of optimism and positive expectations for recovering from these difficult times, we start to think about what the post-coronavirus world will look like. What are we going to do to make our brands, our games, our services, and ourselves more relevant than ever? How will we lead boldly and confidently into an uncertain future? We may not know what the "new normal" will look like. But we do need to make decisions now based on what we think it might look like. Clearly, there will be profound challenges and the need to make adjustments to the way we operate. I think we can expect there will be abundant opportunity as well. With ingenuity and a dedication to the service of our many stakeholders, let's work together to prepare for a re-bounding consumer demand and a new normal that will be even more receptive to the incredible value that government-lotteries have to offer.

We enlisted industry leaders to share their thoughts on how we might adapt and lead in the post-coronavirus world. We thank them for their incredibly thoughtful commentaries. I think all of them would preface their comments with the caveat that these are initial thoughts on a highly dynamic and fluid situation that requires flexibility to adapt and change course as needed going forward.

Following are just a few of the themes discussed:

- Many lifestyle, consumer, and shopping behaviours will be changed forever. We may not be wearing masks forever, but social distancing will continue to be a reality. Efforts to reduce the "high-touch, high-contact" nature of retail shopping and increased migration to online shopping will not stop once the virus is under control.
- Tax revenues that support government

services will be severely impacted for the foreseeable future. Shapers of public and regulatory policy will be turning to Lottery to generate more income to balance the budget shortfalls. This should increase the likelihood of regulatory change that allows more games, more flexibility in how and where the games are made available to the consumer, and more flexibility to advertise and manage the business to maximize net funds for the benefit of society. We can hope anyway.

- It is a myth that lotteries do not suffer the effects of an economic downturn. And there really is no historical precedence to guide us in how the forces of economic recession combined with global pandemic may impact the lottery industry.
- Crises tend to catalyze innovation if for no other reason than what we used to do no longer works. Change is forced upon us whether we like it or not. So we may as well embrace the opportunity to take big leaps forward and look for opportunity to instigate an ambitious agenda to modernize. Further to that: Times of change represent an opportunity to capture the attention of an audience which is more open to new ideas than ever.
- Lottery needs to do more than just make the products available online. We even need to do more than develop new games for the online world. We need to build a whole new player experience for the Digital World. Think more like APPLE, Starbucks, and TESLA to create a deeper and broader personal affiliation with the overall experience and the brand relationship.
- Draw games have been impacted much more than Instant Scratchers which continued to perform quite well in many jurisdictions.
- The trend towards self-service vending and checkout and cashless and "contactless" retailing will clearly accelerate.
- It's more important than ever to reinforce

beneficiary messaging and the mission of Lottery to serve society.

- Retailers are anxious and concerned about their own future. This represents an opportunity to reinforce the symbiotic relationship that Lottery has with all its channel partners.
- Coronavirus marks a hard break with the "Information Age" and leap into the era of Digital Transformation wherein every aspect of life is materially enhanced by technology.
- Video-conferencing has enabled a surprisingly high level of productivity in spite of lock-downs. But it does not replace the need for team-work that is facilitated by personal interaction.

Our Fall event – **Lottery Expo** – will be held in the fabulous Music City of **Nashville, Tennessee**. Tentatively scheduled for the end of September, we will keep you posted on specific dates, venue, and program as they are confirmed. We thank you for your support and re-commit to an industry that serves the interests of society, of good causes, of players and retail partners, and of countless Lottery-sector stakeholders. We are thinking about you with a new sense of appreciation for the great privilege of actually being together again in person – and sooner than later!

Paul Jason, Publisher
Public Gaming International Magazine



David Barden,
Chief Executive Officer,
New Mexico Lottery

The supply chain has adjusted rapidly in order to bring more consumer goods directly to homes. In a time where online shopping was already impacting brick and mortar shops, we've now shifted even more of our purchases to the online channel. Adoption of technology has been forced on many Americans in order to obtain groceries and other items. Now that more consumers are in the habit of ordering online--and have learned to appreciate the convenience of homedelivery--I believe that people will continue to use online ordering even after the pandemic is behind us.

It is also likely that "social distancing" will continue in our daily lives for some time to come. Consumers will return to work, restaurants, and recreational venues, but the concept of avoiding crowds and direct contact will remain in our psyche. How this will affect lottery sales, positively or negatively, remains to be seen. It has already been a challenging year for Powerball, and the pandemic has only amplified those problems.

We have taken the approach of social responsibility during the pandemic. Previously purchased media advertising was converted to stay safe/beneficiary messaging. While lottery sales continue in essential retail locations, we are not actively pushing for sales at this time. Although our offices are closed to the public, we are making every effort to respond to player questions and to process mailed claims when we are able. We want New Mexicans to know their lottery is comprised of people just like them, waiting for this pandemic to pass. We feel such an approach is the right thing to do and will also be respected by players and policymakers alike, which in turn may help our efforts to develop new, even more responsible ways to do business in the future.

It is my hope that the challenges faced by lotteries will motivate legislators to authorize lotteries to make products available online. We have seen what can happen in jurisdictions like Michigan, Pennsylvania, New Hampshire, and others where distribution is opened up to include online and mobile channels. These distribution channels not only connect new consumer groups but also provide an online audience connection to drive customer traffic to retail. As a result, online lottery players buy more lottery tickets at retail. And of course, the online channel continues to function in a crisis like Covid-19 when it difficult to shop in retail stores.

Powerball and Mega Millions sales have been impacted even more than other game categories. Jackpots and rules have been adjusted to hopefully drive some improvement. But the real solution is to make the national games available online. I would submit that we should do everything we can to make that happen. I am working toward that goal in New Mexico, and I know other directors are working with their own stakeholders as well. I think we need to have a more nationally unified effort to place Powerball into the online and mobile channels everywhere. We are reaching a point where the best, if not the only, innovation that can drive organic growth of Powerball is to reach more consumer groups, and the best way to do that is by getting Powerball into online and mobile channels. Powerball is by far the most valuable brand in the industry and we need to act now to ensure sustainable growth. I think the digital platform would provide a richer canvas for innovation, for adding new game components and options and diversity into the Powerball player experience. And the crisis we are in highlights these realities for everyone, including our political stakeholders. Now is the time for the lottery industry to act. Only by bringing Powerball issues to the forefront of our agendas and by informing stakeholders and legislators of the urgent necessity to enable online sales will Powerball and other lottery games be positioned to grow sales in the future. I hope for positive action. Insofar as our political leaders want to preserve the funding for good causes, they will recognize the wisdom in giving their state lotteries more flexibility in how to market the games.

Unfortunately, the changes in consumer behaviors have already triggered

adjustments to the Powerball and Mega Millions games' jackpots. The long-term effects of these changes are unknown, but they highlight the need to shore up those games that we all rely upon for the benefit of good causes. With Powerball, increased population through international participation and the use of mobile technology are two ways to move forward. I think it would be a mistake to assume that lotteries will be somehow exempted from the impacts affecting the overall economy. Past recessions did not involve social distancing and other similar factors which directly affect the way people shop, buy things, and play the lottery.

We reached out to our retail partners early on to adjust inventory up or down based upon their needs, and we continue to communicate with them regularly. We are also flexible with general requirements such as selling subject to retailers' hours of operation. We can temporarily disable a terminal if a retailer so requests. The goal is to provide our retailers with the tools to sell lottery products if that's what they want to do. We hope this "whatever you need" approach has earned us the trust and respect from retailers that we can carry forward into stronger working relationships for whatever lies ahead for lottery products.

Self-service vending machines provide more social distancing than approaching a retail counter and interacting with a sales clerk. The trend towards self-serve and digital wallets will likely be accelerated by the desire to avoid the uncleanness of handling cash. I can't imagine in today's world of social distancing that any legislator would not understand the advantages of purchasing and payment solutions that provide both greater flexibility and safety. We are moving toward a cashless retail experience, and for lottery players to only be allowed to pay with cash in most states seems like an irresponsible position and potentially harmful to consumers.

We are here to serve our retailers. We have had approximately 5% of our retailers call us to ask that their terminals be turned off temporarily. A small number, but we certainly understand and respect their wishes.

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Continued at publicgaming.com



Gretchen Corbin, President and CEO, Georgia Lottery Corporation

Daily life for consumers the world over has changed in unimaginable ways in a very short period of time. As a result, we are faced with rapidly-changing habits and attitudes with the way we behave, the way we work, and the way we entertain ourselves.

Everything from how consumers enjoy a meal to how they purchase lottery tickets has been impacted. Grandparents are ordering items online. Millennials can't hang out with their friends, so they are streaming the same movie at the same time for a shared experience. Busy families that used to eat a lot of take out are now cooking every night. And we're seeing a spike in lottery players shifting to mobile play as they shelter in place.

Modern conveniences like e-commerce, online food delivery and streaming services have been growing for some time, however, they were not universal. Now we're seeing them attract new customers and expand into new products and services. As more people try these, they will adapt and this will become a new normal. While some of the changes are temporary reactions to our current circumstances, many are more fundamental shifts. People may be very cautious about returning to old habits.

Consumer behaviors and technologies were already evolving, but now the process has been accelerated. More people are going cashless, and more processes have been digitized. So we have to explore ways to expand our digital channels and be innovative with developing new concepts. Our lottery players will still want to play and win, but their behavior will be different. We have to really examine and understand that to move forward strategically.

After countless weeks of social distancing, online shopping and working remotely, consumer behaviors are bound to shift dramatically. In order to withstand this

crisis and position ourselves for future success, we have to anticipate what kind of consumer is emerging from this experience and how behaviors are evolving.

By understanding the most significant and lasting shifts, we can better position ourselves to prepare and adapt. From there, we have to develop the capabilities that ongoing success will require. We will need to rethink how we're reaching consumers, what products we are offering them, and how and where those products are being offered.

We'll need to focus on wide retailer recruitment and expanding our distribution base. We have to expand and grow our digital channel. And we have to find additional ways for our retail and digital networks to complement each other.

This is also a good time for us to reinforce our beneficiary messaging and remind the public of the many good causes supported by lottery funding. People feel good about purchasing our products and supporting their state lottery because they know that we support them and their communities.

There is hardly any industry that has not been touched by the coronavirus crisis, and that includes the lottery industry. As with any business that competes for discretionary dollars, the economy impacts our sales.

This is an unprecedented time, and it's difficult to predict what the economic environment will look like when this is behind us. There are a lot of factors out of our control. What we can do is focus on the things that we can control like our product offerings, our distribution channels, and opportunities for innovation. I am optimistic that we will learn a lot, adapt, and come out of this stronger together.

The COVID-19 pandemic changed the world in the blink of an eye. It could take years for things to return to normal, and it's highly likely that "normal" will be redefined. This certainly presents an opportunity to reach new players and to provide new experiences to existing players.

As we emerge from this crisis, some people will want to quickly return to previous behaviors, some will ease into them, and some will change the way they do things forever. After sheltering in place, consumers are more open to online purchasing and new entertainment options. Some of those who like to travel may want to stay closer to

home until they're confident that it's safe to resume travel. So they may be inclined to try homegrown forms of recreation like the lottery. We have a unique opportunity to tweak our business model and even reinvent aspects of it based upon the shifts that we're seeing.

Although we've experienced tremendous and rapid iLottery growth, our retailers are still our bread and butter. They're at the foundation of our success, and we have a deep appreciation for everything that they do.

All of our retailers have been impacted by the coronavirus crisis in one way or another. Some of them, for example some bars and restaurants, have even had to close during this period. Our sales representatives have been working hard to service retailers while sheltering in place. When they are back in the field and visiting retail locations again, they will do everything they can to ensure that our retail environment remains strong. We want our retailers to know that we are here for them and support them.

We will build upon our relationships with our retailers by connecting with them and assuring them that we are committed to our partnership and to their success. We will continue to employ strategies entailing maintaining manageable inventory levels, financial responsibility, industry information, and sales and promotions opportunities. It's also critical to explore ways to improve our digital space at retail.

Our retailers contribute greatly to our success, and in turn, we offer them a product that is a key driver of consumer traffic. Ultimately, we want them to know that we're here to help them bring in customers and move their business forward.

As always, the key is communication and engagement with legislative stakeholders. Consumer demand and habits are changing. Lotteries need the ability to offer products to consumers in a variety of ways. Brick and mortar retailers are always going to be an important part of the lottery business; but in order to continue to support the good causes that lotteries do across the world, there needs to be the option of new technologies. This can be done in a way that is safe and secure for players. Explaining how the funds will be utilized, the safety measures that can be put in place, and how authorization can benefit the lottery and consumers is the first step.

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Continued at publicgaming.com



Kevin Gass,
Vice President Lottery Gaming,
BCLC (British Columbia Lottery
Corporation)

A LOTTERY’S APPROACH TO THE GLOBAL PANDEMIC

COVID-19 has significantly affected every single sector of the economy, and of course, lotteries are no different. One key challenge about this worldwide pandemic is how rapidly the situation evolved and how quickly the industry needed to make business decisions to support the safety of our people, players and communities.

During the COVID-19 pandemic, BCLC has consistently advised players and retail partners to put their health and safety first by following the Provincial Health Officer’s directions and emphasized that lottery tickets are conveniently available online at PlayNow.com or on the BCLC Lotto! app. PlayNow.com’s lottery and casino business more than doubled in the first week.

BCLC, along with all of the Canadian jurisdictions, implemented a six-month expiry-date extension for lottery tickets that have an expiry date between March 17, 2020 and September 17, 2020 in recognition that physical-distancing requirements to help stop the spread of COVID-19 may affect players’ ability to claim prizes. Following the temporary closure or BCLC’s prize-payout offices on March 18, 2020, we implemented an alternate remote prize-claim process to pay out prizes to winners.

In fact, we held our first-ever virtual winners celebration on the Lotto BC Facebook page on April 23, 2020 and paid Tibor Tusnady with his \$16 million Lotto 6/49 win in front of a live Facebook audience. More than 7,300 viewers saw the online event, many of whom posted congratulatory messages to Tibor. It was a virtual, feel-good first for BCLC and its players, and received significant provincial media coverage from more than 35 major media outlets.

BCLC has paid out other large prizes to winners, since the onset of COVID-19 restrictions, and shares these positive stories with media. Media and players have received these stories well, demonstrating that people crave a feel-good story during these challenging times – and continue to enjoy the chance to dream that comes along with playing the lottery.

BCLC’s 3,500 retailers are our front-line lottery ambassadors, so we continue to listen to their feedback and consider it as part of any operational changes. Since day one of this crisis, BCLC has supported the decisions of our private-sector lottery retailers to reduce hours, close locations and/or implement proper physical-distancing protocols; some lottery retailers have suspended lottery sales altogether, while others continue to operate and are adhering to physical-distancing directions.

To support certain retailers’ focus on essential services, primarily food and pharmacy, we also adjusted the availability of our in-lane experience at grocery, called Lotto Express. Early on, we also modified our Advance Buy lottery service to prevent our players from using their money to purchase future lottery tickets, should the COVID crisis affect future draws.

More recently, as our grocery retailers have adapted to the COVID environment, we have re-introduced Lotto Express at select stores that continue to sell lottery. BCLC re-introduced the option to Advance Buy for these games following feedback from players and retailers who told us that suspension of the option prompted players to leave their homes more frequently than they would if they purchased in advance. Some retailers who decided to suspend lottery sales in the earlier days of the COVID-19 pandemic have since decided to resume sales with additional measures in place to protect their employees.

Here in B.C., where BCLC also conducts and manages online and casino gambling, we temporarily closed all of our bricks-and-mortar facilities on March 16, 2020 following a directive to do so from our government. Private-sector service providers operate our casinos and these companies – like all of ours – continue to face significant financial challenges as a result.

ANTICIPATING BUSINESS RECOVERY

When the time comes to emerge from the physical-distancing requirements currently in place, BCLC anticipates draw-based games and Scratch & Win to recover faster as these products remained available for purchase at limited lottery retail outlets throughout the pandemic.

Acknowledging the uncertainty of the near future, we will focus on various purchase options, encouraging players to focus on the safest-possible option for both purchasing and prize payout.

We will also seek to understand how COVID has affected our players personally, financially and physically, and provide them with an entertainment experience that considers these factors. The same goes for our retail partners. We will continue to learn from them about how this pandemic has affected their operations, and work together to develop new and improved ways to support their operations and sales, while protecting their health and wellbeing – and that of our players.

FUTURE FOCUS

Here in Canada, we know that COVID-19 has changed consumer behaviour. A national Angus Reid Institute poll taken during the last week of March indicates that 48 per cent of those surveyed completed online retail shopping in the last week, an increase of 10 per cent as compared to two weeks prior. When asked about online shopping once COVID subsides, the percentage of those surveyed who said they would continue doing grocery shopping online increased by 23 per cent as compared to weeks prior.

In B.C., since COVID-related physical-distancing restrictions took effect, we have seen significant growth in e-lottery sales and new online account registrations.

The growth of our online products – combined with the latest research – highlights that, more so than ever before, it is time to accelerate our focus on a seamless, omni-channel experience for our players.

This work is well underway at BCLC as part of Personal Player Experience (P360), a key component of our Corporate Strategic Plan, to offer our players customized, cross-channel experiences – whether they are playing our games online, at land-based facilities or at retail.

Continued at publicgaming.com





Rebecca Paul Hargrove,
President & CEO, Tennessee
Education Lottery Corporation
President, World Lottery
Association (WLA) Founder & Chair
of Women's Initiative in Lottery
Leadership (WILL)

I think that answer will be quite different depending on where in the world you live. Globally, we see that Spain, France and Italy were impacted far differently than Australia and New Zealand. In the United States, we see that New York is impacted quite differently than Wyoming. The impacts of the virus have differed, and corresponding responses of city, state, and national governments have differed. We know that lottery sales in some U.S. states have increased while many have decreased. And while the varying degrees of restrictions impacts sales, the relationship between the severity of the virus, the degree of safer-at-home initiatives, and the sales of lottery tickets is not nearly as consistent as you might think.

As we go forward, policymakers everywhere are trying to determine the best course of action to reopen the economy without risking public health. If re-opening the economy goes smoothly, it's easy to imagine the marketplace and consumer and lifestyle behaviors returning more readily to pre-virus norms. If problems continue and force a continuation or reactivation of restrictions, that would obviously impede any economic reopening. Two behaviors that affect our industry and will clearly be impacted by the crisis are how we shop and how we gather together.

Since the 1990's, purchasing has migrated online. Given the life-altering circumstances of the last three months, I would expect that market-share has increased as consumers minimize the time they spend in public spaces like grocery stores, bars and restaurants. I'm sure that some people who never ordered online quickly learned how and began making

more online purchases. Others, who were already online shoppers, probably increased the number and variety of items they buy online. The longer we are in safer-at-home mode, the more likely it is that activities adopted during this crisis time will become habits that continue after the crisis abates.

We can be confident that brick-and-mortar retail is not going to sit idly as customers spend more online. Since their survival depends on an effective response to this competitive threat, we can expect the rate of retail modernization, digitization, and innovation in general to increase. That represents a great opportunity for lotteries to carve out a role for itself as trusted partners and resourceful innovators who provide solutions and help them serve and retain their customers.

The impetus to change and innovate is lowest when everything is going well. So a crisis becomes the catalyst to take more aggressive action, prompting the somewhat cynical refrain that my friend Paul Jason uses: "Never let a crisis go to waste." We have to figure out how to streamline operations and workflows to adjust to leaner staffs and work-at-home environments. Sales reps need to service their retailers without visiting the stores, or with fewer in-store visits. And who knew that so much work could be done so well from home? One result of these crisis management adjustments is that the freedom – and the requirement – to innovate unlocks the creative energy that leads to new solutions and more efficient and effective ways to operate. Then, as we return to full-service operations, business processes can be adjusted and fine-tuned, and resources can be re-allocated to deliver a far higher level of quality and service to our retail partners. That leads to more funding for good causes and more value to all our stakeholders.

At the Tennessee Lottery, we have all found ways to be productive while working at home and staggering shifts so that we have a lower number of staff in the building at any one point in time. My team and I miss working together in person-to-person groups, and I suspect everyone feels the same way. We need social interaction, and I think the in-person collaboration contributes to the effectiveness of the enterprise. Our WLA and regional association conferences are sorely missed. Zoom or Microsoft Meetings or conference calls are incredibly helpful, but I still believe that working together in-person provides us

with the most meaningful platform to share ideas, learn from each other and come up with the best solutions. It is making those adjustments that can help any organization, but especially a lottery, survive during disruptive times.

I disagree with the premise that lotteries are recession-proof or even less affected by economic downturns than other industries. If you look at the actual performance of the entire industry in recessions like 2008, you'll find that sales in roughly half the U.S. lotteries declined and half increased. That is probably the experience in many sectors. Some do well because they make the right internal adjustments to respond to adverse conditions. Others do well because their external reality is not as onerous as it is for others, like Wyoming or the Dakotas compared to New York and the lotteries in the northeast U.S. Some lotteries' enabling legislation may be structured to give them more flexibility to adapt to a changing economic environment. Others have to budget even detailed line items two years out and are not allowed to adjust when the whole world is sick. Others have an overly politicized management structure that changes too frequently. Multiple factors drive success and even more impede progress and positive action. The enabling legislation that prescribes the terms and conditions under which the lottery operates can have a profound effect on the ability of the lottery to pivot in times of crisis.

The source of misconceptions about lotteries being recession-proof may be successful lotteries. They are more likely to promote that fact than unsuccessful ones. I think the truth serves our interests because we have a worthy mission, and we pursue it with integrity and purpose. Therefore, I think we should disabuse people of the myth that lotteries are somehow recession-proof.

In our current circumstances, lotteries are performing better than games-of-chance sectors like casinos and sports betting, which have been shut down completely. We shouldn't make the leap from that happenstance to being overly confident in our resilience in the face of economic downturn. We want our audiences – the public as well as lottery players and stakeholders – to know that we stand shoulder to shoulder with them because we are all in this together and that lotteries are not somehow immune to the pain of economic recession. Whatever emerges on

Continued on page 28



Mark Hichar, Shareholder with Greenberg Traurig, LLP, resident in its Boston office, legal counsel on gaming, gambling, lottery

First and foremost, I think the pandemic has demonstrated to state lotteries – and likely also to state legislators – that lottery products need to be available to consumers online and on mobile devices in order to enable state lotteries to mitigate the business downturn and stay-at-home restrictions that may result from a national health emergency like the recent coronavirus pandemic.

In Massachusetts, where lottery products are not available online or via mobile devices, weekly sales during the coronavirus peak in the State were reported to be down 33% from the same week a year before.¹ Massachusetts Treasurer Deborah Goldberg (who oversees the Lottery in Massachusetts) told lawmakers: “This pandemic has dramatically exposed the limitations and vulnerabilities of the lottery’s all-cash, in person business model.”² Goldberg added that States with online lottery options instead saw a surge in demand. For example, the New Hampshire Lottery saw first-time online lottery players increase by 38% from February to March, with online lottery revenue for the same period increasing by 10%.³ The Michigan Lottery also saw a spike in first-time online players,⁴ and the Pennsylvania Lottery said that during the final full week of March, online play was up 29 percent on the equivalent week in February.⁵

Finally, in this regard, the Boston Herald editorial staff wrote on March 26, 2020:

Massachusetts lawmakers could not have foreseen the coronavirus pandemic and its disastrous effect on the economy. But it shouldn’t take the threat of a public health crisis to spur the Legislature into green-lighting a boost to the state’s revenue. All that was needed was the ability to strike while the iron was hot and give the nod for the Lottery to go online.

But it didn’t.

And Massachusetts is literally poorer because of it, a misstep highlighted by the COVID-19 outbreak and its financial fallout.

It wasn’t for State Treasurer Deb Goldberg’s lack of trying. She sent a bill legalizing an online Massachusetts State Lottery to lawmakers in December 2018. Sen. Eric P. Lesser, D-Longmeadow, noted at the time:

“It’s impossible to envision the lottery surviving without going online,” said Lesser.

But the Legislature didn’t bite. Not even the example of neighboring states New Hampshire and Maine, which offered online lottery options and reaped the fiscal benefits, could budge Beacon Hill.⁶

Second, there may be a change in how physical lottery tickets are sold in retail outlets in order to facilitate social distancing. Such a change could, for example, involve the increased use of player-activated lottery ticket vending machines.

During the peak of the pandemic, some state lotteries were criticized for selling tickets inside stores, critics fearing that lines of customers waiting to purchase lottery tickets jeopardized the health and safety of store employees and other store customers.⁷ Indeed, in Michigan some called upon the State to shut down the sale of physical lottery tickets, arguing that the Michigan Lottery was not an essential business and that such sales were not being conducted in accordance with the State’s virus mitigation directives.⁸ In response, the Michigan Lottery notified lottery retailers on April 1, 2020 “that they must immediately stop selling Lottery products if they are not following all requirements of the [State’s “Stay Home, Stay Safe”] order.”⁹ In addition, the Michigan Lottery urged players to “only purchase Lottery tickets at a store if they [were] already there purchasing necessary items.”¹⁰ In addition to Michigan, “[n]ews reports from multiple states – including Connecticut, Pennsylvania, Vermont, Florida, California, and Oregon – suggest[ed] that concern about lottery players congregating in stores [was] prevalent.”¹¹

Accordingly, I would expect that there will be renewed consideration of how physical

lottery tickets are sold, and this may lead to changes in sale methods, such as increased use of player-activated lottery ticket vending machines in order to reduce congestion in stores.

Again, I think the experience of the coronavirus pandemic points to the desirability of state lotteries making their games available online and via mobile devices so as to mitigate declines in the sale of physical lottery tickets in the event a health emergency or other emergency makes it necessary that residents stay in their homes for long periods of time.

In the immediate post coronavirus world, I expect people will travel less. While I think this will create opportunities for local recreation, I think people will continue to be conscious of social distancing – at least in the Northeast United States – long after virus mitigation restrictions are eased. So, for example, I expect the wearing of masks to become much more common in the Northeast United States than it was prior to the coronavirus pandemic (when one rarely saw masks), and I expect the six-foot social distancing standard to become common – even when no longer recommended. As examples of this, I expect to see increased spacing between tables in restaurants and increased spacing between machines in casinos. Moreover, some people may refrain from attending events or places where there will be large numbers of people and social distancing is either not possible or poorly enforced.

As a result, I think the post-coronavirus environment will create incentives for the accelerated development of new and/or new types of online and mobile games, and games that one may play via smart televisions or game consoles. By way of example, several vendors have developed new types of virtual sports games (i.e., not involving a real-world sports event) upon which wagers can be made.

I think cooperation in ways to reduce congestion in retailer stores is one way to reinforce the symbiotic relationship between state lotteries and lottery retailers. Increasing the use of player-activated lottery ticket vending machines is one way in which the length of regular checkout lines may be reduced, thereby reducing store congestion and facilitating social distancing.

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Hansjörg Höltkemeier,
President, European Lotteries (EL)
Member of the Managing Board of
the Deutsche Klassenlotterie Berlin

How will the world be different, when we come out of crisis? And how do we – as lotteries – have to react?

First: It is still difficult to predict the sustainable changes.

Whereas certain segments of the gambling industry are expected to be affected, the lottery market might not be hit that hard, as people tend to fall back to their former behavior.

Second: Nevertheless, we learned a lot and we as lotteries shouldn't just fall back into former behavior.

Undoubtedly, the pandemic will keep us busy for some time to come, as Covid-19 is hitting the economies of almost every country in the world. Our way of personal interaction will change, and very probably the changes will extend even after the virus has been contained – fewer personal meetings, less business travel, no more handshakes. And I believe there will be fewer large gathering events such as spectator sports events and there will be strict conditions to minimize the risks of spreading germs. It is easy to predict that these circumstances will further drive the trend towards digitalisation and new formats that enable digitized “virtual” interaction. Players, that made good experiences with digital platforms in the phase of lockdown and social distancing might not come back to the shops again and we will meet higher expectations in the digital channel.

A more granular look at the precise effects that these changes will have on the way that society functions reveals that our lottery industry may not be impacted as directly or dramatically as I originally thought it would.

Lotteries are a service that is less dependent on physical value chains. And to play the

lottery or, more precisely, to buy a lottery ticket, is in most cases a single transaction with a single player. Even in those jurisdictions where online-sales are still not allowed, this shouldn't be a problem, as long as there is a strong subscription-business and the shops are allowed to stay open and to sell under conditions that guard against contagion.

Some lotteries have been severely impacted by closed shops or even closed operations, as in Italy or Spain. This is dramatic, but even then, it should be easier to re-open and re-start an existing infrastructure than to restart a physical production-inventory-delivery process. The same applies to sports betting and casino operations, both land-based and online. Operators which already had a robust business of connecting players via their shops or via digital channels are surviving the pandemic. I am optimistic that the lottery industry will overcome the direct impacts of the crisis with little disruption or damage.

As many states and jurisdictions start to reopen shops and facilities, it may feel like “the worst is over” and that we will slowly go back to normal. But many are predicting that the virus will stay for a long time or even return, which means the longer-term economic effects might be the next challenge.

Lotteries are played from a person's “entertainment-budget” and this depends on the player having an actual income and being able to budget for the future. Now, with millions of unemployed, entire sectors of the economy shut down, flare-ups in countries that thought they had eradicated the virus like Singapore, Korea, and maybe China, and no timeline for vaccine and no clear vision for how to contain the virus – it is hard to know what the long-term economic effect will be. As the players face economic uncertainty, discretionary income for lottery will likely decline. And responsible operators will be expected to not push consumers to spend more of their limited budget on lottery.

My fear is that even re-opened economies will operate at a lower level of activity and a lower level of spending in the stores. At the same time, my hope is that we will pass through this stage of return to normalcy faster than expected because we all have short memories when it comes to reasons not to do the things we want to do – like socialize and play the lottery!

There is no vetted “best-practices” template

yet and certainly no specific one-size-fits-all recipe. Each lottery and each jurisdiction has its own unique set of externalities that shape the most appropriate response and strategic planning. But some of the impacts and best-practice responses would seem to be universal. Investing in player loyalty while minimizing the spread of germs and thereby enable a continuation of social distancing in the land-based space should for sure be done by all of us. Likewise, we should all be investing more to strengthen the digital channels in parallel, not as substitution but as complementary way to strengthen the contact between operator, shop and player.

On the content-side, I see then two new opportunities to enable lottery operators to be successful in future. One is to position lotteries and our brand as the stable anchor in difficult times, the game of the people which is owned by the people's government and serving the interests of society and good causes which need funding now more than ever. The other opportunity is to offer more entertainment-oriented products and to make the games and the overall playing experience more fun.

There are already lots of offers in the digital channels. Are there enough and are they good enough?

It is not a matter of quantity or quality of a single offer. Virtual offers are based more and more on “eco-systems”, in which a user or player becomes part of a company and community of consumers just by using the product. Being part of it is bringing added value and higher loyalty. Examples outside our industry are APPLE or TESLA.

In contrast to this, online lottery games have tended to resemble the games that we have already been offering in retail stores. Services delivered through digital channels often have too little added value. I think we could re-imagine the whole way we think about the online playing experience.

Think about the evolution of the electric car. Why did Tesla produce a breakthrough product? They built not just a car with a new engine, they built up an eco-system with a brand-new car (from scratch), online-updates for the car-electronics, a supercharger-infrastructure and new ways for maintenance being organized automatically through digital interaction between car and manufacturer. Tesla used the benefit of starting from scratch as opposed to figuring out how to electrify existing models.

Continued on page 39



Rose Hudson,
President & CEO,
Louisiana Lottery Corporation

I predict that people may be more health and safety conscious with a heightened concern with cleanliness, not only regarding their own personal hygiene but in retail and business establishments.

Prior to the pandemic, online shopping, shopping online with curbside pick-up and grocery delivery already existed. Now, however, these types of shopping experiences are becoming even more routine, customary and widespread. I believe these habits will remain.

A growing trend in brick-and-mortar retail has been creating a customer experience as a way to remain relevant. Now more than ever, this will be a necessity. People will continue to shop but will demand an experience that they cannot find online. That could be grab-and-go convenience, learning something new or being entertained while shopping. The lottery industry should evaluate what part of its product makes more sense online as shoppers shift to routine purchases there and what part of its product makes more sense as an in-person purchase at retail.

Lottery operators should examine optimal product distribution points for consumers, whether that be online, delivery or in-person at retail. In Louisiana, we found that in the beginning many of our retailers, especially in the hard-hit area of New Orleans, made the decision NOT to sell our products during the pandemic even though these stores remained open for other purchases as essential businesses. Some of the reasons for the decision were reduced staffing and hours, as well as the amount of customer interaction required to process a lottery transaction. However,

“settling in” to the current situation coupled with the loss of Lottery revenue has caused some retailers to reverse that initial decision. Nevertheless, we need to be asking ourselves what lotteries can do to minimize the “high touch” nature of a lottery transaction at retail. Reducing the amount of effort required to purchase/sell a lottery ticket has always been a high priority for the industry, as it increases retailer profitability and player satisfaction. These efforts will become even more critical in our post-pandemic reality.

It remains to be seen whether Lottery will be resistant to an economic downturn, as a pandemic of this type and scope is unprecedented. As a form of entertainment, playing the lottery is relatively inexpensive as compared to other types of recreation; however, at retail, lottery products are often an add-on or impulse purchase. If individuals are making less frequent store visits, that could make a difference. Currently, our sales have been marginally affected, but the factors may have less to do with economic repercussions and more to do with the consumer effects of stay-at-home orders and retailer business decisions in the midst of the pandemic.

In the past, here in Louisiana, we have seen decreases in regional sales that correspond to the health of our oil and gas industry. This industry has obviously been severely impacted by the pandemic, compounded by global supply issues that existed prior to the pandemic. We will be watching how this may affect our sales on a more long-term basis as well.

I am not sure that we’ll be traveling less but perhaps using different modes of transportation and choosing recreation options that are less about crowds and more about new experiences – think renting a cabin in the mountains for a family gathering versus visiting a huge theme park, at least in transitioning to normalcy. I expect that harder-hit industries -- such as cruise lines and airlines -- are taking a serious look at what changes they can make to reassure consumers, and something really innovative could come out of this. Remember the Tylenol tampering scare

in 1982. That crisis did not result in the demise of over-the-counter medicine; instead, drastic improvements were been made in consumer safety across all sorts of types of products.

It has been interesting to see some retailers decide NOT to sell lottery during this pandemic, even as they have been deemed essential businesses and remain open. We respect those individual business decisions but must also evaluate why they made those decisions and how we can remove those barriers for the future. Coming at the problem from the opposite direction, we should also ask ourselves whether we have an obligation to diversify our distribution options, such as going online, to offer financial protection.

I believe this pandemic has brought some regulatory issues to the forefront and increased the sense of urgency. Lotteries need the freedom to diversify the ways they can deliver their products, and they should also look for ways to reduce the “high touch” nature of transactions at retail. Industry-wide solutions and best practices can be developed and shared. Because of the global impact of the pandemic on nearly every facet of business, I believe legislators and regulators will be receptive to positive changes.

During the first week of crisis, we were in “challenge” and “obstacle” mode as we stealthily reacted to the health crisis as individuals, employers and business leaders. As we consider what a return to safe work will look like, we have already transitioned to “opportunity” mode as we assess went well, what did not and what we can do even better for the future. This crisis has united us around a shared problem and experience, forcing us to look at different ways of doing business and making us predisposed toward action. From a best practices standpoint, crisis MUST lead to innovation. Even as we deal with the emergency, we are currently determining what options can we deploy on a long-term basis to address a new reality, including altering the prize claims process, digital marketing and communication strategies, retailer customer service solutions and staffing situations. ■



Andreas Kötter,
Chief Executive Officer, WestLotto,
Münster, Germany

In my opinion, it is not possible to give conclusive answer to this question right now. The crisis continues and at the moment we cannot determine the complete impact, particularly the social and economic dimensions. Only one thing is clear, worldwide we currently are learning how vulnerable we are, individually and as a society. This will have a major impact on our enlightened and economically dominated world. However, I do recognize that some trends will probably consolidate.

I expect an increasing sectoral deglobalization in some industries. For example, many value chains will become shorter. Current trends are already growing regionalization in food supply, shorter supply chains in industry and increased warehousing. In other parts, there will be a changed form of globalization. Cooperation in health policy will become increasingly global, as will the expansion of the digital infrastructure (5G). Digital trade is currently experiencing a massive increase. Platforms such as Netflix are experiencing a record of 15.8 million new subscribers in Europe in the last quarter, while Airbnb is experiencing a dramatic drop in revenues. This crisis hits some hard, others less so. The digitalization of commerce will be further intensified.

A second trend that I believe will intensify is a more flexible working environment. The current situation shows all industrial leaders that people are perfectly able and willing to work from home and with state-of-the-art software applications if they have a sufficient IT infrastructure. Not all things work as they used to, but differently. We will have to be prepared for the fact that the relationship to the workplace will change, partly dramatically. We as a lottery provider will not be able to isolate ourselves from the rest of the business world.

A third trend that is clearly emerging is that international lottery cooperation's are becoming more and more successful and have a stabilizing effect. In Europe, we are currently experiencing dramatic developments in some countries and the associated economic shutdowns due to COVID-19 - in some cases, such as Italy and Spain, regional drawings cannot take place. An international lottery draw such as Eurojackpot, which can still be organized, is of central importance.

Despite all these trends, it is also clear that lottery is and will remain part of our customers' daily routine and has contributed to the stability of society. Lotto continues to stand for trust and is part of everyday culture

The balance between the consistency for which large lottery providers - good causes - stand and the ability to adapt flexibly to changing environmental conditions in order to grow with the target group will be the big challenge. As already mentioned, the trend towards digitalization is continuing. We are currently recording double-digit growth rates among online customers. Especially the share of customers >45 years of age stands out, who want to be sure to play "their numbers".

It will be important to know how we integrate our regular players, who are of central relevance for major lotteries, in our online activities and how we can adapt our online solutions especially to this target group.

At the same time, the trend towards digitalization does not automatically mean a decline in terrestrial services. We will have to continue to invest here in order to maintain our market share.

On the product level, it is important to notice the new trends that have been reinforced by Corona. Topics such as e-sports and gaming and thinking in terms of cooperation have become more important.

Our asset is also the reliability of our IT systems, which we must continue to safeguard for the future. At the same time, this is also a key to find ways to review and improve operational efficiency.

Unfortunately, illegal providers are using the crisis to win customers for illegal gaming offers in the digital channels through a

massive increase in advertising expenditure. After the crisis, we must take stronger action against illegal providers and encourage politicians and regulators to act more consistently.

Lotteries has traditionally performed better than other sectors in past economic downturns. This is due to our special product and sales structure. This also exists because of our cultural uniqueness. Lotteries are usually sold together with other goods for daily use. This unique selling point is sometimes an obstacle, but in this case, it has usually been an advantage. Nevertheless, we see a difference in sales between impulse products such as instant lotteries and classic lottery products. Large lotteries stand for the fulfillment of people's dreams, which occur during economic upturns and downturns, possibly with a different accentuation. An analysis of the stakes together with the course of the GDP in times of economic recession therefore shows more or less no direct connection.

I currently assume, and social-psychological studies also show this, that a significant proportion of people want to quickly find their way back to their normal lifestyle after the shutdown. Especially adults with families are literally yearning for the "pre-corona structure", in which the family live, work and leisure activities is clearly regulated.

For us as a lottery provider, however, major questions will come up.

Will the large lotteries be able to demonstrate their real social added value in the future or not? My conclusion is that if lottery companies do not manage to do so, it will be increasingly challenging them to keep their good position in society. The pure legal mission is not enough. It is about a good mix of purpose, social vision and position as well as attitude. One of the essential questions will be: how do we strengthen the social fit from lottery providers to the beneficiaries? And: how do we, as lottery providers, create an online solution that gives our target groups a familiar lottery environment?

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Continued at publicgaming.com



Sue van der Merwe,
Managing Director – Lotteries &
Keno, Tabcorp

I think we will be a much more virtually connected world with digital communication channels being even more prevalent than before. At Tabcorp we already supported flexible work so we moved quite seamlessly to working from home and many team members are seeing benefits to their personal lives. However, people are also saying they miss the physical face to face connection so the human element will always be needed. This crisis has accelerated the adoption curve of many things but the challenge will always be achieving the right balance in the future. This poses some interesting questions around what that means for our big cities and supporting infrastructure such as transport and retail precincts.

Bricks and mortar retail has stood up particularly well here in Australia throughout this period with the vast majority of lottery retailers being able to continue to trade under the Government's guidelines. As we start to emerge from the crisis, demands on retail will continue to be around a heightened emphasis on 'COVID safe' venues and practices along with solutions like contactless payments to minimise person to person contact.

We have gone from being time poor to time rich and values have shifted to be more focused on family, safety and community. I think our products fit extremely well with those shifts and in particular products like our Australian Set for Life game with its annuity prize will do very well.

For many lottery operators, the goal will be to continue to drive our businesses in the direction we were going. Focussing on what our customers want and delivering the products they enjoy playing. Having product strategies that mirror the variety of player motivations across our portfolio offerings will continue to be important. The Set for

Life game was identified as an opportunity for us in a post Global-Financial-Crisis (GFC) world and it's important we stay connected to societal sentiment and ensure our products remain fit for purpose as our society works its way through its biggest shock in generations.

In Australia, our well-established CRM and customer membership program have enabled us to engage with our players in a more personalised and relevant way. We have seen growth in our active customer numbers and we intend to use our capability in digital marketing, data and customer experience to build on the opportunity to strengthen enduring relationships with our customers.

There is also an opportunity to educate our players about the contribution we make to our community. We are doing this by highlighting how our community partners are responding to the COVID-19 pandemic, so customers know our donations and support continue to benefit others. To put this philosophy into action, we donated \$1 million to The University of Queensland's School of Chemistry and Molecular Biosciences, one of six research facilities worldwide tasked with developing a vaccine against COVID-19 by the Coalition for Epidemic Preparedness Innovations. The donation was made from Golden Casket unclaimed prize money.

Australia's lottery market was quite resilient through the GFC but we did not see unemployment of the same severity as was seen in some places around the world and certainly that is being predicted now across many markets. I think lotteries remain resilient to economic downturns but are not immune from severe and sustained unemployment and constrained household disposable income.

I think our core offering gives us real reason to be optimistic. Our products offer hope, fun and entertainment and raise critical funds for good causes in the process. No one else engenders the water cooler conversation quite like our businesses and I'm not sure we need more opportunity other than continue to do what we do well and be true to our purpose. I think with people travelling less, working from home, spending more time with their immediate families and witnessing the hardship throughout the

world, has offered time for reflection. It's difficult to imagine us rushing back to the old normal but our core lottery proposition has stood the test of time and will continue to do so.

I think our experience in Australia in recent weeks has reinforced our belief that our omni-channel focus is as relevant as ever. Despite the challenges of people being restricted in movement and far lower footfall across retail, retail sales have remained strong across the board in Australia in both draw games and instant tickets. I think this is a testament to the strength of the model and proves how important it is to focus on the customer and provide choice and convenience.

From an operations viewpoint, I think it's defining what the return to the office looks like and redefining how we function as a business internally and with our key partners. In many ways the move to isolation at home was easier. Bringing our teams back whilst maintaining social distancing requirements and keeping our people safe is a lot more complex.

Our marketing teams have already quickly adapted to an increasingly changing market, ensuring all promotions and offers are relevant, engaging and enticing while keeping in line with consumer sentiment and responsible gambling guidelines.

Responding quickly to large changes in the retail landscape if and when they occur and the depth of the economic impact and the pace of recovery per the above response could pose further challenges.

While other areas of the gambling industry have temporarily closed in Australia, such as casinos, pubs, clubs and other wagering venues, the vast majority of our retailers remain open for business. We have armed them with the tools and resources they need to enforce social distancing and hygiene measures required by our Federal Government to keep them and their customers safe.

For those players who are self-isolating or reducing their visits to retail stores, they can play online via our app or website. Participation in Australian lottery games has remained solid.

Continued on page 30



Gregg Mineo,
Director, Maine Lottery; Chair of
MUSL Powerball Group

These are big questions that I would imagine many businesses in many industries are grappling with now. Some of the “cottage industries” that have either developed or grown during the pandemic are delivery services and personal shopping services. Will they continue to play a part in the consumer shopping experience? I can see more people using these services to buy everything from groceries to prescriptions to even lottery tickets. Of course, in the lottery business, those states that legalized iLottery have a leg up; players can enjoy the comfort of their home and buy tickets on-line; the pandemic and resulting “stay-at-home” culture may continue into the near and long term, and this in itself may spur on more states to consider on-line play.

When a crisis occurs and a business struggles to adjust, retrench or perform a reset, it’s always important to look to the “blocking and tackling” components that got us where we are. That includes being nimble in our approach to the customer and consumer demands, having a quality portfolio of games that responds quickly, an innovation platform, responsibility messaging and of course stellar customer service. This is what we should be thinking about and working on.

First of all we were successful in Maine at designating the 1100+ lottery retailers as “essential.” These comprise grocery stores, supermarkets, convenience stores and others, who sell lottery tickets in addition to staples that most everyone needs. Selling lottery products helps them to stay in business and survive this downturn. We have seen a significant downturn in lottery sales, especially draw during the last 6-7

weeks, but interestingly enough, last week we saw a slight upturn. I think people are getting restless, and are starting to venture out, hopefully being safe and keeping a safe distance from others while stopping at their favorite lottery retailer. Regardless, we have a long road ahead of us, and getting back to some sort of normalcy will take ingenuity and perseverance.

What opportunities will emerge in the post-coronavirus world?

That’s the big unknown, isn’t it. Even after the “all clear” is announced, how will the consumer react? How quickly will someone want to get on an airplane? Go to a concert? Travel to see family? Get a haircut? Go to a movie? I think you’re right on your second point that we are “highly social animals,” but how will that be tempered with our hesitance to “touch the people” again? I think people at first will automatically think “local.” And, yes, casinos may benefit, but I am confident our players will gravitate to what they are comfortable with, and that includes lottery stores. As Lottery managers and regulators we need to be ready for this new world.

How might we reinforce and build upon the symbiotic relationship that Lottery has always had with its retail partners?

Great question. This is the “blocking and tackling” I mentioned previously. Excellent customer service. We will ramp up our presence in lottery stores in a safe way, and be on call for all of their needs. Really nothing new, but more heightened.

Legislators and regulators will have a lot on their plate over the coming months. Even so, what can we do to push harder than ever to get approval to make Lottery products available online, i.e. iLottery? And to push for authorization to invest in new games categories, and new technologies like in-lane sales and cashless transactions?

Legislators and administrations have one thing in common; they have gotten used and continue to want revenue streams to fund programs. The Lottery does just that,

and this post-COVID time will be a good time to renew those discussions on new game categories, new retail channels and new routes to market.

What are some of the new challenges and obstacles that we will need to adjust to?

The obvious one is simply less discretionary spending available. Most people will be regrouping post-COVID (if there is one that feels “normal” to us), and will be trying to make ends meet. I look at this as an opportunity to be more responsible with our players; offer products that meet their needs, maybe less costly, easier access, BUT not intrusive and not heavy handed in any way. The lottery regulator needs to be the business manager of course, but also the partner with the players.

I would like to add Paul that in this industry we are lucky to have such strong and diligent support from our trade associations, vendor partners, game system operators and fellow lottery colleagues. I am heartened to think that we will get through this together, and come out of it in good shape, and that we have the smartest people to rely upon. ■

Rebecca Hargrove continued from page 18

What will the “new normal” look like? That will vary widely. Italy, Spain, New York and some other U.S. states have been so severely impacted that the road to recovery will be arduous. Their “new normal” may be quite different than the pre-COVID environment. Social distancing, increased online purchasing and other lifestyle changes may be a bigger part of their new normal than in jurisdictions where the crisis was not as severe. If the cautious re-opening being pursued in my state of Tennessee goes according to plan, it is my hope we will return to the shopping and lifestyle behaviors of pre-pandemic days. Outside of that hope, I know all of us at the Tennessee Lottery are focused on what we can do: making the necessary adjustments and innovations so we continue to fulfill our mission and raise money to support higher education for Tennessee students. ■



Jean-Luc Moner-Banet, Chief Executive Officer, Loterie Romande

It's a genuine challenge to try to answer the questions you're asking. I will try to let you know my current and local analysis of the Covid-19 crisis and its potential consequences on our industry. Nobody dares to make predictions about what will happen this year and next, but I'll give it a try!

Why my focus on current and local? I think that whatever the global challenge from a public health perspective, it must be analysed from a local perspective for the consequences to be properly understood. Each and every jurisdiction has a different situation that they live in. Local sanitary, political, economic and regulatory conditions vary widely across geographical regions. The magnitude of the crisis is imposing and we need to recognize that anything we do has also to be considered in a dynamic perspective. Of course, there is still so much to learn about the virus itself. But also our self-image and our view of society that we have today may not be the same tomorrow.

The virus is global, but we must address its challenge locally! Our local solutions must find a way to be valued, reformulated, and consolidated globally to benefit the entire community. In this respect, the World Lottery Association has a major role to play in the coming months and years.

Our industry should be focusing on clarifying and communicating our fundamental values, the pillars on which we can reinvent ourselves not only after the crisis, but right now during the crisis. This crisis represents an opportunity to rediscover and refocus on the strengths of the WLA community. Over the past decade, we've been constantly focusing on a responsible approach for our gaming activity. Since the beginning of the outbreak, social responsibility became increasingly central in our societies. Governments are now trying

to find the right way to protect people from the virus, especially the vulnerable. The crisis has already had an impact on everyone's ability to commune and interact with each other and that includes lottery and sport betting players! More than ever, lotteries and sport betting operators must hold fast to the values of integrity and responsible gaming that have always been at the heart of their activities and also resonate as the highest priority of the society. This is the number one orientation to keep for the future: act responsibly, be successful but respectful.

So too, the role that the WLA community is playing to fund good causes is becoming more and more important in a time when all the stakeholders of the cultural, social and sport sectors see their activity dramatically slowing down or even stopped. The recent WLA Data Compendium reflects the importance of our contribution to these causes. It is the sum of 87 billion USD that our community is allocating every year to good causes and to public treasury. That's net funds transferred, not gross sales. In these difficult times for our states and our beneficiaries, this is the ideal time to remind all our stakeholders of the objective that we stand for: raising money for the community and the good causes!

Social responsibility and the allocation of our profits to good causes must remain at the center of our activity and public communication, now more than ever!

Another pillar, common to all lotteries and sport betting operators, is the capability that we have to inspire people to dream, to dream high and big while playing our games. This is a strength of our industry – both during and after the crisis our players will pursue the dream of winning the lottery! This is the reason why our games are so firmly established in the hearts of our players and this, in my opinion, will not change. The loyalty of the players to our brands and games is a key factor to our long-term sustainability. If sometimes we've been worried about the reluctance of players to embrace new games and adopt the innovations that we offer them, we should today be happy that they are such strong, resilient, and loyal customers.

On the other hand, there will definitely

be an evolution in our retail environment. Because of the highly contagious nature of the virus, customers may be reluctant for awhile to re-adopt their previous shopping and consumption behaviors. It is also highly probable that some retailers' businesses will not survive the crisis and that further consolidation will take place in the sector. For some of us, like Switzerland, the bars, cafes and restaurant sector is key to our business and central for the distribution of games such as VLTs, sport and horse betting or club keno games. This part of the retail market is likely to suffer a lot and many popular places will not re-open after the outbreak, or will at least be highly affected. Lotteries and sport betting companies therefore need to adjust to this evolution to protect their market-share and relationship with the consumer. New commercial and marketing initiatives will be needed to support their re-start period. Perhaps outstanding invoices could be discounted or other incentives extended. It is obviously the ideal time to develop and implement new games, new products and solutions, and digital apps to facilitate the convergence of the traditional retail environment with the fast-growing digital world.

To end, I think that it is paramount that our industry aggressively builds its on-line activity! Over the past few weeks, Loterie Romande has doubled its focus on the digital market in its jurisdiction. Customers are opening new accounts in very large numbers on our internet site; the average amount players spend weekly has also increased. There is no doubt that slowly but surely the retail network will emerge from the midst of the crisis and will remain very important in our business model. But during this difficult time, digitalization is demonstrating its effectiveness and ability to address the player needs in all circumstances. We have also discovered during this time how digital solutions can be applied to enable employees to be effective while working remotely from their home offices and being available 24h/7. Our industry has to ride this wave to pursue the development of its digitalization in parallel with the support the retail network will need. If there is opportunity to emerge from the crisis, it is that one! ■



Stéphanie Pallez,
Chairwoman and CEO of FDJ (La Française des Jeux)

How will the world be different when we come out of this crisis - and how will the lottery industry, retailing, consumer shopping and recreational behavior be different?

As countries are slowly exiting lockdowns and sanitary emergency, a debate opens on which kind of society we want. For weeks, consumption has been limited to essential goods, and greater appreciation is now given to everyday essential workers, from medical staff to cashiers. This is likely to have an impact on expectations regarding the economic recovery, with acute pressure on businesses to run sustainable activities, taking into account their human and environmental impact. The lottery already contributes to the local economy and to the benefit of society by supporting good causes and grassroots sectors like sport and heritage and will continue to reinvent itself to stay relevant and fulfill this mission. For sure the world might be different when we come out of this crisis and we are deeply monitoring the new consumption habits that will emerge from this.

While we are analyzing the consequences of the crisis and the changes it implies for the future, we can already take further steps towards the modernization and digitization of our business. We have managed to operate our games and draws efficiently and safely, with most of our employees working remotely in record time. We are learning from this experience and making the necessary adjustments so that we are ready to face the next crisis of course, but also to increase our everyday performance and employee well-being using all these new tools to work and meet.

This will inevitably have an impact on our games. We will continue to invest in digital platforms as they have shown how a vital alternative they can be. Digital services will also be more present in points of sale, and many solutions are yet to be invented, in partnership with other retail actors as well as the innovation ecosystem we work with. As retail operations will be different, we must rethink the way customers interact with our products and our retailers, and how we communicate with them to maintain this fruitful relationship.

We experienced a significant decline in sports betting activity, as a direct consequence of the limited sports betting offer that was available due to the suspension of most professional competitions. Lottery sales were also impacted by closures due to the lockdown and a drop in customer traffic in our points of sale, even if we experienced a spectacular rise in online registrations. There is no certitude that players will resume identical playing habits, but we are confident that our attractive and safe gaming offer will meet its public if we can deliver an adequate omni-channel experience.

We will of course onboard our retailers as key actors of this change. FDJ is supporting them throughout this economic challenge, with financial help by postponing some payments, as well as communication materials to make sure that their customers can adopt safe gaming conducts. For some of our iconic game brands, social distancing rules mean designing new customer journeys in points of sale. This particularly concerns express draw games and instant games, which generate a lot of retail activity and traffic as players like to reinvest some of their winnings.

The lockdown and travel restrictions have impacted our everyday life, but it has not stopped us from working and interacting with each other, thanks to the modern digital tools that were widely adopted. People have turned towards a more local economy for basic commodities, but it is clear from the public debate that their desire for leisure, entertainment and social contact remains. Lottery retailers constitute a proximity network, where this social

contact is made possible. FDJ's points of sale are often the last remaining store in some isolated villages. This being said, lottery and other forms of gaming facilities will be facing new restrictions, like all shopping and entertainment venues open to the public, that will transform the way we conduct these activities. These efforts to ensure the safety of both the retailers and customers are key to facilitate their return to the stores.

The closure of points of sale and travel restrictions have mechanically benefited to the online sector, which is also part of our business and a factor of growth. The market will probably not return to its previous situation nor remain at status quo, but instead there will be opportunities for all operators to benefit from new playing habits. Legislators and regulators should be vigilant regarding the development of illegal forms of gambling and allow lotteries and other regulated operators to better differentiate their safe gaming offer, adapt them to the consumers' new expectations and enhance their attractiveness, notably by developing new distribution platforms and communicating about them. ■

Sue van der Merwe continued from page 27

As many people have said during this time, we are all in this together. The Lott is Australia's largest franchise network, with over 3,800 retailers across the country selling our products. Supporting our retailers during this time has required us to adopt extra resources and new ways of working.

With the situation changing so rapidly, we have provided a constant flow of communication to retailers with daily updates, responses to frequently asked questions, video messages from our team leaders, virtual visits to stores by business development managers and more. We have also suspended site surveys and audits during this period, giving retailers more time to focus on their business.

To assist cash flow, we have temporarily changed the settlement terms for our Instant Scratch-Its products so retailers are not charged until they are sold to customers. ■



Mike Purcell,
Senior Vice President, Sales & Marketing, Kentucky Lottery

What has really changed as a result of coronavirus is how people behave. Players are making fewer trips to store but when they go they are making larger, bulk, purchases. After waiting in line to pay for a shopping cart full of groceries they are much less likely to stand in line at the customer service desk.

Instead of going inside many people choose to use curbside pickup. Even if we are included in the retailer's app for curbside pickup, the game options will be limited, there will be very little impulse play, and none of our in-store messaging will be seen. This includes our c-stores and not just grocery stores.

Bars and restaurants have been especially hard hit during the pandemic. Our products, especially Keno, are a good source of much needed revenue when they open back up. Unfortunately, social distancing guidelines will still be hampering sales.

The industry needs to be looking for additional ways to sell our products. For example, touch vending machines are great at moving customers away from the counter. Unfortunately, you have to touch them and a lot of people are afraid to do that. Can these machines be converted to voice activation?

The pandemic has forced most people to accept and use technology. Those that were hesitant have been converted. Those that didn't think they could use it have been shown how by others who are excited to help and share. Our sense of "community" has rapidly grown.

We first need to accept that we may never truly be "post-coronavirus". Our planning needs to include working around the new obstacles that have been created.

Making our products more available, whether through digital, BOPIS (Buy Online Pickup In Store), home delivery, or in-store apps is very important but it is not enough. We cannot keep trying to get more sales from our existing player base. Broadening our player base with new games, new ways to play those games, and new locations play is going to be key.

Because state budgets have been hugely impacted they will be looking at more options than ever before to raise revenue. Now is the time to make your case for new product implementation.

Lottery is not exempt from the impact of recessions, viruses, etc. When discretionary dollars diminish, so do our sales. Only time will tell just how severe the impact will be but we need to ensure we are doing everything possible to minimize the impact.

When players have fewer discretionary dollars to play with, we need to make sure that we have good products at lower price points available. Are we offering a low-cost form of entertainment that people want to purchase with their discretionary dollars?

In the post-coronavirus world, some people will go back to doing everything the same way they have always done them as soon as they can. Some people never stopped. Others will have changed to the new social distancing norms and will probably never go back.

For those that are not traveling and shopping at brick and mortar we have opportunities to introduce players, existing and new, to products such as cashless, mobile apps, debit and credit, and mobile pay.

It is also a good time to revisit basic product displays such as menu boards, on-counter dispensers, and play center placement. All these things will help the customer make their buying decision long before they reach the checkout and will minimize contact with store employees.

How might we reinforce and build upon the symbiotic relationship that Lottery has always had with its retail partners?

Hopefully, you have been doing that throughout the pandemic. Our sales representatives and key account

representatives have been calling each of their accounts every week. They start with three questions: How are you? How is your business? What can the Kentucky Lottery do for you? We address other business concerns after that, but we needed let our retail partners know that we are here for them.

We learned that many retailers were concerned with the size of ticket orders and billing terms. As a result, we make temporary adjustments to both in order to become better partners and help them with their business concerns.

Now is the time to ask what their business plans for the future and see how we need to act in order to a part of that.

Crises can accelerate the rate of innovation and the rate of mass-market adoption of new ideas, new products, new ways of doing things. Do you think that will happen in our industry and if so, how will it happen?

The lottery industry is great at sharing information. This has been especially true during the pandemic. The information has ranged from advertising strategies, claims office procedures, and plans regarding sales representatives in the field. The information and discussions have been extremely helpful in developing, gauging, and reassessing our plans.

Unfortunately, the technology implementation side of the industry is painfully slow. The good news is that an issue like the pandemic alerts everyone of our shortcomings and help reduce the time that will be taken to implement the improve technologies.

The most important priority will be ensuring our people are safe. The office protocols are easy enough to figure out and observe but it is much more of a challenge for the people working in the field because of all the variables they experience daily. Their job is critical to maximizing revenue and they need to perform their duties in the retail environment, all while keeping safe.

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Continued at publicgaming.com 



May Scheve Reardon,
Executive Director, Missouri Lottery

Consumer “confidence” will be slow to recover from the COVID-19 pandemic. Even when states attempt to reopen and relax social distancing, many consumers will lack the “confidence” to resume their previous patterns of travel, recreation and purchase. Complicating this timeline is the threat of a reoccurrence later this fall as the weather changes and with the possibility of additional cycles in the future.

Until there is a significant drop in positive cases and deaths, successful treatments, a vaccine and sufficient time has passed, many consumers will still limit trips to retail and use other distribution channels such as the internet, BOPIS (buy online and pick up in store) and courier for many items.

Many in public health have said for years that it is not “if,” but “when” a pandemic is going to happen. We have just experienced the severity of such an event and many have called for a more national approach to more successfully manage these kinds of crisis vs. leaving it up to individual states that all respond differently. That is not an easy task given our country’s comfort and history with “states rights” in handling things like emergency responses.

During the COVID-19 Crisis, NASPL gathered insights from many Lotteries on how they were responding to the crisis including: how are you handling retailer billing, new ticket launches and ticket returns; how are you paying prizes over \$600; are your offices open; have your drawing procedures changed; how are you social distancing and protecting your sales force in the field?

Many states managed things differently, and maybe that will never change. One thing is certain, what one of us does in the Lottery industry impacts all of us from an integrity standpoint. This could be an opportunity for NASPL and member lotteries to look back at

what worked and what didn’t, and develop a national response (best practices) for future events like COVID-19. COVID-19 forced NASPL to cancel its professional development seminar scheduled for July in Denver and the World Lottery Summit 2020 in Vancouver, BC, in October. Lottery industry conferences are essential to sharing best practices and continuing education credits for Lottery employees in certain disciplines. This pandemic event has forced many schools and organizations to conduct classes and training using video streaming. This might be a good opportunity for NASPL to consider the possibility of organizing and streaming educational opportunities as teleconferences in the future.

The COVID-19 Pandemic has created havoc on state budgets. Lotteries are key contributors to those budgets. Lotteries are a natural for seamless omni-channel distribution. More states will consider adding the digital channel to preserve and grow profits for their good causes. During the COVID-19 crisis, many other brands stepped up efforts to distribute their products using BOPIS (buy at home and pick up in store) and home delivery. Look for Lotteries to follow this lead, as it will be part of the new normal.

Lotteries have traditionally weathered economic recessions because our games provide affordable entertainment and hope during tough times, and that has not changed. But COVID-19 is different in that it seriously impacted the entire world and everyone in it. Most lotteries depend on their retail partners to sell their products. When large sections of their retail network such as bars, restaurants and self-service are closed by government order, it reduces access to lottery products. Lotteries who have a large number of grocery and c-store partners fared better, as those retailers were deemed “essential” and could continue to sell Lottery. Lotteries and other brands that offer consumers products through the digital channel fared even better during this event.

The two most profitable U.S. jackpot games (Powerball and Mega Millions) usually dictate what kind of year a Lottery will have, as other games benefit from large jackpot runs. During this COVID-19 crisis, player participation dwindled to a point that both

games were forced to make game changes in the middle of jackpot runs. The impact those changes will have on the games’ future is unknown for now. Both multi-state groups will need to collaborate on strategies to stabilize and jump start those game once things begin to open up.

Some consumers, especially those in more rural areas that were not as severely impacted by the virus, will attempt to return to normal but there will be a large portion of the population - especially in more densely populated areas - that will continue to live the new normal - practicing social distancing and limiting trips to retail and other public areas. Players still want to play, but their behavior will be modified as we recover from this crisis. Lotteries must adapt and help meet the new normal. The digital channel is an obvious solution for states that can make that happen, but there are other strategies Lotteries can implement to help players feel more comfortable with our existing products. Lottery mobile apps permit players to check their tickets and produce play slips that can be scanned at retail to avoid social contact. We can encourage draw games players to use advance play. We can encourage more retailers to accept debit and credit cards for lottery purchases, as cards are perceived to be more easily disinfected than cash.

Relationships have always been a driving force with Lottery retailers. Many lotteries have taken steps during this crisis to protect retailers’ profits including suspending billing and communication fees, offering more liberal billing terms for Scratchers ticket returns. Most lotteries depend entirely on their retail partners for product sales. Lotteries that make relationship selling a priority fare better during uncertain times like COVID-19.

Many of those “essential” retail employees made sacrifices during COVID-19 to keep important products and services available to their customers. We all owe these employees much respect and gratitude and should make special attempts to recognize their sacrifice. The Iowa Lottery created a television spot recognizing retail clerks and emergency workers for their hard work and sacrifice during COVID-19.

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Lynne Roiter,
President & Chief Executive Officer,
Loto-Québec

We never expected to one day be faced with closing our casinos and gaming halls while at the same time ceasing all retail lottery sales. COVID-19 has given a whole new meaning to the notions of business continuity and crisis management, presenting challenges but also opportunities for each of our business sectors.

We recognize early on the potential threat posed by COVID-19 as we observed the situation of our colleagues in Asia and Europe, and we immediately began to fine tune our business continuity plan. Our plan was inspired by Canadian astronaut Chris Hadfield's keynote speech on preparedness that he gave at the 2016 World Lottery Summit in Singapore. In it, he explained the "what will kill us next" mantra used by astronauts during their two-year pre-launch training to prepare for emergencies. Thanks to this approach, we already had in place all the measures required when the work from home order was given.

We quickly modified our systems to enable draws to be performed remotely and added servers to accommodate for the likely increased demand in online gaming, ensuring that our website remained up and running throughout the critical period. As the casinos closed, we were already equipping approximately 90% of our non public-facing work force—more than 1,000 people—so they could work from home in a technologically secure environment behind Loto-Québec's firewall. We also established means to provide weekly updates on the latest developments to all of our personnel, including casino and gaming hall floor staff and other employees who do not work at a computer.

When the public health emergency became apparent, our first priority was the health and wellbeing of our customers and employees. Concrete measures were taken in all of our establishments while a multi-sector Hygiene Plus committee studied the customer and employee journeys in our establishments and at our administrative offices, ensuring work spaces and gaming areas were reconfigured to respect new public health guidelines. Posters detailing guidelines on social distancing, wearing masks, disinfecting surfaces, hand washing as well as elevator and stairway etiquette have been developed in order to ensure a safe return to the workplace for our employees and customers alike.

In stores, we collaborated with retailers to make sure our products were sold in a safe environment. For instance, posters were printed to inform retailers and their customers of the public health measures to adhere to on both sides of the counter. Scroll messages to the same effect appear on retailers' game terminals. This collaboration strengthened the already strong bond between Loto-Québec and its retail network. The readiness with which retailers implemented safety measures and made any necessary adjustments we asked of them gave us the full measure of just how much they regard our product.

After closing our casinos and gaming halls at the request of the government, we donated \$1,000,000 as well as foodstuffs from our warehouses to food banks. In addition, we sent over 35,000 N95 masks to health authorities. In April, we partnered up with chefs across Québec, reopening casino kitchens in order to supply tens of thousands of meals every week to people in need. All sponsorships in our \$10,000,000 program were maintained in order to aid of major festivals in weathering the storm and we reinforced responsible gaming messages and measures in light of the increase in online play.

Restarting in the new COVID-19 world is an opportunity for us to rethink our business models in a positive way. We will need to adapt them in order to take into consideration the new attitudes of consumers.

During the 6-week suspension of retail lottery sales, we witnessed how much the lottery plays an integral role in the daily lives of so many of our customers. The pleasure they take in managing their lottery portfolios provided us new insight on our responsibility to supply customers with an easily accessible and multi-faceted offering.

Casinos will also be under pressure to provide customers with virtual options. Even after social distancing becomes less critical, many players may be reluctant to play in traditional casino settings. Providing them with easy access to online alternatives will be crucial. What's more, by bolstering our online casino offering, we will be giving players who live far from bricks-and-mortar gaming establishments access to new forms of entertainment.

During these first two months of the coronavirus pandemic, we have seen exponential growth in the number of customers playing the lottery on loto-quebec.com. Although customers who purchase lotteries online tend to maintain their level of purchases at retail points of sale, the increase in their numbers on online platforms is not without risk. Contrary to retail, the online market is fraught with parasitical lotteries and illegal gaming platforms who, unlike government lottery and gaming corporations, offer little to no responsible gaming measures and whose revenues do not serve the common good.

In this context, it will be increasingly important for state-run entities to build on the goodwill they have established over the years by showcasing their commitment to both social responsibility and responsible gaming principles. Our corporate responsibility efforts during this crisis call attention to the core differences between Loto-Québec and parasitical and illegal operators that our customers may encounter as they begin to play online in greater proportions. Now is the time to show our customers that we constitute the most reliable and trustworthy purveyor of lotteries and gaming products. ■



Matthew Strawn,
Chief Executive Officer, Iowa Lottery

**GOING BEYOND PROCEEDS TO
COMMUNICATE YOUR VALUES**

Stay Home.

Those two simple words appeared on television, smartphone, and computer screens throughout Iowa in April and represented a first in the 35-year history of the Iowa Lottery. It was a statewide media campaign not designed to feature lottery products, introduce a new promotion, or even highlight beneficiaries of lottery proceeds, but instead, featured a call to action encouraging Iowa citizens – our players – to stay home.

During the ongoing COVID-19 public health emergency, whether an Iowan was sheltering-in-place at home by watching broadcast, cable or connected television, streaming audio while working in the backyard, or scrolling through their social media feeds, the message from their state's lottery was the same: Stay Safe. Stay Aware. Stay Home.

It was a message unlike any previously delivered by the Iowa Lottery, especially considering the only manner in which one can purchase an Iowa Lottery product is by explicitly leaving the home. But the lottery's message also went further, pairing the safety emphasis of life today with a "Thank You" to those Iowans unable to stay at home. A scrolling on-screen list thanked nurses, doctors, grocery store workers, truckers, cleaning crews, delivery drivers and other Iowans on the frontlines of keeping us healthy and safe during the public health emergency.

The lottery's campaign, which began in mid-April and continued for the next two weeks, succeeded in delivering a timely and relevant message to Iowans, but that is

not all it accomplished. It also succeeded in communicating the values of the Iowa Lottery to those it serves.

Before going any further, it is important to distinguish and understand the difference between values and purpose. Too often purpose-based communication fails to tell the whole story. It only communicates the function of what we do as lotteries, not why we do it.

For example, the purpose of the Iowa Lottery is to responsibly generate revenue for important state causes as designated by the Iowa Legislature and governor. In Iowa, one such cause is the Iowa Veterans Trust

the core organizational value that is critical to communicate to Iowa citizens, our stakeholders, and our players.

Why is communicating your values critical? Simply put, those we serve tell us it is critical. An organization's values increasingly matter to the very consumers who are central to a lottery's purpose – generating revenue for important state causes.

One recent study showed 77 percent of U.S. consumers feel more emotionally-connected to organizations driven by a purpose and values. Another noted it is not just millennials calling for values-



Fund, and like most lotteries, the Iowa Lottery regularly communicates about its help for veterans through campaigns educating Iowans of the lottery's purpose and beneficiaries.

But communicating your values extends beyond explaining that function, or purpose.

Again, using the Iowa Lottery as an example, a core value of our organization is service, specifically serving Iowans. We are not "a" lottery or "the" lottery, we are the "Iowa" Lottery. From the moment the sun rises in the morning, until our heads hit the pillow at night, we serve Iowans. That sense of service is in the DNA of the Iowa Lottery and its people, and is exactly

driven companies, but that over half of the Gen X demographic actively considers company values when making a purchase. Yet another survey found 63 percent of global consumers are buying goods from companies that reflect their values.

If we are to meet our purpose as lotteries, we must communicate our values.

Encouraging Iowans to Stay Home during the ongoing public health crisis, and doing so with a multi-platform statewide media campaign, did just that. It communicated to Iowans that a core value of the lottery was keeping them informed and safe, and that the lottery's service to our State extends far beyond only those who benefit from lottery proceeds. ■



Dr. Heinz-Georg Sundermann,
Managing Director,
Lotto Hessen GmbH

How will the world have changed for the lottery industry after the Corona crisis?

In order to answer this question, it is first necessary to take a look at how the lottery business has been impacted by the crisis. I think it is important to note that in the pre-Corona period, we often talked about the gambling industry only as a whole. During the Corona crisis, we have now become aware that the gambling industry cannot be seen with this closed view any longer. Sports betting providers, amusement arcades and casinos have a completely different business model in comparison to that of us lottery providers. Their business model of entertainment providers has been particularly hard hit during this time when unnecessary physical contact has been banned almost all over the world. The situation is different for us lottery providers, who generally do not make independent offers to our customers in our own shops, but instead combine our offer with that of food retailers or the sale of magazines, for example. This model has proven crisis-proof. For example, 2050 of the 2100 shops in Hesse are still open, and the situation is not much different in the rest of Germany. At the same time, our products offer a piece of normality, which people need more in some times, especially in times of crisis. In this respect, after more than 2 months of corona crisis in Germany and large parts of Europe, it can be stated that our business model is essentially stable, while at least the traditional retail business of our gaming competitors in the sports betting sector, amusement arcades and casinos has come to a standstill.

We can even go so far as to state that our retailers in our different locations are very grateful that they can rely on our technical service and support even in times of crisis. And the reactions of our customers also

show that we are not only, but especially in these times, regarded as a reliable, stable partner and provider.

Can expectations for the coming period after the Corona crisis already be inferred from this?

It is certainly not easy to say in the middle of the crisis how the time after the crisis will develop. But one thing should be clear. Traditional lottery providers, especially in markets like Germany, will emerge from this crisis stronger than before. This will be so first, because they will have proven that their products are in demand even in times of crisis. Second, they will have proven to be stable and reliable partners for the retailers with whom they work, partners who are there when they are needed. This applies not only to the gambling offers, but to almost all German lotteries, including LOTTO Hessen, who have also contributed to making life in the retail outlets safer for both staff and customers. If at all, there are probably only a few other consumer goods providers who have made the same commitment as the lottery companies to overcome this crisis together. I am convinced that this behaviour will yield not only recognition but also stability in the cooperation with our partners after the crisis.

The situation is different for gambling providers in the area of sports betting, amusement arcades and casinos sectors, at least as to their face to face offers in their shops. Whether indebted or not, they have not made any stationary offer to their customers throughout the crisis. At the same time, the costs have continued to run for them or their franchisees. Market leaders such as Tipico have suffered particularly badly from this situation. Their balance sheet therefore appears to be pretty sobering during the time of this crisis, especially since, in the absence of an adequate sports betting offer, not even the sports betting providers are able to make up for part of the losses via the Internet. If they survive financially at all, they will encounter customers who, at least in the initial post-crisis period, will be very reluctant to accept their offers.

In summary, it can be said that in all those countries in which lottery providers have been able to continue to offer their products

on a broad and stable basis to their customers and have provided a stable and reliable service to their sales outlets, they will emerge from the Corona crisis stronger than before. Exactly the opposite is the case for gambling providers on the ground who offer sports betting, or operate amusement arcades or casinos, as they are currently suffering great economic damage and have unsettled their customers at the same time. For the state-owned providers, life after the crisis will initially continue normally, while the other providers will have to work their way back into the market with difficulty.

Is the assessment the same for the Internet sector?

For years now, the state providers have been trying, with varying degrees of success, to make their Internet offering attractive enough for younger customers in particular to access it. If I look at the development of Internet sales and customer numbers during the Corona crisis for LOTTO Hessen, I can see that both figures have developed very positively, just like with most other state providers. Home office for many people as well as the restrictions in face-to-face shopping have led to a boom in the Internet sector. In addition to the positive effects in the retail store sector, the Internet sector is a business area for state providers that has developed positively during this time of crisis. The more the individual state provider can claim that it has already made customer-oriented investments in its Internet system in the pre-crisis period, the more the increasing number of customers during the crisis will prove stable in the post-crisis period as well. For LOTTO Hessen, I can therefore say that I expect the Internet to account for a growing share of total sales in the coming years. If we are currently at around a good 10 %, a revenue share of up to 20 % in a 5-year period appears realistic.

The situation is the same for gambling providers in the sports betting sector, for both traditional retail and on the Internet. In the absence of sports events, no satisfactory offer can be made and thus there are no customers to whom one can make an attractive offer.

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Continued at publicgaming.com



Philippe Vlaemminck,
Managing Partner, Pharumlegal,
Legal Counsel to Lotteries

**LOTTERIES LEADERSHIP:
COOPERATING TO REBUILD
OUR SOCIETIES**

In a speech at Smart-Tech New York I referred to the Bob Dylan refrain: “If your time to you is worth savin’, Then you better start swimmin’ or you’ll sink like a stone. For the times they are a-changin’”. I followed up in Lisboa at the EL Industry Days bi-annual event invoking John Lennon’s “imagine” to put us in the future frame-of-mind.

These words are today even more true and important. Following COVID-19, the world has no other choice than to be one against the invisible enemy of a world pandemic. Researchers around the planet are enhancing efforts to find a medical solution that can save the world. They need support. At the same time people face huge problems as educational systems are disrupted, poverty is growing, cultural & sport organizer are fighting to survive... and the economy is undergoing unseen difficulties.

Governments and international institutions are increasing efforts to avoid the worst, ... but there is so much more to do. That is where Lotteries can come into the picture.

Times are indeed changing fundamentally, but Lotteries can more than ever bring hope for people & solidarity amongst them, and peace for all ...

The Lottery community is one world driven by common values, embedded in local life, but with great care for the consumers, with their entertaining products and based upon the principle of integrity, expressing the solidarity of humans. Lotteries provide large amounts of money for R&D, education, fight against poverty, support for sport & culture and development aid. All areas that are seriously affected by this sanitary crisis.

So Lotteries can become even more essential for our future societies. They can and need to take up this role and position themselves as valuable partners of governments and civil society. It is a matter of leadership. Bring the message, share the message, of hope and solidarity for a better and sustainable future, to the benefit of all our societies.

To do so we need urgently to rebuild our activities as they were seriously affected, in a less vulnerable way enhancing the dialogue with the authorities and regulators advocating for “regulatory openness for innovation and change and digital transformation” by Lotteries. There is indeed no time to lose given the urgent needs of our societies.

Regulators and lawmakers may well argue that in an area as sensitive as lotteries, betting & gambling, we need to act with care in order to avoid that consumers get hurt by addictive games. But today we have no choice than to embrace innovation. More than others, Lotteries are the best placed, given the strict state control they are subject to, the standards and values they promote jointly and life up to, to be recognized as the essential laboratories for innovation in the lottery, betting & gambling area.

Already in 1999 the Court of Justice did explicitly recognize this in the Finnish Läärä case: “Limited authorisation of such games on an exclusive basis, which has the advantage of confining the desire to gamble and the exploitation of gambling within controlled channels, of preventing the risk of fraud or crime in the context of such exploitation, and of using the resulting profits for public interest purposes, likewise falls within the ambit of those (public interest) objectives.”

This was explicitly repeated in 2009 in the Santa Casa da Misericordia de Lisboa: “In that connection, it must be acknowledged that the grant of exclusive rights to operate games of chance via the internet to a single operator, such as Santa Casa, which is subject to strict control by the public authorities, may, in circumstances such as those in the main proceedings, confine the operation of gambling within controlled channels and be regarded as appropriate for the purpose of protecting consumers against fraud on the part of operators.”

These are the common causes to be achieved

by the broad leadership of the world lottery community experts.

Lottery has performed better than other sectors in an economic recession. How severely will the economic repercussions of coronavirus impact Lottery?

The impact may be different from Lottery to Lottery depending whether lockdown will have impacted all or some activities due to closing of POS, absence of sport (and betting) and the difficulties in organizing draws... However, this time Lotteries have in general been severely impacted by the pandemic

People are social animals and need to reestablish contact with each other to feel better. The psychological impact of the lockdown, as experts tell us, is probably bigger than we may think. Social contacts and recreational activities may help to recover. Lotteries need to help to bring social and community life back alive, bring more interactive games and offer new games (e-sports & virtual betting) along the existing games. More games with low stakes and smaller winnings could make people again enjoying life and provide them hope. Digital transformation will be easier to implement as people gets more used to new technologies to communicate, to act ... Travelling will not come back very fast, at least not when it will require mass commuting through airports, planes and cruise ships, but family commuting will come very fast, as well as more climate friendly ways of transport and holidays. People will need to dream again and travelling will bring back those dreams, maybe in different formats. The touristic sector will need to re-invent its offer. Casino have to provide even more different forms of entertainment and nearer by.

Lotteries need to continue to support the retail sector. It is more than just POS, it is for many persons the social neighborhood. At the same time we have to lessen the costs and increase the availability of new games and consider new, even digital, tasks.

Shapers of public policy will have a lot on their plate over the coming months. Even so, what can we do to push harder than ever to get approval to invest in new games categories, and new technologies like in-lane sales and cashless transactions?

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Continued at publicgaming.com



JOHN WHITE, Deputy Director of Finance, New Jersey Lottery

In New Jersey we already have experience with a recent event, Superstorm Sandy. So we have a general idea of what to expect in the not-too-distant future. In that event our retailer network was severely crippled. Retailers along the Atlantic coast and flood-prone areas were out of commission for some time and many never reopened. Sales fell off precipitously and were slow in recovering, particularly for the multi-state jackpot games.

This environment, although similar to Sandy with its impact of reducing sales and the number of retailers, has another aspect that sets it apart from the natural disasters that many lotteries had to cope with in recent years and that is the social distancing necessary to control and eradicate the disaster. It is this factor that presents the greatest challenges to lotteries in recovering from the pandemic, especially given the prognostications of public health experts that COVID-19 will return in cycles multiple times in the next few years.

The social distancing mandated in response to COVID 19 has compelled many employers to have more of their employees work from home. Many are finding that despite some initial logistical obstacles, that productivity has not been significantly hindered. That said, it is highly plausible that COVID 19 has accelerated many employers' plans to increase telecommuting as a means of increasing productivity while reducing overhead (decreased facility and related utility costs). If this theory holds, there will be fewer people out and about on week days and these same people will be less likely to frequent brick and mortar establishments during their "business" day.

In New Jersey and New York, almost everyone knows someone who suffered from or died from the pandemic. This factor alone will give lottery players caution about their purchasing habits, whether they minimize visits to retail establishments or

how they socialize publicly. Both behavioral modifications are of concern to lotteries. The former for the obvious reason, but the latter because of the increasing number of lottery products that lend themselves well to bars and restaurants such as keno.

In New Jersey we are particularly concerned because as recently as Fiscal 2017, we had no social space games in our portfolio. In Fiscal 2021 we were anticipating very robust sales from our keno style game Quick Draw and its sister game Cash Pop which was successfully launched in September 2019. In view of all these factors, New Jersey will need to reassess its expectation. Lotteries are a business, but they are a government business. As such they must be managed in a way that foster positive externalities and public health is definitely a positive externality.

To be successful in the post COVID-19 world, lotteries must not only offer a diverse portfolio, but more importantly, diverse methods for players to play our games.

At the start of the pandemic, New Jersey only had one registered courier. There may be market opportunities for more couriers in the state. Increased competition will guarantee that players are not paying exorbitant fees to play the lottery without going to the store.

Lotteries for some time now have been developing online or i lottery games and some are much further along than others in their deployment. Given the expectation that players are not going to leave their homes as frequently as in the past, the demand for such products is only expected to increase. Furthermore, the dearth of sporting events in this pandemic and the potential for further suspensions of professional sports in future pandemics, those lotteries with well-developed online portfolios will be better poised to benefit from a gambling option that should be immune from social distancing protocols.

In the years prior to COVID-19, consumers have been using less and less cash and more plastic to pay for purchases. Younger consumers are more likely to carry no cash on their person and pay for all their needs through a credit or debit card. Faced with an aging player base, younger consumers are of course the most sought-after demographic for lotteries. COVID-19 is only expected to hasten the shift from cash to credit/debit

as cash is seen to be an easy way to spread germs, whereas, credit and debit cards can easily be sanitized.

Thus lotteries must work to make the use of credit and debit cards a viable option for players wanting to play their games. This will require working with banks and financial institutions and possibly state regulators on the fee structure for such cards and determining who will bear the costs for such fees - retailers, players or lotteries themselves.

This is a very important question, because lottery retailer networks are going to suffer significantly from COVID-19 and may never quite recover from its impact. Historically, brick and mortar retailers have been the lifeline of the lottery industry and must continue to be an important part of the industry's continued success moving forward. What lotteries decide to do with credit and debit cards will determine how successfully their retail network will be in the years to come. Depending on what lotteries decide to do with the associated banking fees may also help to put retailers on an equal footing with the courier services with whom they are in increased direct competition.

In the short term from a state revenue perspective, the lottery is at least bringing in revenue where tax collections have been postponed and other state revenues such as motor vehicles fees have been slowed due to staff not being available to process receipts.

With regard to the economy as a whole, New Jersey can again point back to its recent history with Superstorm Sandy. In a natural disaster and now a pandemic, consumers have to refocus their priorities. Ensuring they have the essentials of food, clothing and shelter take precedence to entertainment consumables such as lottery tickets.

In the wake of Sandy, jackpots that previously sent casual and committed players alike running to stores were no longer that important. Games such as Powerball and Mega Millions saw sales decline. Under COVID-19, both games have already had to restructure top tier starting jackpots and mandatory increases downward due to insufficient sales. This will result in further declines when jackpots reset. Subsequent to Sandy, the matrixes changes enacted a few years later remedied the situation and generated the record growth in the period from 2016 to 2019.

Continued at publicgaming.com





Olli Sarekoski,
Chief Executive Officer,
Veikkaus, Finland

First of all, it is great that you used word "when" instead of "if"! It is vital to stay positive and believe that we will come out of this crisis with solid strategies for building a prosperous and sustainable future for the lottery, though it is hard to predict what will happen and what that future will look like. Some experts say that many things will be totally and permanently changed after the crisis. There are others who predict that quite rapidly we will try to live our lives as we were living earlier this year. A global pandemic is not something that we have experienced before so we are in uncharted territory.

When coronavirus forced us to maintain social distancing with everyone more or less forced to stay home with bars and restaurants closed, there are challenges related to even supply the lottery product. But the much bigger issue may well be the shock to demand. People will likely continue to be cautious about their spending and that has significant influence on consumer shopping and recreational behavior of all kinds, including gaming. I do personally also believe that digital gaming in general will take significant steps forward and that will also be the case with lottery games.

Staying aligned with operational basics were fundamental pre-corona and that will not change in the post-corona world: the game portfolio needs to be interesting and include competitive features; you need to sustain the trust factor; players need to enjoy a seamless experience across all channels and game categories. Lottery operators also need to have versatile Responsible Gaming solutions, and effectively communicate them so they

have the intended impact on the players. I also believe that good causes might be even more appreciated by our stakeholders, by the good causes that lottery supports, and by the general public, than before coronavirus. Our government and society will be facing some serious economic issues as we work to rebuild society's basic economic activities. The funds generated by government lotteries will be more needed now and going forward than ever before.

It remains to be seen how Lottery will perform amidst economic challenges that may follow the pandemic crisis. You are right, traditionally Lotteries have been described and regarded by some as almost recession-proof. This time Lotteries, which have been able to digitalize their core business, are at least way better positioned compared to operators like casinos which lean on almost purely land-based POS.

I am not certain whether zero impact to Lotteries should necessarily be our goal. Fulfilling our mission to serve society is the positive outcome we want. For instance, coronavirus and economic disruption may cause some people to think of Lottery as a potential solution to their financial problems. We may need to escalate our dedication to Responsible Gaming to ensure we do not generate increases in sales and profits among those vulnerable players.

The overall performance analytics predict that global gambling revenues in 2020 will drop fiercely, maybe by as much as \$50 billion USD, ending up to match 2015 figures. It is hard to believe that the Lottery world would be totally safe during this global pandemic and its aftermath when the broader games-of-chance industry faces double-digit decreases.

I think we can expect the ways of consumption to change. It might be the case that coronavirus impedes the forward march of economic globalization and eventually paves the way for more dependence on local sources instead of international. The virtual world of the internet is certainly more conducive to social distancing. Maybe the new normal of social behavior will be even more

focused on digital platforms, iLottery, and iGaming in general. Like I said earlier, we might also face a shock to demand and who knows what happens after that. It is clear that now more than ever, Lotteries need to be more and more agile, more innovative, more willing to change and adapt to a world undergoing profound disruption.

Lottery needs to be a fair partner, encouraging open communication between Lottery and retail partners and modernizing so that large portions of those innovations are co-created with our retail partners. The POS business will continue to be truly the most important channel to every single Lottery enterprise – that relationship needs to be nourished on a daily basis!

Offshore operators annually generate more than 300 million € GGR here in Finland. Within a few years it will reach annually 400 million € GGR. Veikkaus overall market share in 2019 was estimated to be 85%. Outside Veikkaus, in Finland it is the "Wild West" with inadequate regulation. Veikkaus market share of internet gaming is lower – more like 63%. And even lower in casino and sports betting – around 50%. Of course, commercial operators will always push harder to gain more revenues and market share. I think the evidence shows that their real target is to change the system to create a regulatory environment even more favorable to their business model.

The focus of government regulators is to regulate whomever they are legally empowered to regulate. In Finland, that is Veikkaus. Clearly coronavirus has influenced regulatory bodies globally, as more and more restrictions on all forms of gambling have been set, especially on land-based POS because of the need for social distancing. So far, the restrictions that have been made or proposed are framed as being temporary. It is hard to tell how these temporary changes may end up affecting the regulatory structures on a more permanent basis.

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Continued at publicgaming.com



Neil Brocklehurst,
Commercial Director, Camelot

The world we live in now isn't the same one we were living in only a few months ago. Everyday life, including our working lives, has changed drastically – and I don't think there's any one person that COVID-19 hasn't affected. The implications of the global pandemic, and ensuing lockdowns, have thrown up many new challenges for businesses – and that hasn't been any different for us at Camelot. We've had to move quickly and adapt to an ever-changing situation, while continuing to meet our licence and integrity obligations.

From the outset, we've been implementing a range of measures – for example our entire Contact Centre can now work from home – enabling us to continue running the UK National Lottery as safely and responsibly as we can because we know the importance of the work it does in raising £30 million every week for Good Causes in England, Wales, Scotland and Northern Ireland. This is even more important as National Lottery distributors continue to fund vital work in communities – and these funds are now more essential than ever. For instance, last month it was announced that up to £600 million of National Lottery funding is being directed towards charities and organisations around the UK to help tackle the impact of coronavirus.

Obviously, our number one concern throughout all of this has been our employees – and making sure they're safe, well and set up to do their jobs as best as they can in this new world. In addition to this, getting our response right in retail has been important for a number of reasons – primary to this being that our 44,000 retailers are the backbone to The National Lottery. In our latest financial results, they accounted for around 70% of total sales. They are therefore vital for raising money for Good Causes and are also a primary interface with the majority of National Lottery players.

We've remained in constant communication with our retailers throughout the crisis using a range of channels to provide them with timely updates and important information. For example, we've been offering details about safe ways to play The National Lottery in retail, including information about how to minimize risk by encouraging players to buy a Lucky Dip ticket – as this means they don't need to use a pen to fill in their selection and it cuts down on contact – as well as paying prizes on to debit cards where this is possible.

We've also been encouraging players to only buy tickets in retail when they're already in a store to buy essentials – to buy and check tickets online instead. We're also reminding people who have winning retail tickets that they have 180 days (around six months) from the date of the draw to claim a prize, so not to make a special trip out to a store to claim a prize – they have plenty of time.

While it's too early to say what the overall effect will be on National Lottery sales over the medium to longer term, what's clear right now is that there has definitely been a change in the way some people are playing during this period. Due to the fact that we've been encouraging people to play and check their tickets online and on the National Lottery app, we've seen a significant increase in people downloading our app and traffic to our online channels.

What's impressed me most during this unprecedented situation is how well the various teams at Camelot have worked together under such difficult circumstances – especially as they've been under pressure to deliver quickly, particularly in the initial weeks when it was all beginning to unfold and we had to adapt to a drastically-changing environment.

Take our Marketing team, for example. They have been fantastic in turning advertising around in short periods of time, such as updating ads to carry the 'Play online or via the app' messaging for upcoming draws or jackpots – to cut down on the number of people going into stores during lockdown. And they very quickly created new advertising to support the £300 million National Lottery Community Fund COVID-19 support package – which is part of the £600 million I mentioned earlier. This particular ad uses user-generated video content from a wide range of beneficiaries across the UK thanking National Lottery players for their enormous

contribution during this difficult time.

Obviously, we've been following government advice, which has meant the majority of our employees have also been working remotely from home, but you wouldn't guess that from the co-ordinated output that is being generated. The work that everyone at Camelot has been doing under such trying conditions has been genuinely outstanding.

During this time, I'd like to take this opportunity to send our best wishes to everyone involved in the lottery industry around the world. I hope that you, your colleagues, and your friends and family stay safe and well – as we continue to collectively navigate this uncharted territory. ■

Hansjörg Höltekemeier continued from page 22

This is a very important question! All operators with a land-based business model depend on the shops to stay open and have an active customer base. Lotteries can use their online connection to drive traffic to their retail partners. We have always done that but I think we need to do it more going forward.

We have observed in our local markets that even in a crisis like this, or especially in a crisis like this, the relationship between players and their favourite store is stronger than ever. Our players in Berlin, for example, are choosing to go to their store over the online channel in spite of the focus on social distancing. This was amazing to see. Maybe the lack of other outlets for social interaction causes people to appreciate more the simple things in life – like going to a counter and buying a lottery ticket from a retail shop assistant.

I personally believe that our obligation to support our retailers is not fulfilled just by paying the commission and having sales reps call on them twice a month. We want to work more intimately with them to help them achieve their goal of bring-ing more customers into the store, increase the dwell-time in the store, and in-crease the basket size at check-out. Of course, those goals are somewhat aligned with lottery's own goals anyway so the ROI on increased effort to support our re-tailers is very positive. I think there is lots of potential for the lottery product, the lottery playing experience to enhance the overall in-store shopping experience for the benefit of the retailer.

Continued at [publicgaming.com](https://www.publicgaming.com) 



Jeff Anderson, Executive Director, Idaho Lottery

COVID-19 THOUGHTS FROM FLY-OVER COUNTRY

I'm sure all of our teams have thought a lot about what things look like when we as a people fully emerge from the measures used to respond to the COVID-19 pandemic. It's interesting to see the differences in perspective based on what individual people have experienced.

Those who are fortunate enough (or not, I suppose, as the case may be) to telework while obeying shelter-in-place orders had, I'm told, an experience like never before. It feels "safe". Or not. Social distancing was generally achieved, groups of ten or less not so much, when shopping for food with 205 of your neighbors. Of course, a spouse or two were heard saying "honey, I married you for better or for worse but not for lunch, please go back to the office". I suspect these folks are invigorated by seeing their friends and colleagues in person again.

Those who were out each day on less crowded streets serving the public at grocery stores and C-stores and home improvement stores, delivering goods (plenty of liquor but not enough toilet paper) to warehouses or retail stores, stocking shelves, patrolling the streets, putting out fires, saving lives, caring for the sick, and everyone else who had to venture out to do their jobs had a different experience. This was me. For some it seemed "normal". For others, weird. For some, scary. For me, just weird.

Those who were quarantined for a time or couldn't telework but lost lots of human interaction on a daily basis had a first-time experience. The Pastor. The candidate. The waiter. The bartender. The flight attendant.

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Continued at publicgaming.com 



Marcus Glasper, Director, Washington Lottery

If there is one positive from our current situation, it is that more of the general public understands how important lotteries are to state revenues. It is so encouraging to hear different interest groups throughout the country describe lottery games as important products for lottery retailers, and many of those retailers have been deemed essential businesses. We have heard concerns from some members of the public and the media questioning if lotteries are really essential businesses, and they can't understand why we're still operating. We've tried to communicate that while lottery is considered entertainment by some, it also helps fund essential services in the community. We need to continue to communicate that message.

I was speculating with some friends that prohibiting social interaction with their social groups would make young people bored. But I was shocked when most told me that their children were adapting just fine and were continuing to interact with their friends as usual, through online channels. This generation has different needs in terms of socializing.

We have had to waive quite a few of our current policies to allow operations to continue uninterrupted. When you're working with small businesses and financial issues, particularly in times of crisis, you need to help them and also look for opportunities. They have been through a lot and they need our help in re-building.

And this has an impact on the lottery industry in that we will need to ensure that our products are available via multiple distributions channels, including online. Those of us who grew up with perhaps more social contact, particularly at retail, think of a store as the place to purchase lottery products. Younger people interact online and they are much more comfortable with the online channel.

We know from past experience that in times of crisis, the state legislature is more receptive to the contributions that lottery makes if allowed to pursue new strategies to generate revenue. The state budget will be significantly impacted for the next year or more which may cause the legislature to look more favorably on new lottery initiatives. If we show policymakers that we can provide added value during this difficult time, perhaps there is an opportunity for online sales.

As long as there are lotteries, retailers will be critical drivers of sales. Lotteries have to continue to support their retailer networks, particularly as we begin to emerge from the economic damage of the past few months. As an industry, we are always looking for ways to reinforce and build on the symbiotic relationship we have with retailers. Is there anything about this crisis or emerging from this crisis that we use to our advantage to move our retailer relationships forward? As I mentioned, we have been extremely flexible with our retailers during the lockdown. And we need to continue to listen to their concerns as we go forward. They have been on the frontline of this pandemic and there will certainly be fallout from that stress. Maybe this is a time for us to hold retailer panels, at least virtually, to hear their concerns firsthand.

Of course, in time, Washington's Lottery employees will be back in the field visiting retailers face-to-face (or perhaps mask-to-mask). We will return to our important tasks of restocking tickets, distributing POS material and performing all the field operational tasks. And we will begin to return to the lottery's offices. Most of our customer service centers are behind glass but that's not so for our lottery kiosks. I think naturally there will be some fears and we will need to think about how we support people during the transition. Our job as leaders will be to kind of normalize and allow people to re-adjust. That will be challenging.

Those challenges will perhaps not be as drastic as moving an entire workforce to at-home status. Many of the lottery's employees were working at home for the first time in their careers. At first, we were all unsure how this would work but now we see, OK, we made this happen. Some of these positions we never considered for telework before and everyone found a way to make it work. In every crisis there's opportunity. ■



Pat McDonald,
Director, Ohio Lottery Commission

Challenges

The COVID-19 crisis has damaged the persistent myth that lotteries are immune to shifts in the economy. In three short weeks, the Ohio Lottery shifted from forecasting profit gains over its fiscal year profit commitment to planning operating cuts to mitigate persistent revenue shortfalls. Lotteries are part of the local economy and will continue to see negative revenue effects alongside retailer partners. With decreasing foot traffic to retail locations as a result of social distancing, our consumer base will inevitably decrease for a period of time. There is also the possibility that, after the current crisis, some retail partners may shutter, resulting in a contraction of the Ohio Lottery's retail base. Finally, the likely decrease in consumers' discretionary entertainment income will directly impact our industry.

The present social and economic circumstances are difficult for everyone as a result of this virus, but the Ohio Lottery has remained vital through diversification. While we had to close the racinos we regulate, and many of our bars and taverns are closed due to government orders, certain traditional sales networks have remained key revenue contributors. Daily draw games, lotto products, and scratch-off tickets continue to contribute to our beneficiary, and also continue to help keep retailer revenue flowing in this critical time.

The trade channels that include social lottery products, such as Keno and EZPlay, are invariably impacted by this virus. This will continue to constrain a lottery's ability to generate revenue. Throughout this crisis, we have seen consistent sales decreases of 60-70% in the social products within our portfolio, illustrating that lottery activity is impacted alongside the rest of the local economy. But these sales decreases would become a complete elimination of revenue in our monitor game category, for instance, if it weren't for our "Keno-to-go" product launch several years ago.

Diversification

A key item that we will need to consider in the future is to continue ensuring we are diversified enough to manage these sorts of crises. This type of innovation illustrates that using novel channels for existing products are a key metric to overcoming economic challenges. After the end of the COVID-19 crisis, state governments and their lotteries may follow private industry innovations and become more modern in their methods of offering existing products in new ways. Diversifying into more digital mediums (whether that means prize cashing, direct activity, or consumer engagement) will become more than an innovation -- it'll become a part of a lottery's critical infrastructure.

I believe it's also critical to be explicit when discussing the benefits of offering products and services over a myriad of consumer platforms and maximizing customer convenience. When talking to stakeholders, legislators, and regulators, the key is always to be open and communicative as to what responsible offerings can do for a lottery beneficiary. There is no better alternative in the long run than to be honest and open with our partners and stakeholders. Stakeholders are ultimately more receptive to change when they're shown the whole picture.

The Future

For quite a while, change in the way that government and industries interact with citizens and consumers will be the order of the day. But, thankfully, not everything will change after social distancing lets up. Our mission will always involve generating money for education in Ohio. The fundamentals of the way we operate will also remain unchanged. Ultimately, Lotteries need to be responsible public stewards, considering integrity first and foremost, alongside its commitment to its mission and stakeholders. To illustrate the importance of the commitment to integrity and fairness to stakeholders, we modified our retailer incentive program this quarter so as not to punish our retail network for a social and economic crisis that was outside of their control.

For the Ohio Lottery, the ultimate mission of generating profits for education will always remain. Although there will inevitably be economic and social challenges to navigate through, we will take what we have learned from the COVID-19 crisis and implement new strategies for future growth and success. ■



Gregg Edgar,
Executive Director, Arizona Lottery

It is widely accepted that COVID -19 is a generational event with disruptive impacts across all industries. The focus I believe we need to embrace is looking for the opportunity that can come from these impacts and changes.

The question is, can we overcome the fear of failure or the paralyzing effects of what we don't know in these moments? As a country, we have always benefitted when we were willing to take bold moves in times of adversity and embrace the opportunity to succeed in the face of fear.

At Arizona Lottery, we are looking hard at the opportunity that COVID-19 is giving us. From the no brainer of looking at increased telecommuting to the out-of-box of redefining game development to bring cross-generational entertainment to our players and deliver on our beneficiary mission.

There is one fundamental truth in this environment for the Lottery industry - the need has not diminished. All of our beneficiaries' situations have changed and not for the better. The pressure will be even bigger to produce more revenue in public service than we have ever done.

How do we accomplish that objective?

As we look at the impact of COVID-19 on overall lottery operations and sales, we need to look holistically at the issues we have faced and implement solutions that get to root problem-solving. For Arizona, the story of FY20 will begin with the systemic problems in the multi-state games and culminate in the retail disruption created by the Stay Home, Stay Safe and Stay Connected Executive Order that Governor Doug Ducey issued to flatten the curve of the pandemic.

Continued at publicgaming.com



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GORDON MEDENICA,
Director, Maryland Lottery &
Gaming Control Agency

I think we will be living with the aftershocks of this pandemic for some time, at least until an effective vaccine is developed. This could be months, even years away, during which time we will need to get the economy moving again before the pandemic is truly behind us. This will mean social distancing, face masks, gloves, etc., for some period of time, as normal daily routines resume. I also think the impact on retailers in general will be devastating, as the pandemic accelerates the move to online shopping and home delivery.

Lotteries are in a good position to transition to the online world, since the biggest barrier for years has been political, not technical or consumer demand. The pandemic should hopefully bring down the last of these barriers, with even retailers unable to mount a continuing resistance to the transition. Lottery products are essentially "ephemeral" and "experiential" and don't truly require a physical product. The dreams that we sell work just as well with an online buy-in.

I think the myth of lotteries being recession proof has been shattered. Lottery sales are down in the range of 20% to 35%, and given the seismic shift in the retail environment, they may not come back fully as retailers adjust to new operating protocols demanded by the pandemic.

Lotteries remain a compelling and very human form of entertainment and excitement; that part of human nature will not disappear. Once online lottery play becomes established, it can become a very social form of entertainment, with group play and new game styles that embrace social play.

Continued at publicgaming.com 



Mark Michalko,
Executive Director,
North Carolina Education Lottery

I am sure that there are many diverse opinions as to how the world will be different because we are each experiencing changes brought on by the pandemic in our own way. My personal view is that on a societal level, lessons learned from the crisis will affect – consciously or subconsciously – the way we will interact with one another. Social distancing and respect for personal space will surely continue in the foreseeable future: in offices, in meetings, in restaurants, on planes – basically everywhere people are in close proximity with others.

Also, during this crisis, we have all been learning to use technology to help us become more efficient. Like many of our friends around the world, my family has been using Webex, Zoom, and other videoconferencing technologies to conduct virtual meetings due to 'Stay at Home' orders, and we have also done our share of purchasing via Amazon and other delivery services. While I don't think that these technologies will completely replace in-person activities after the pandemic subsides, they provide us with options that we probably wouldn't have considered were it not for the crisis. Going forward we will now ask questions: Is it necessary for me to get in a car and drive? Do we really need to assemble in the same room to discuss business? Each of us will make those judgments as we move forward in a post-Covid19 world. Continuing to use some of these alternative approaches in conducting our daily business can yield many benefits.

Similarly, from a lottery-specific perspective, we are focused on providing options for our players, including different ways to purchase as well as easier ways to claim prizes. Here in North Carolina, we have offered certain draw games online for years, but in recent weeks, we have seen an increase in online purchases. While the increase in online sales has not completely offset the decrease in retail sales, it shows that players are looking for options in how they interact with the Lottery. Retail locations will always be our primary

sales outlets and they will remain our valued business partners. But I hope we will see online sales continue to grow to augment retail sales in the future. Similarly, while we closed our Claims Centers to limit exposure for both players and staff, we have continued to process claims that are mailed. We have also increased both the quantity and means of providing Lottery-related information to the public. We have used a combination of traditional press releases and social media to advise about PB and MM game changes as well as changes in our claims procedures. As we emerge from the current crisis, we will evaluate which processes we might wish to continue when we return to (the new) 'normal.'

The pandemic has forced us to do many routine tasks differently than we did them just a few short weeks ago. Some things have gone smoothly, some a bit less so. As we evaluate the efficacy of new processes we have implemented, the question we should all consider is: Is 'different' also 'better'? As long as we strike a balance between safety and player convenience, I am confident that some good will come from the crisis. As I said, it's about offering players options to choose how they wish to interact with the Lottery, in terms of purchases, claims, and general information.

I've been around long enough to have seen the lottery industry persevere through difficult economic times. I believe this largely stemmed from the fact that people can experience an interesting form of entertainment for a comparatively low entry price. Years ago we used to say that playing the lottery is "fun for a buck." The premise was that even in challenging economic conditions, people were out and about and it wasn't an economic hardship to buy a ticket (or two or three.) However, this is the first time in my lifetime that we have seen mass quarantining around the globe. People have died. Workers have been furloughed on an unprecedented scale, and many businesses have been brought to a standstill. News reports suggest that some may not survive. So, this situation is completely different from a cyclical economic downturn. There is no roadmap. There is no history to guide us as to "what happened the last time." While there is enormous pressure on state and national leaders to ease restrictions and move back toward business as usual, I think social distancing in retail locations as well as limitations on occupancy in bars and restaurants, and other changes borne of this crisis may last a very long time, and thus, have a longer-term economic impact than prior events. Still, I am confident that, as an industry, Lottery will fare better than some others. ■



Rollo Redburn,
Executive Director, Lottery

I don't think we really know how the world will change and what will be different. I listen to various radio personalities and politicians until I've had my fill for the day, and I can tell you that I just pray that the world does not become what some of them envision. I think those of us who think a little more clearly will take a rational approach on future operations. I think we will look at what's going on now and use our experiences in this situation to help identify processes that can work differently (read - "better") than they did before. Some processes may not be as important as we thought earlier; the ROI on some of those may not really be worth it, so maybe we plan functions, events, etc. and spend a little differently than before.

Some things will be eliminated; some will be smartly reduced and some will be enhanced.

- We may find that not all the positions we had before were all that important to the success we all want for our beneficiaries.
- We may find that some areas need more attention, more staff and more resources.
- We will likely find that there are things we did before in certain ways that work better under a different process. Frequent visits may be reduced and replaced with more of a "call when you need us" model or something where we can better monitor when a physical call is needed.

I expect that a lot of people will be spending time and resources trying to recover from the financial hits they've taken during this crisis. That will likely impact the number of players, amount players can or will spend, etc.

Really a lot to consider. It may not result in a lot of change, but I think that it will.

We still exist to provide funding for our beneficiaries. First thing to consider is whether beneficiary operations have changed and does that impact anything

that we do? I think that in most cases, the lotteries do NOT make decisions about where resources/profits go; we are simply tasked with raising as much as we can, given the operating environment we have. But, beneficiary changes should be considered. What can lotteries do?

- Identify supply chain weaknesses and how to strengthen them.
- Reviewing how we provide services will take place.
- Make better use of technology, work from home scenarios, "touchless" and continued "social distancing-like" relationships, etc.
- Eliminate or restructure identified processes.
- Approval for online/mobile sales and processes is essential.

The Oklahoma Lottery is doing better than anticipated at this point, but certainly not performing as desired. If that continues and is typical around the country, lotteries should come out of this okay, but with a strong need to reacquaint ourselves with our retailers, players, vendors and beneficiaries. In some cases, there may actually be increased pressure on certain lotteries to "ramp it up" and increase sales to a greater level, perhaps opening new sales avenues (more availability of mobile and/or internet sales).

I know there is criticism from the "anti-lottery; anti-gambling; anti-government; anti-anything I don't support or understand" crowd about continuing to offer lottery tickets in the "social distancing" world. Those are mostly just a typical media response/criticism designed to create conflict or inflame sensibilities; or many are just irrational concerns in my opinion. Citizens that are not prohibited from getting out still have to get out, buy gas, buy groceries and other needed supplies. Lottery products are offered in those establishments and lottery products add no greater risk to players because of their availability than does a pack of cigarettes, loaf of packaged bread, or a coffee to go; particularly if sold from a vending machine (obviously, not all lottery products are sold from vending machines).

Plus, I suspect that being able to continue to play lottery, for whatever reason the player enjoys it, gives them one more way to think about something else for a while. Hopefully, politicians don't en masse buy into such thinking and select lottery as something to further restrict in the future.

Continued at publicgaming.com



Harold Mays,
Acting Director, Illinois Lottery

In general, I think people will be more guarded and aware of their personal safety and health. This will affect how people behave and interact, both as a consumer and a provider of services and products. Businesses will have to adjust their business model accordingly. The COVID-19 crisis has forced us all to take a closer look at how we work to service our internal and external customers. The lessons learned will help guide us to a better and more efficient way of doing business.

Although Lottery has shown some resilience during tough economic times, we are in an uncharted territory. The jury is still out on what the overall impact on the industry will be.

As we have already seen, as restrictions on large gatherings and a focus on social distancing continue, people will seek out forms of entertainment and engagement they haven't tried before. Some of those options will survive into the post-COVID-19 world. Others will fade and people will settle back into what they know to the extent they can. Lotteries that can adjust to their players' changing preferences will be better positioned to thrive in post-COVID-19 world. Lottery retail partners are the stars in this relationship. Our role is to support them through this crisis and provide them what they need to help get through it. I think that strengthens the bond that's there already and helps chart a path to the future when the crisis subsides.

The justification for implementing new technologies for many lotteries has always been based in practicality. How do we stay competitive in an ever-changing gaming landscape? How do we engage with our players where and how they want to engage with us, at home, at the store, out and about? How do we responsibly grow our player base to increase revenues to the good causes we provide funding for? The COVID crisis is yet another practical reason for lotteries to leverage all the available tools to stay viable and operate today. ■



Barry Pack,
Executive Director, Oregon Lottery

The impact of the novel coronavirus, COVID-19, on lottery sales across the country has been dramatic. While every jurisdiction is facing its own unique set of challenges, the Oregon Lottery saw catastrophic drops in revenue overnight mid-March. On March 17th, Oregon Governor Kate Brown issued her “Stay Home, Save Lives” executive order, which, among other measures, effectively shuttered bars, restaurants and taverns across the state, including nearly 2,000 Video Lottery Retailers.

Video Lottery historically makes up about 72% of our annual revenues and 90% of the dollars we transfer for the programs that rely on Lottery sales for their funding. We lost that revenue stream overnight and implemented tough measures to preserve cash as we weather this pandemic, including significant furloughs, lay-offs and salary reductions. Every employee has been impacted.

These are the toughest days the Oregon Lottery has ever faced, and they are just a taste of the decisions the rest of the state government will have to make as Oregon faces the worst recession since the Great Depression.

But there is a bright spot on the horizon. Governor Brown laid out a framework for a phased re-opening of certain employment sectors, including restaurants with Video Lottery, if certain public health and operational criteria were met. On May 15th, after nearly two months of closure, 31 of Oregon’s 36 counties were approved to reopen their economies under “Phase 1” guidance. For the Oregon Lottery, that meant re-enabling play on over 3,000 terminals – physically distanced 6 feet apart. A week later, three more counties reopened, leaving only the Portland metropolitan area still shut down.

Continued at publicgaming.com



Brian Rockey,
Director, Nebraska Lottery and Charitable Gaming Division

Adapting to the post-COVID-19 World

Aside from the new ways to sell tickets that might arise from our pandemic experiences, I think the industry may have new ways of thinking of its relationship with retailer and player customers.

While hours of operation and store traffic patterns have been altered, the level of consumer demand for lottery tickets may reinforce for retailers the merits of featuring games, and not just carrying them. For some Instant products, the entertainment value may be even more evident than before as customers with extra time on their hands look for games to play. Perhaps game design, merchandising and marketing of those products could take on new characteristics.

Pickup and delivery of remote orders help many businesses stay relevant during pandemic restrictions, and it may be that such services remain as more than just conveniences for customers after restrictions are eased. The inclusion of lottery products in such offerings (particularly when draw schedules are involved) could help add a dimension to that evolving form of customer service.

Analysis of sales and traffic data during the pandemic can help lotteries and their retail partners identify best practices and create opportunities to deliver useful and compelling information to policymakers.

In addition to the public health aspects of the pandemic (sanitation, distancing, testing, monitoring, etc.) the “new normal” will include looking at different methods of doing business, not necessarily replacing traditional methods but supplementing them. ■



Cindy Polzin,
Director, Wisconsin Lottery

That is the question on all American's minds! I believe normal will be redefined. We are all becoming more technology savvy working at home and those skills might drive consumer behavior in the future. The Lottery will need to get there faster. Lotteries like Wisconsin need to be cashless. We have made several attempts at this in the past but in the post-coronavirus world we hope to be successful. Additionally, we need to get into the electronic games world.

Wisconsin's scratch games are holding their own. We have seen a significant decrease in Lotto sales. We are watching sales and trends closely in order to project next year's sales. People may continue to seek at-home entertainment. Scratch tickets may be part of that equation.

Sales of Wisconsin Lottery Scratch Games were up 29.1% in April 2020 compared to April 2019 (\$52,627,006). This year, FY20 YTD prior to April, average monthly scratch sales were \$38,309,660. April 2020 was 37% higher than that. With other avenues for entertainment closed, demand for scratch tickets has been high since mid-March. Since Lottery is sold in two of the retail channels that remained open throughout the pandemic, c-stores and grocery stores, our products remained in front of customers. Furthermore, Lottery players likely see scratch tickets as an entertainment option and a little break from the day that they can safely enjoy at home. While it is difficult to speculate on what the future holds, we hope that we can retain many of the new players who have discovered Wisconsin Lottery games recently.

Continued at publicgaming.com



Teresa Immel,
Senior Director Sales & Marketing,
Schafer Systems

Lottery industry vendors have seen an immediate impact as a result of COVID-19, through lost sales requiring furloughs, pay cuts, etc. The industry as a whole will be impacted long term as the pressure to deliver more revenue to the state will mount as tax receipts are down. This will create opportunities for lotteries and their vendor partners to expand offerings, look for new ways to sell (iLottery, vending, in-lane, etc), and reevaluate current retail service models.

Many consumers have taken advantage of shopping online with delivery or curbside pickup. We anticipate this method of shopping will continue and possibly expand as people become more accustomed to staying at home. Fuel stations will remain critical as people begin to emerge from isolation; therefore, finding ways to make our products highly visible and easily accessible at those locations will be critical to increase lottery sales. A primary challenge we'll face with this newer model of shopping is how, as an industry, we can ensure our lottery products, which are often impulse purchases, remain available, relevant, and easy to purchase.

Brick-and-mortar retailers, our partners in this industry, will be looking for opportunities to ensure not only their employees remain healthy, but their finances remain healthy as well. We need to continue to service these accounts in the best ways possible, which may look somewhat different than it did before. We may need to adapt some of the ways we operate; from how we deliver product, to retail set up, even means of payment may be different.

Continued at publicgaming.com 



Simon Butler,
Chief Executive Officer, Abacus
Solutions International Group

Consumers will be even more digitally disposed, and credit debit will become essential and handling cash will be seen as undesirable by some. The less business can be conducted without touching people or product the better. Abacus can put the lottery into the retailer's ePOS and make the lottery available everywhere the retailer chooses to go to market. So, an integration via our gateway is essential if lotteries want to sell across all retail channels.

The draw games were struggling before and we hear they are having a hard time reaching escape velocity. However, instants are soaring, so the lottery business is coming through the crisis better than most industries. Abacus is well positioned to help grow instants across all retail channels and we are looking at solutions with both Scientific Games and Pollard in this regard.

We think the younger demographic will "snap back" rather quickly. Each decade of age may indeed respond more slowly and only time will tell on travel. There has been real demand destruction and it is hard to predict how long to get back to zero level.

We are meeting with retailers continually. They want more sales, less shrink, and easier accounting and settlement. These are the solutions that Abacus as part of our overall lottery service that we can supply with our integration into the ePOS.

We are working hard to attract some of the biggest retailers in the nation that have not really embraced lottery in the past specifically because of high levels of shrink, accounting and settlement issues. At the same time, open up more lanes of distribution in the grocery category that is not in lane such as self-checkout and selfscan. Next will be new channels like restaurants and coffee shops etc. We are at the very beginning of a massive expansion into new distribution points with an emphasis on growing digital.

Continued at publicgaming.com 



Bill Breslo,
President, Diamond Game

The trend toward self-service and self-checkout is likely to accelerate, which could hamper lottery ticket sales. Diversifying lotteries' retailer and player base will be important to maintaining lottery sales. Fast play products, available as e-instants in the iLottery space and as "stay-and-play" self-service games for social establishments, provide a different play mechanic that will broaden the player base and open new sales channels.

Two areas that will provide the greatest benefit and opportunity for lotteries post COVID-19 are iLottery and products geared toward social establishments. The former—iLottery—helps maintain important lottery revenue during crises that affect retail sales, e.g. pandemics and extreme weather, such as blizzards and flooding. The latter—social establishment products—not only diversify lotteries' retail and player base, but also provide an important source of revenue for bars and restaurants that have been significantly impacted by COVID-19 related closures and regulations.

Many individuals will resume social gathering rather quickly; however, there is another segment of the population that will remain cautious for quite a while. For the lottery industry to benefit from opportunities post COVID-19, understanding how this pandemic has impacted retailers and potential retailers is key. Providing solutions that address retailers' challenges will uncover opportunities for lotteries. Social establishment retailers, e.g. restaurants/bars and social clubs, will be trying to regain lost revenue, so providing viable products aimed at this retailer segment not only helps these establishments recover, but also diversifies lotteries' retailer base and generates incremental revenue. Diamond Game products have been uniquely designed for the social establishment space and can help lotteries rebuild sales in the post COVID-19 world. ■



Doug Pollard,
Co-CEO, Pollard Banknote

Covid-19 highlights the importance of digital one-to-one engagement with players

In a world of anonymous play, lotteries have long relied on broadcast media to reach players and remind them about draws, new games and generally encourage purchase. At the same time, the effectiveness of broadcast media to reach players – especially younger players – has never been worse as people tune out traditional media.

The COVID-19 crisis has added another layer of challenge to the use of traditional broadcast media. Namely, as lotteries are rightfully sensitive about their public image, and concerned about Responsible Gaming, it is challenging for lotteries to find the right tone to use broadcast media to encourage lottery play during a pandemic. Many lotteries converted their ad spend into PSAs, reminding players not to make special trips just to buy lottery tickets or, in some cases, turning over their ad budget to the state for COVID-19 awareness.

In some jurisdictions there were questions asked about how essential the lottery is, and whether the lottery should be selling at all during the COVID-19 crisis. Broadcast media, in such an environment, which encourages lottery play at retail, further risks damage to the lottery brand, depending on what is happening with the virus at the time. These are not new concerns, but COVID-19 has certainly placed much more scrutiny than we've seen in the past on these issues.

The solution remains for lotteries

to develop digital one-to-one relationships with their players. The more we can encourage players to register with the lottery, the larger the base of people lotteries can reach with relevant messaging that players actually want to receive. Once lotteries have contact information for players, we can send them direct messages without the challenges presented by broadcast media.

Lotteries today are seeing increased traffic to their websites and apps. We need to find ways to convert occasional website visitors into registered players. The best way to convert visitors into registered players is to give them value for doing so. We can offer special promotions or coupons for registering. For lotteries with loyalty solutions, we can offer loyalty points for registering. An innovative idea we highly recommend is to offer redemption and mobile cashing of winning lottery tickets for registered players.

Pollard Banknote customers like the Kansas Lottery, the Arizona Lottery and the North Carolina Education Lottery are seeing the return on investment (ROI) from digital engagement with players. Not only is this engagement far more effective than broadcast media, it is also far more economical.

And, of course, if you can build your registered player database, you are creating a highly valuable asset that can be further leveraged once lotteries begin selling via iLottery. Our iLottery customers in Michigan, New Hampshire, Virginia and North Carolina are all seeing significant increases in their iLottery sales during the Covid-19 crisis. These iLottery increases have not made up for the loss of retail gaming, but they're an important contributor to the lottery's good causes, and they help to preserve the lottery relationship with their players. ■



Brad Cummings,
Founder & CEO, EquiLottery Games

As a company that supplies lottery games based on live sporting events, EquiLottery Games has certainly endured an "interesting" few months. Live sports will return and we'll be ready. But the COVID-19 pandemic has changed the economy of the lottery industry. Reliable revenue streams are suddenly shaky and in-store distribution as the primary vehicle to drive sales needs to be reevaluated.

As we look at how best to emerge from this difficult period, all games, distribution channels and payment methods will need examination. That begins with our flagship games - Powerball and Mega Millions. When most non-core players think of the lottery, they think of these two games first and foremost. But it's also no secret that these games have struggled due to player drop off in the early stages of the weekly jackpot rolls. We have no doubt these games will regroup and get back on track but it's a reminder to the entire industry that as society evolves, so must our game content and channels of distribution.

Lotteries and lottery vendors need to see lottery as not just a way for states to earn revenue and players to win prizes, but as the ultimate distribution network. No other industry has the bricks and mortar reach of the lottery. That means that while lottery games will always promise cash prizes that doesn't have to be the only or primary draw to play. What other new game types are out there to broaden the lottery player base and diversify revenue opportunities? Our live sports lottery games are one such option partnering with some of the biggest names in sports, including MLB and the NBA. Online instant reveal games (e-scratch) are experiencing dynamic growth in multiple iLottery states with their engaging animations. And virtual sports combine the game frequency of Keno with the energy of a sporting event. But regardless of the direction you go as a lottery, we advise looking for ways to develop new gaming experiences that will keep our industry's game portfolios from being so reliant on the chance a jackpot won't get hit.

This is also an incredibly important time for lotteries to evaluate their channels of distribution. While we all hope we can avoid another pandemic in the future, lottery has the ability to insulate itself to some degree from similar issues by moving to iLottery platforms. Whether lotteries adopt lottery operated solutions provided by the top vendors in our industry, work with courier services to allow the sales of their draw game portfolios, or both, we believe the future for lottery includes a robust mixture of in store and online options. ■



Lorne Weil, Chairman and CEO,
Inspired Entertainment, Inc.



Brooks Pierce, President and
COO, Inspired Entertainment, Inc.

Lorne Weil: Lotteries are known to perform better than other sectors in an economic recession for three reasons. (1) Lotteries are localized. (2) Lottery in general is characterized by a huge number of regular lottery players who spend a moderate amount on lottery that they can build into their daily life. It's not a major part of their budget and they don't feel the need to give it up even if it's a recession. (3) It's a part of the person's routine. Someone goes to the tobacco shop on the way to the bus and buys lottery tickets and plays them on the bus. We're not talking about a person that lives in Ohio making a trip out to Las Vegas, which costs major money and takes planning. They'll just stop that in a recession.

This crisis is different. In this situation, the player's entire routine has been disrupted. He's not stopping at the tobacco shop. He's not running in to get gas and buying tickets. Now is not the same matter of people playing the lottery in the recession, it's the matter of disruption in the people's living style. Lotteries have always done well in a recession but in this scenario it's not physically possible to get a lottery ticket. It's also a question of statistics. In the great recession of 2008, the unemployment rate hit 10%. Right now in

some places its 30%. This will be a bigger hit to lotteries.

People are becoming much more used to doing everything online because they can't physically go anywhere. When this crisis is over, it's reasonable to expect that they will continue to be much more dependent on doing things online and, in all likelihood, if the lottery industry wants to retain its share of people's spending, they're going to have to get more aggressive selling online or they're going to fall behind.

Inspired has seen just astonishing growth in our worldwide online business since the COVID-19 crisis - virtual sports, in particular, given the lack of live sporting events. As the pioneer of Virtual Sports, Inspired has recreated the action of the world's most popular sports for more than 15 years. This year the Virtual Grand National was held in place of the Grand National, which was cancelled due to ongoing COVID-19 concerns, proving Virtual Sports are realistic enough to take center stage.

For the first time ever, Inspired teamed up with Churchill Downs and NBC to broadcast a virtual Kentucky Derby this year. But it's more than just a replication of the scheduled race. This year, Derby fans witnessed the most exciting two minutes in virtual sports featuring the 13 horses that have won the Triple Crown over the last 100 years. This idea of using our award-winning visual effects and the latest in motion-capture technology to bring legends back to life creates many opportunities for Inspired. Every sports fan would love to know if Babe Ruth would have been better than Mickey Mantle? Or if Michael Jordan would have been better than LeBron James? Could the 1973 Dolphins defeat the 2019 Patriots? It's unfortunate that it took something like the coronavirus to create this opportunity and possibly a whole new category.

The one country where we're not really seeing as much online growth is in the U.S. simply because online distribution is so limited compared to other countries, especially in online sports betting. I would expect that to grow coming out of this crisis.

Brooks Pierce: Lorne's analysis and thesis is right on the money. The transformation all of us are adapting to in our everyday life is driving behavior to the online experience and lottery will be no different. What we are seeing at Inspired is not only significantly

increased play in our online businesses, but clearly our digital reach is getting to players that we may never have seen in a retail world. Let me give you a real-life example. We have a customer in NJ that has launched our virtual sports products on their platform and they are offering up to 14 different sports for people to play. When we had a chance to see the results, we were astonished in that 2 of the most popular virtual sports in NJ were soccer and cricket. Even more popular than football, so it's clear to me that this product was appealing to some folks who would likely have never participated if their only exposure was via retail. We have also seen that the majority of the play is coming through mobile, both in the states and worldwide. We think it is vital for lottery and sports betting operators to have a diverse product offering with the consumer having the ability to choose how and when they interact without having to go anywhere.

Lorne Weil: In the post-coronavirus world, things like social distancing are going to continue to be important issues. This environment will favor local. It's going to favor entertainment venues that are small and attract relatively few people as compared to large casinos that, in order to be economically viable, need to have several thousand slot machines. It will favor local over destinations but it will also favor small bars/pubs versus mega resorts and casinos.

Brooks Pierce: I agree with Lorne's point on this as well, but I think the experience we are seeing in Pennsylvania with our Virtual Sports Product through the Pennsylvania Lottery is that there is a market for lottery products, and specifically Virtual Sports products, in both the bars and taverns market as well as classic lottery retail venues. When the state of Pennsylvania locked down and closed bars and restaurants, we assumed that our virtual sports products, and in particular our Derby Cash horse racing themed product, would have its sales drop precipitously. What we have found out is that there is still a demand for our product in the lottery retail channel and we continue to have strong results, even with bars and taverns closed. We believe that the best solution is to take advantage of all channels (traditional lottery retailers, bars and taverns, and online) to allow the consumer to make the choice on how they consume the product that best suits their needs. ■



Maxwell Goldstein,
Vice President Sales – Americas,
Carmanah Signs

At this point in time it is difficult to predict the long-term impacts of the COVID-19 pandemic. While the effects can be expected to differ by jurisdiction, it is clear that brick-and-mortar retail sales will continue to be key for the lottery industry. Accordingly, supporting lottery retailers remains critical at this time and will remain so in the future.

There will be opportunities to support retailers during the recovery in many ways, including retail modernization initiatives that enhance the retail experience, improve operational efficiencies, and generate incremental sales. These could include initiatives such as in-lane solutions, retail sensors that provide insight into in-store player behavior, and networked digital signage.

Retail digital signage networks can also be used to support lotteries and retailers during exceptional circumstances, enabling lottery marketers to quickly adjust messaging as communications priorities shift. For example, in recent weeks Carmanah has assisted lotteries in adjusting their digital signage content to provide highly visible public service announcements (PSAs) at lottery retailers. PSA messaging has included social distancing notices, health advisements, and reminders of any lottery games that can be played online.

As our industry moves forward into the recovery period, the role of lotteries in benefit to the greater good will be more important than ever. Carmanah will continue to take care of our outstanding customers and partners, delivering the highest quality retail marketing technology, and ultimately, benefiting lottery beneficiaries and good causes. If there is any way we can assist now or in the future, please reach out. ■



Steve Saferin, Managing Director
of Entertainment and Sports
Gaming Network (“ESGN”)
Founder of MDI, formerly President
of SG Properties Group

I don’t think we will ever “come out of this crisis”. The world is going to be a different place from a human behavior standpoint. While we may develop a vaccine that will rid us of this virus my guess is the next one is not that far away and the behaviors we have adopted to combat this virus will be muscle memory. The lottery industry, retail and consumer shopping will be forever changed. While retail and consumer shopping have steadily been moving on-line, it is now imperative that the US lottery industry does the same or risk drastic reductions in the funding of good causes. My guess is sales at C-Store/gas stations will suffer as less people will enter the store and just pay at the pump. As to recreation I keep thinking what happens to spectator sports in arenas and stadium. While we can see games without fans for the short term that is probably not a sustainable model long term. Do masks and gloves become an integral part of our wardrobes? Its just unclear at this time. But hopefully our medical and scientific community will give tool to adopt to the new normal.

Like they say for property values; location, location, location. For lottery operators its digital, digital digital. It is my understanding that digital sales for lottery and gaming operators are booming. States will rue the day that they failed to pull the trigger on digital sales and need to do all they can as soon as possible to offer products in the digital channel.

Yes lottery sales have performed much better than other segments in times of recession. But we have never seen unemployment at these levels in lottery history so it’s a bit of a blank slate as to how this recession/depression will impact sales. With that said, what has hurt lottery sales in the past has been higher gas prices. Why? Because players had less money to buy tickets at their C-store/gas

station. Well imagine a world where the individual gas purchases are halved. Gas prices may be lower but many less consumers will be purchasing gas. Not to sound like a broken record but the way to offset that is by selling lottery products on-line.

I don’t think less travel will impact home-grown lottery or gaming sales. Many people travel to go to a casino now. Lottery tickets are available at virtually any street corner or C-Store. I don’t believe very many players play a certain state’s lottery vs another state. After all that is why we have multi-state games. I do think human will return to a more social form of contact but I doubt it will be the same as pre-corona. But again, the medical and scientific communities hold the key to how far and how fast.

There are a few ways to accomplish this is you accept the premise that on-line sales must happen. The first is to convince them that record shows that on-line sales lift brick and mortar sales—at least that was the case in the pre-corona world. A second is figure out a way that retailers can share in on-line sales. Perhaps they can sell tickets thru their proprietary websites. Or players need to open and account register at a brick and mortar retailer and they share in the commission. Remember the history. C-Stores used to always complain about having to sell lottery tickets until there seemed to be movement to on-line sales. Then they couldn’t survive without lottery sales.

I believe that when the dust clears and states see the massive hit they take in lottery profits for good causes combined with the introduction of widespread sports betting, on-line lottery sales will finally be authorized in nearly every state even if it requires a change in legislation. Lotteries should be working on this now. I kind of worry about self-serve anything. Who is going to keep the kiosks clean? Will there be wipes at every kiosk? While this virus may turn out to be not that much deadlier than the seasonal flu it is so much more contagious than the flu that everyone is at risk until we build herd immunity assuming that will in fact work.

Social distancing in some way shape or form seems to be in all of our futures. How can we get a lotter ticket into the hands of a player at retail without the clerk touching it or the player having to touch buttons. Can a dispenser by customer facing and the clerk presses the button and the tickets dispenses into the players’ hands?

It’s a challenging time and future. But as you say, necessity is the mother of invention. ■



Richard Bateson,
Chief Commercial Officer & Head of
North America, Jumbo Interactive

No one could have predicted the start we have had to this decade, and no one can predict how we will look as we leave this decade and go into the thirties, the 2030s ... One of the most commonly used superlatives for this year, so far, is “unprecedented”, and it is true we live in unprecedented times... We have commentators, colleagues, friends and family all predicting what our new normal will be and how we will all have to change in this new normal...

...I don't believe we can predict what the new normal will be, and whether there will actually be one. I do however believe that we are entering into a new abnormal, a time where we will all need to be adaptive and accepting of change. I am not predicting a dystopian world, or something out of a George Orwell novel, but I do think that many of the given rituals of yesterday, will no longer exist tomorrow – and consumers and business will have to, and are being forced to, adapt.

One of three trends that The Economist is predicting for the new abnormal is a quicker adoption of new technologies. The Economist writes “the planet is having a crash course in e-commerce, digital payments and remote working”.

I have seen this “technology adoption” only too well with my 74-year-old Mom, who couldn't work-out how to close an app on her iPhone yesteryear, but today is hosting council meetings via Zoom and chairing family meetings via her favourite app – HouseParty! The much-trusted technology adoption curve has been turned on its head with laggards now becoming early adopters.

Less anecdotally, the US Census Bureau reported a record plunge in retail of 16% in April (versus previous year) and a 21.6% increase in online retailing for the same

period. This shift is being witnessed across our industry too. Those lotteries that have an iLottery channel have seen record sales, and where lockdowns and restrictions have been at their greatest, we have seen unprecedented shift in play. I know from my home market, the UK, this has been the case, and there are many examples here in the US with PA and MI to name a few.

Therefore, in this new abnormal we need to make our games more convenient and more accessible – we must adapt. I don't believe our games are obsolete and I still very much believe in “the chance to dream” of playing the lottery is relevant... but the way we serve our players must change if we are to survive in the new abnormal. Our regular players have witnessed and been forced to change their rituals, and we must join them in doing so.

This may all feel a little unnecessary today as many lotteries have seen a record in Scratch-off sales in April and May, but how sustainable is this? Many economists are predicting a deep recession following COV-19, with some stating that economies could contract by as much as 50% (the worst quarterly contraction in the last recession was a mere 15%). I don't believe that our industry is counter cyclical, as whilst it can be argued that we become more relevant to consumers in down turns, we lose volume from our regular and core players.

With Asia seeing the next wave of the novel coronavirus further impacting their easing of restrictions, it is forecast that similar disruption will come to the US and Europe. In these uncertain times we need to plan for the future and we need to look at how we protect our businesses. iLottery has proven to be a good safeguard in many states and jurisdictions.

One theme that is clear during this crisis is that consumers and businesses are turning to trusted institutions. With uncertain economic and financial times ahead, businesses that can innovate and turn their experience (and financial clout) into adapting and supporting other businesses will survive. It is not a time to be complacent in thinking traditional vendors will have the answer, but it is also not a time to entrust our future to novices.

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Continued at publicgaming.com 



Mike Veverka,
Founder and Chief Executive
Officer, Jumbo Interactive

In the 20 years since Jumbo sold its first lottery ticket over the Internet, we've witnessed a lot of change – but nothing like these past few months! It's quite remarkable to see Shopping Malls near deserted and roads empty. Australia has had only partial lockdown so I can only imagine what life must be like in the more densely populated regions of the world.

For me, that change was highlighted early one morning late March just as the effects of the pandemic were beginning to be felt in Australia. One of Jumbo's customers had just won the \$80 million Powerball and my job was to contact that customer, congratulate them and guide them through the process of collecting their money. Jumbo has had many winners over the years, so this was nothing new. However, the AGE of the customer caught me by surprise. He was 72!

Being completely online, Jumbo's customers are typically in their 20's and 30's. I was eager to learn about his experience buying tickets online and of course why he chose to buy online. We had a long conversation that ranged from the recent Australian bushfires, the drought last year to of course the current home confinement (he said jokingly he'd been in home confinement since retiring 4 years ago!). He was also happy to suggest a long list of improvements that naturally went straight to our product development team.

Then as the world plunged into lockdown this phone call kept resonating with me. The “crash course in e-commerce” that we all were about to witness became very real and people that were not quite ready were moving online overnight.

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Continued at publicgaming.com 



Wendy Montgomery, Senior Vice President of Global Brand, Marketing, and Communications, IGT



Michelle Carney, Vice President North America Lottery Marketing, IGT

Paul Jason: IGT must be in over-drive to help your lottery partners get positioned for the post-coronavirus world.

Michelle Carney: Yes, we are tracking and studying consumer sentiment data, as well as changes in behaviors and attitudes that result from the pandemic to understand how it is influencing consumer purchasing decisions and retail experiences. The impact of the unprecedented events of the past two months to our industry is quite diverse, as are the related opinions and ways to interpret the data. As we speak (May 5), states are beginning to open back up. While we are all motivated to resume normal economic activities, we are also concerned about safety and containing the impacts of COVID-19. As you mentioned, Paul, we are working to gather and analyze the data, consumer surveys, and all sources of business intelligence to help us build action plans that will help position our customers and the lottery industry for future success. We are trying to combine IGT's industry-specific research with that of others on general topics

such as how consumer behaviors may or may not be reshaped by this crisis. It is a complex endeavor to integrate the deep research into the lottery sector with macro-economic data and how lifestyle and shopping trends will change as a result of the lockdown.

Additionally, we must take into account that the specific impacts on regions and localities will vary widely. Just as we all respond differently as individuals, jurisdiction and region-specific economies will respond differently to the external circumstances that shape our world. We know that economic conditions will be challenging almost everywhere and that will continue for the near-term. We also know that lifestyle changes will include some form of social distancing that will have an impact on retail, entertainment and socialization across societal norms. We need to watch and learn how consumer sentiment will evolve alongside the "new normal."

Wendy Montgomery: Building on that point, Michelle, it's not only data from the research that we've been doing but also the concrete sales data where available, which shows a wide variation from region to region, and local market to local market. Sales in some jurisdictions are actually going up, while sales in most are suffering, and some are incurring drastic declines. It tends to mirror the degree of lockdown imposed on the market, but that may not be the only factor impacting sales. We need to gain a better understanding of the underlying drivers of these trends and then shape our approach in alignment with lottery and consumer sentiments. Our goal at IGT is to harness our resources and tap into our global perspective to identify success-drivers as they appear in various places throughout the world. As we clarify cause-and-effect relationships underlying the success, we can then codify those insights and share those with our customers and the industry. Together we hope to adapt the business intelligence and insights to the specific and unique needs of each individual jurisdiction.

The specific action plans are determined by the operator. But IGT is here to share our insights, deploy resources, and help implement the action-plans determined by the operator as the pathway forward.

There are now a number of resounding success stories that demonstrate how iLottery has grown significantly during the pandemic, as players have embraced a new way to

play their favorite games. iLottery play also augments sales at land-based retailers. Understandably, there is a balance of political and regulatory considerations that govern the speed in which jurisdictions can authorize iLottery. Similarly, the requirement that lottery players can only use cash makes less sense now than ever before! We also need to make sure it is easy for the customer to buy lottery tickets when they are purchasing online orders for groceries and other products to be delivered directly to their doorsteps.

Michelle: As Wendy points out, it is the job of lottery operators, and IGT as the technology partner, to implement what is authorized by the policy makers. We certainly can help educate stakeholders who may not be aware of the success of digital channels across the industry, and illuminate that retail sales are often elevated by iLottery bringing in new consumer groups and driving traffic to retail stores.

We hope that the many Lottery Directors attesting to the tremendous success of iLottery, the mutually beneficial dynamic between iLottery and land-based retailers, and the increased relevance of all these factors in an era of social distancing, will positively influence public policy makers to authorize iLottery. There are copious amounts of concrete data across the industry globally as well as in NASPL Matrix that augment these claims of success. These data sets will help lotteries provide the documentation needed by legislators and governors to understand the issues and make informed decisions.

As the throes of dealing with the countless COVID-19 issues start to settle down, there have been task forces and committees organized in recent years that will likely be galvanized to spring into action and advance progress in retail modernization and initiatives such as cashless payment options. As always, we hope there will be a willingness on the part of our political constituents to support industry efforts to ensure Lottery fits into the world of modern commerce and the lifestyle choices of consumers.

Given the declines in tax and other forms of revenue, we expect there to be budget shortfalls that may cause legislators to consider additional ways in which lotteries can increase funds for good causes. We expect that the desire to enable greater safety precautions at retail will cause some policy makers to encourage lotteries to move

towards cashless options and to migrate to digital “play-slips” in order to deliver contactless lottery playing experiences. Consumers may also look to use stylus-type devices to play at gaming kiosks like vending and video gaming machines without having to touch them. There are lots of adjustments like this that will need to be considered by players and operators to recast the mechanical logistics involved without impairing the enjoyment of the player experience.

Wendy: We can expect new consumer trends that enable more contactless experiences across the countless environments that we interact with every day. Perhaps we could renew efforts to get consumers to register and receive their winning lottery payment directly into their bank account instead of having to go to a retail store or claim center. Of course, the same communication channel is used to deliver jackpot notices to your mobile device. This should be a time of renewed energy and ingenuity. I believe the consumer marketplace will be more receptive than ever to new ways to make life better than it used to be.

Lottery has always done quite well with “small-ball” incremental improvements. The gravity of this crisis is profound but that does not mean we should stop stretching to look for opportunities to improve the player experience, get creative on the promotional front, and bring new consumer groups into lottery.

How fast will Lottery bounce back from this lock-down?

Wendy: It has been observed that Lottery has not suffered as much as other sectors in past recessions. This situation is quite different though, so we probably need to give even more special attention to making sure we do everything we can to preserve player engagement and playership. For one thing, we need to be prepared for the possibility of a deeper economic recession that will impinge upon discretionary spending. For another, even in the deepest recessions, we always had social communion and interaction to help us through. Now even that is a problem. It threatens the whole lottery playing model since the vast majority of lottery is played at retail.

Further to that, consider the aspect in which lottery is often an impulse

purchase. Well, if the player stops playing because they are not going to the store as frequently – how readily will she/he return to regular play as a form of entertainment? Normal routines and behavioral sequences are being broken and need to be rebuilt.

There is a lot to think about, and lots of considerations, but we’re on it! We have faced challenges before and, just as before, we will apply the talent, energy, and resourcefulness to create solutions and execute well-conceived action plans. We need to create opportunity for people to re-engage with experiences that delivered joy before and perhaps build new ones to replace behavior patterns that are being left behind.

Michelle: We may need to explore some new media outlets that will likely be a part of our social interacting universe going forward. How can we engage players and perhaps make the games themselves available in new and engaging ways for consumers who are adopting other lifestyle changes?

As we emerge from crisis management mode and into building a sustainable future mode, it will be more vital than ever to look outside of our industry for insights into how the world is changing and the innovative success strategies being applied to adapt. It will be our job to synthesize inputs from all varieties of sources with our own deep insights into the lottery industry to create new solutions to meet the needs of an evolving world.

The Expectation Economy presentation was first delivered by IGT in early February, at the WLA/EL Marketing Seminar in London, before the crisis began to transform our world. Its premise that genuine market leadership will be required even for survival was a prediction about the future. Hasn’t this crisis leap-frogged us into that future where second-best is no longer a viable role?

Michelle: The underlying drivers of the Expectation Economy - anticipating consumer behavioral trends so needs are met before they even are known by the consumer – will be radically accelerated by the crisis. Legacy ways of doing business will not be as effective, so there will be little incentive to hold on to them. There will be more freedom to innovate and progress at a more rapid rate because we have no choice but to leave the old ways behind and move

forward. For instance, there will likely be even more incentive for Lottery and Retail to collaborate on cross-promotions that incent lottery play at the store on the one hand, and drive our digital audience back into the stores on the other.

In some jurisdictions such as Texas, our sales and marketing team works directly with retail associations, which expedites the job of scaling up with large numbers of retailers. I think we will continue with simple co-op promos like buy X and get Y, but I hope we move into more creative use of multiple channels of both distribution and media to engage the consumer in new and unexpected ways. Retailers will need our support more than ever and that represents an industry opportunity to escalate the level of cooperation and derive more value from the relationship we have with retail partners. I think we will be able to get our retailers to understand that affiliating with Lottery enhances their own brand equity.

Wendy: We wonder if social distancing will cause shoppers to prefer fewer visits with more dwell time in the store to make sure they get everything they need. Walmart and other stores that enable one-stop shopping might further increase their appeal in the post-coronavirus world. Self-serve Ticket Vending Machines might become more attractive to shoppers who are already accustomed to self-service in other consumer transactions.

I think we have a window of opportunity to consolidate our relationship with our retail partners. They are in a state of flux, with intensified competition from the online channel making them more receptive to new ideas that will help them survive and thrive. Retailers will be much more willing than before to change and innovate with us to meet the needs of the modern consumer and succeed in the Expectation Economy.

The main thing is that while lottery may be a discretionary purchase, the funding it provides to good causes is essential. As we move into some challenging economic times, we need to make sure the general public and our political constituents continue to appreciate that. Our stakeholders – retailers, players, and beneficiaries – know this and we should enlist their advocacy to make sure that lottery continues to be enjoyed and viewed as a simple pleasure and beloved part of the fabric of society. ■



Zooming into the Age of Digital Transformation

The “new normal” is not so different than it was going to be already, with or without the pandemic crisis. Trends towards the new normal were already marching forward. The health and lock-down crisis has just accelerated our adoption of technology and the mass-market embrace of *Digital Transformation*.

Dr. Chris Dimitriadis

Chief Executive Officer, INTRALOT SA

In many respects, there is little historical precedence to the COVID-19 crisis we are experiencing today. In spite of that, I think it is necessary to understand our current stage of macro-economic-technological evolution in an historical context. In the Information Age of the last quarter of the 20th century, we all became experts at gathering and disseminating information. Information was digitized, setting the stage for Digital Transformation, the age we are in now wherein data and information are effectively organized and harnessed to add concrete value to decision-making processes. In this Age of Digital Transformation, the full capabilities of digitization are being deployed to impart truly transformational impacts on how we shop, how we produce and consume things, and how we improve our lives. The digitization of the Information Age is to Digital Transformation as Machine

Learning is to Artificial Intelligence or Big

Data is to business intelligence. It is the raw material, the technological tools we need to transform the player experience and the industry. Technology and operational excellence are the enablers, the tools that enable the transformation. But it is the value that is added to the player experience and to the effectiveness of the operators that matters.

One phenomenon of technological evolution is that these big historical stages become shorter and shorter. By any measure, the age of Industrialization lasted well over a hundred years. We are still in the early stages of the Digital Transformation age and can expect it to take longer to run its course than the Information Age because its purpose is so much more ambitious. The pandemic crisis is, though, radically accelerating the process of moving from the early-adopter stage to mass-market acceptance. For instance, you mentioned, Paul, that

you had not even heard of Zoom until a few weeks ago; and that you don't think of yourself as an early adopter of new technology. And yet now you love Zoom and are comfortable with it. Chances are that you likely would have adopted video-conferencing technology sometime in the future even if this crisis had not happened.



The crisis just caused you to leapfrog into the future and start using it now. Other examples of this: Lots of people had not ordered groceries online before and started in the past few weeks because they wanted to avoid going to public places like grocery stores. They too would have adopted the online ordering behaviour at some point in the future even if this crisis had not happened. The number of people using the self-serve lane in grocery stores was increasing before the crisis and would almost certainly have continued to increase regardless of the crisis. But these behaviours are now being adopted much more quickly than they would have been had there been no COVID-19. As an industry, we need to recognize this reality and be prepared to move faster than we ever have before.

Social Distancing will be a more prominent part of our mind-set going forward. That is a direct result of the pandemic crisis and would not have been a part of the "new normal." But let's deconstruct the specific impacts of the crisis and this new thing we call "social distancing". How exactly does the desire for social distancing manifest itself in behaviours and the products that enable those behaviours? I would say that nothing has really changed – the products we need for social distancing are already available, we just need to be ready to deploy them. Self-serve gaming kiosks and in-lane checkout, cashless currency and paperless ticket technologies are just some of the products that enable social distancing. Those products and behavioural trends were already picking up steam before the crisis and would have continued into the future with or without the pandemic. Again, the crisis is accelerating the mass-market adoption of these behaviours, and that is a critical difference and impact. I think we – retailers, lottery operators, and technology partners – should work hard to be ready to meet the

increased demand for rapid deployment of new products, new games, new technologies and we need to innovate in the "process engineering" space. Since the technologies already exist, we should be quite capable of fast-tracking the deployment of the products and services that will smooth the pathway for rapid mass-market adoption. Most importantly, though, is for our clients to know that we are here to support them and their own agenda and in their own timeline. INTRALOT's only agenda is to best serve our clients. The top priority is the physical health of everyone along with a return to economic stability for everyone.

Describe some of the characteristics of Digital Transformation.

Technological innovation all starts with the player. It was six or seven years ago that we framed our player-centric mission as being to create the Universal Player Experience. That preceded the global transition from multi-channel marketing over to omni-channel marketing. Now, it's no longer about marketing through channels of distribution and communications media. The Universal Player Experience is achieved with a full integration of the technological tools so that the player thinks of it as a singular user-interface that enables everything he wants to accomplish. The integrated player experience enables a seamless migration across all distribution channels, communications media, and game categories. The technological platforms and player-interface become integrated so they all feel like one universal player experience. In-store gaming kiosks, TVM's, the shopper's

Mobile phone, the retailer's in-store digital platform, the lottery's website and iLottery platform and the customer-facing functionality are all connected and integrated to make it one singularly fabulous and intuitive player experience.

The Information Age was about the capture and broadcasting of information. Digital Transformation is about the conversion of massive amounts of data into useful, actionable business intelligence. It will inform and transform the whole process of developing games and promotions while enhancing the whole player experience.

Think about the way Amazon focuses on delivering more value. A collateral impact of the COVID-19 crisis and its aftermath is that retailers, lotteries, and lotteries' technology partners will have a similarly sharper focus on that simple but profound objective. We all still want to minimize risk and optimize the ROI on capital investment. But we now have a crystal-clear understanding that holding onto status quo methods of operation guarantees that we will fall behind our competitors and the trending expectations of the consumer. Doing that clearly represents the highest risk and lowest ROI. Let's work together to build the future that will excite and engage our stakeholders and players.





Patrick McHugh, Chief Executive,
Lottery Group, SCIENTIFIC GAMES

Re-Imagining Our New World

First, I really want to thank our global lottery customers, business partners and our Scientific Games employees for everyone’s support as we navigate this crisis together. Maintaining the healthy safety of our employees is our top priority. Our customers were very supportive of the early steps we took to protect our employees while continuing to serve their business. I can’t thank everyone enough. It says a lot about the people and values of our industry.

To answer your question, I believe life after the COVID-19 crisis will be quite different, both during protracted recovery phases and longer term after the underlying health issue is finally solved. The health issue aside, changes in consumer habits and retail operations we had already seen pre-COVID-19 will accelerate, and the post-COVID economic conditions will create pressure on all parts of the lottery value chain. As a result, it will be difficult for stakeholders not to support investment in digital sales channels to modernize lotteries and sustain beneficiary funding.

On the economic front, lottery beneficiaries will face a funding shortfall. Many lottery retailers will be financially challenged—posing a threat to lotteries’ primary sales channel. The lottery supplier community may shrink. Lotteries will face natural government reaction to focus on cost control and may miss the greater opportunity for increased profits through investment. That said, lotteries’ broad distribution network, large consumer base, brand recognition and integrity make our products very resilient and uniquely positioned to continue to entertain consumers and deliver critical beneficiary funding.

To protect our industry post-COVID, the lottery community will need to advocate for investment in the value chain to realize growth, as we have consistently done after

previous economic downturns. This will include working to maintain advertising and marketing funds, prize payouts, and investment in products and sales channels that will return greater profits. I just saw a small, but great example with one of our Asian lottery customers...the Lottery temporarily increased retailer commissions post-COVID openings as a stimulus means to support their valued retailer partners and restart sales of lottery products. It was a smart investment for multiple reasons.

With a view to the future, Scientific Games has been bullish on parallel investments in expanding our capacity in both retail and digital products and services. Our programs have led the industry by creating the most profitable programs for each channel. We remain very bullish that post-COVID lotteries can recognize significant growth through complimentary retail and digital strategies.

To help our lottery customers navigate the immediate impact, during the COVID pandemic, Scientific Games has been monitoring consumer opinions with our own ONEVoice™ national consumer panel as well as research partner panels. This has given us a wealth of information to help our customers re-imagine their lottery business.

Naturally, the general population is now going to be far more conscious of pandemic risks and will face a challenging economic impact for some time. Our consumer research indicates that gas station trips will be more focused on gas and less on going inside the store. While many old routines will be lost, new routines will be found. More people will continue to work from home, buy groceries and other products online, and save money by cooking and making their coffee at home—which means fewer visits to retail shops and convenience stores, therefore less impulse buying. Our research shows that many consumers plan to continue ordering items online even after stay-at-home restrictions are lifted, which will also impact store traffic.

Grocery will be interesting to watch as to whether traffic increases with more people cooking from home verse the traffic reduction from home delivery services. I think we’ll see less traffic at customer service desks, making our product initiatives for secure expansion of instant games in-lane even more important.

We need to focus on the consumer offering,

continue to invest in the core retail products, and accelerate complimentary digital strategies. We can’t stand still.

Although no mainland U.S. lottery sales were suspended during the global COVID-19 crisis, 30% of the lottery retail network was closed. We saw MEGA MILLIONS and POWERBALL® do away with guaranteed starting jackpots and minimum jackpot increases. Lottery markets outside the U.S. were hit far more severely. Instant products have stood out during the crisis—both at retail and online. While the initial U.S. declines were alarming, there has been a bit of a comeback and instant game retail sales performance in late April and early May has been strong in many jurisdictions.

Our iLottery customers saw huge increases in new players and sales helping to partially offset the brick-and-mortar loss. Not every lottery is fortunate to be growing their instant category. We must continue to effectively manage and keep focus this important area as an industry—there are still substantial instant growth and improvements opportunities out there, particularly with logistics systems and enhanced category management—and of course with expanding to digital sales.

Despite essential retailers remaining open, every state lottery reported a drop in total retail sales, and subsequently far less revenue for the vital state programs they fund. This crisis is a wake-up call for those lotteries that haven’t yet modernized their business model.

Lotteries already selling online are seeing a huge lift in players and sales. Currently, only 12 of 46 U.S. lotteries allow lottery games to be purchased online, but only six of those including Pennsylvania offer eInstant games. The others are selling only draw games or draw game subscriptions online and missing the real sales impact of digital instant games. Also many states still allow only cash purchases—yet lottery is one of the largest consumer product categories on the planet in terms of retail sales. Almost every other consumer product can be purchased online and delivered directly to the home, or can be purchased in store through cashless transactions.

The Pennsylvania Lottery, which already had the highest performing combined retail and digital program, continues to break records experiencing an 80% jump in iLottery revenues (current weeks vs. pre-COVID

weeks) and a 200% uptick in first time players. While Pennsylvania's program is relatively new, current sales are tracking to over \$1 billion dollars annually. The state's iLottery sales hit a record \$4.2 million in online/mobile sales in a single day and is currently averaging over \$3 million per day.

Consumers are ready, and it's been proven that online sales lift brick and mortar retail sales.

How severely will the economic repercussions of coronavirus impact Lottery?

That depends on how lotteries and their stakeholders react to the situation, and whether the industry can successfully advocate for growth investment over cost cutting. Cost cutting will pull value and profits out of each Lottery's business. Investment will lead to more funding for beneficiary programs. We've proven this after every previous economic downturn when beneficiaries were facing funding shortfalls.

We are very fortunate to be in a resilient industry that has some resistance to economic downturns. Overall, during the Great Recession of the late 2000s our industry went from hot to flat. The growth slowed but did not decline massively. With that said, when you get into the details, there were some states hit very hard by the housing crisis during this recession that resulted in bigger lottery industry hits.

The coronavirus situation is somewhat similar, except for a more aggressive and quicker pullback due to the nature of the COVID event, which more resembles a natural disaster. The initial sales declines were particularly alarming, and we are thankfully experiencing some stabilization. The rate of declines has slowed, and in some categories like instant products, we are now seeing signs of substantial improvement and even cases of strong recent year-over-year growth. And we can't ignore that having a well-established iLottery program would have helped any lottery generate significant sales during the crisis.

We remain cautiously optimistic because it is unclear whether this growth will be lasting or if it is being propped up by temporary events. But on average in the U.S., for instant game retail sales, the average lottery is down only 1% pre/post COVID impact, and the overall instant

game impact is down by closer to 9%. The overall impact is more due to several states with large populations that have experienced greater rates of decline.

Unlike the Great Recession, coronavirus has sheltered people in place and outright closed certain sectors of the economy, such as bars and restaurants. This in turn has substantially damaged lottery products like Keno and other monitor games. On average in the U.S., for monitor game sales, the average lottery is down by 40% pre/post COVID. For other categories, bloc lotto is down 9% on average pre/post COVID, and other draw products are down an average of 7%.

The situation is very dynamic and there are still many unknowns. Again, we are cautiously optimistic that things will continue to improve, but we are appreciative and cognizant of the many complex factors and challenges at work.

The lottery industry's broad appeal and diverse retail distribution network is an asset. Augmenting with a strong digital channel adds even more value. Our COVID consumer panel research tells us that significantly more American lottery players will buy instant games in a new location, buy online, play instants outside of the store, plan instant game purchases ahead of time, and utilize instant ticket self-service machines after the pandemic ends.

Gaming will go through many changes. Online gaming of all types will grow quickly in jurisdictions that have been holding off. Casinos will still be in business, but only the strong will survive. Slot machines and table games may utilize antimicrobial materials for touch surfaces. Games might be separated by shields

There will likely be fallout from the government's use of mobile location data to track whether people are respecting social distancing and shelter in place restrictions.

It's very important for the industry to recognize the value of our retail partners. Although COVID has caused significant health and economic challenges throughout the world, through it all retailers have stayed the course. In the U.S., essential retailers—grocery stores, convenience stores and drug stores—remained open and their staffs continue to weather the storm. It's natural that lotteries will, and should, focus on digital sales channels

post-COVID. However, this should be done with a strategy that compliments each lottery's retail strength and doesn't compete against it. We need to demonstrate that our industry is also willing to invest in retail innovation.

Throughout the pandemic, retailers are seeing fewer customers coming through their doors and driving up to the gas pump. They have had to adjust product offerings in different areas and put new procedures in place to ensure both staff and customers are safe. The pandemic has also hastened the launch of new services such as home delivery, and in some cases store pickup. These new services and new procedures to ensure stores are clean and sanitized require the retailer to add more staff. And these additional in-store operations can occupy store associates' time and reduce engagement with and management of the lottery category.

When we reach the other side of this, retailers will look to make up ground on lost revenues and how to adjust to the "new normal." To maintain a symbiotic relationship with the retailers of today it's critical to understand the challenges they face.

As corporate chains continue to grow and independents continue to lose ground, lotteries must address the operational, security, and pain points retailers have selling lottery products. Raising retail commissions to a level acceptable to retailers will forever be an unmet goal. However, focusing on instant products and modernizing how they are sold, merchandised and managed at retail is of paramount importance to furthering the lottery/retailer relationship. Our SCiQ® system accomplishes this—and we captured great analytical insights from consumer habits during COVID that would not have been visible without this technology.

Regarding regulatory issues: Yes, commercial operators will advocate for their business. And it's not simply opportunistic, it's survival. With such a global economic crisis, any commercial business needs to adapt to changing conditions—our industry included. As you said, we will face increased competition for our consumers' entertainment choices. During COVID, we even saw sports betting suppliers expanding to take wagers on lottery drawings. We can't sit still.

Continued to page 81

them to appreciate that it is not just about preserving the funds being channelled to support good causes (though there is that of course). It is also about protecting the consumer, countless millions of players, and stopping the expansion of criminality in the world of lottery and gambling. Preserving the funding for good causes, protecting the consumer, and preventing the expansion of criminality is a priority. We not only need to rebuild the economy but also the societal infrastructure where sports, culture, education, social cohesion and R&D can thrive again. And the later we start, the more we will lose to illegal competitors and the harder it will be to reclaim all that has been lost. We can't wait until we are out of crisis management mode to begin the dialogue with all of our stakeholders on how we can rebuild and come back stronger than ever. The priorities and strategies will vary across jurisdictions, but they will likely include ambitious goals to invest in and implement new technologies and distributional methods. Government-lotteries need to again assume the important societal role of providing the necessary funds to rebuild the non-economic parts of our society. This whilst offering a wide variety of modern, integrity-rich, consumer-friendly, and entertaining games-of-chance.

Last weekend we witnessed an amazing solution to address the void in our cultural lives caused by the cancellation of a major cycling event in Belgium (<https://www.bbc.com/sport/cycling/52175417> : Virtual Tour of Flanders: Greg van Avermaet wins online 'race'). Several professional cyclists raced in the one-day event (Tour of Flanders) on

training bikes in their homes. More than 600,000 people watched it online. This new hybrid form of sport proves that we can find alternatives for cancelled sports events. To date, betting on E-sports and virtual betting have not been fully embraced by lottery operators mainly due to regulatory constraints. These constraints need to be relaxed to avoid a situation where the sport betting market slips from the hands of lottery operators and into the commercial sector.

The lottery market must be allowed to find new solutions, like E-sports and virtual betting and innovations in distribution, to address the demands and needs of consumers. Interactive scratch tickets may not have been fully embraced by the offline market in the past. But we need to recognize that the consumer gaming market will be quite changed when we emerge on the other side of the pandemic. Innovations that looked "promising" before are no longer ahead of their time. The crisis will reshape the ability of everyone to adapt to the new and different. I would respectfully submit that the ability to adapt will in fact intensify the desire for new and different. For instance, during the WLA/EL marketing seminar, the Polish Totalizator Sportowy (TS) Pay-out Direct) demonstrated a solution to pay out winnings directly to payment cards. These types of solutions, as well as player cards, tablets, smart phones, connections (plug-ins) to cashier systems and other cashless payment solutions may afford new opportunities for play and prize pay-outs without affecting RG and security perspectives.

In the past, regulators and legislators did not fully understand the need for a rapid response

to market challenges. It may have been the fear of losing control of the situation or it may have been that they did not really accept that the illegal market is a very serious threat. Or maybe lottery operators need to find more effective ways to convince regulators of the need to respond quickly to market challenges. Whatever the answer is, today's circumstances combined with the urgency of the situation must lead to change. Lottery operators and their trade associations need to forge a united front to encourage regulators and shapers of public policy to modernize regulations. Our industry need leadership in the form of a stronger multi-disciplinary approach whereby technology suppliers, sales and marketing people, responsible gaming, security as well as legal experts gather around the table with an open mind to work on these solutions. From our side, as experts on matters of legal and regulatory importance, we are ready to take up these challenges.

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³Philippe Vlaemminck & Dawid Muller have joined forces in Pharumlegal to strengthen the legal team serving the lottery community

⁴BBC.com/sport/cycling: "Belgian Olympic road race champion Greg van Avermaet was crowned as winner of the Virtual Tour of Flanders as 13 riders raced in the one-day event on training bikes in their homes. The race was scheduled to be held in Belgium on Sunday, but was postponed because of the coronavirus pandemic.(...) The virtual 30km course was streamed live on YouTube. It covered the final three climbs of the real-life 267.2km route, with live video links to all the participating riders. (...) Horse racing has also turned to technology this weekend, with a virtual Grand National raising £2.6m for NHS Charities Together."

Pat McHugh continued from page 55

The lottery industry will need to engage with policymakers. As we've seen in the news, this pandemic has highlighted the limitations and vulnerabilities of the lottery industry's primarily all-cash, in-person business model. Lotteries must modernize to weather future crisis, as they inevitably occur.

Annual U.S. state revenues from traditional lottery are \$24 billion. That's a big number and it funds vital programs for education, seniors, health and welfare, veterans, the environment, and infrastructure. The COVID crisis has resulted in a devastating 20% to 40% declines in this crucial funding.

As both state and lottery revenues trend downward in the U.S., we expect the number of lotteries with online offerings to increase. As you have seen, Governor Lamont of Connecticut and Governor

Scott of Vermont both already proposed an expansion of their state lotteries online.

In states where players can purchase lottery games via online/mobile, we have seen increases in first-time players, overall sales and online revenue. Players are choosing to play at home while they stay at home, if they have the option.

In the few states with mature iLottery programs such as Kentucky, Michigan, North Dakota, Carolina and New Hampshire, state revenues were already increasing 27% to over 100% year-over-year.

What's inspiring to states looking to launch online/mobile lottery sales, is that during its first full fiscal year of iLottery, Pennsylvania traditional lottery sales grew 7.2% over the prior fiscal year and Scratch-Offs alone grew 5.9%. This can be credited largely to the effective management of the entire

game portfolio, delivery of exciting iLottery content to the market, and tools to enable retailer support, while continuing with the strategic management of all traditional lottery products sold at brick-and-mortar retailers.

Lotteries should be cautious in choosing the right iLottery business partner. It must be a company that can not only technically launch an iLottery program quickly, but also make it commercially successful. This requires experience in retail and digital game portfolio management, consumer research, player acquisition and retention programs, and omni-channel platforms. To be truly successful, the program must be supported by marketing experts who know how to effectively use powerful CRM tools and bonusing programs that can engage and retain their players.