

A CONTEMPORARY PERSPECTIVE ON DRIVING LOTTERY GROWTH



Melissa Pursley

Senior Vice President of Lottery Product and Sales Development, IGT

PGRI Introduction: Melissa Pursley was recently appointed to lead IGT’s lottery product development and sales management team, reporting directly to IGT CEO of Global Lottery Fabio Cairoli. Melissa also serves on IGT’s Diversity, Equity & Inclusion (DEI) Global Council and is a co-executive sponsor of PRIDE with IGT, one of the company’s Diversity & Inclusion Groups — employee networks structured around underrepresented dimensions of diversity.

Of course, we have known Melissa from her previous role as COO and General Manager of IGT Indiana on behalf of the Hoosier Lottery. While working on behalf of the State Lottery Commission of Indiana, Melissa had direct responsibility for managing the complex and successful relationship between IGT Indiana, IGT Corporate, and the Hoosier Lottery Commission. Melissa’s leadership helped grow the Hoosier Lottery annual revenue to more than \$1.7 billion, with more than \$346 million transferred to the State of Indiana in 2022 alone, while maintaining the highest level of responsible gaming certification from the World Lottery Association. With direct P&L ownership, Melissa led a team responsible for business functions including strategy, sales, marketing, product development and innovation, and a network of 4,500 retailers across Indiana.

I asked Melissa to share her thoughts on moving from the operator side of the business to the technology and business-process partner side of the business.

Paul Jason: How has your 12 years of experience with major CPG (consumer-packaged-goods) brands (McDonald’s, Downy, Pringles, Cover Girl, Kraft) informed your approach to Lottery? For instance, do you think of the product as a game that is played or a consumer product that is bought? And is that even a relevant distinction?

Melissa Pursley: The grit of managing CPG and QSR (quick-serve-restaurant) brands is incredible, and I’m so happy to have had that experience early in my career. It taught me the importance of brand positioning, ongoing innovation, and what that brings for your brand’s retail opportunities — and to listen to your consumers and the trends across the market. What I’ve been able to bring from that experience

into my lottery service has been a clear focus on data as the key to effective brand positioning — and driving for decisions that leverage both the science and the art to grow the industry.

I’m not sure the distinction between lottery as a game that is played versus consumer product that is bought is relevant in the proposed way. I do think, though, that there is an important distinction between the way we talk to players and the way we talk to retailers. Consumers purchase lottery products for a very clear reason — a chance to win money and have a little fun. They tell us that again and again, and this doesn’t change between player segments or geographical location. Retailers sell our games as a consumer good — they earn commission and have an opportunity to increase their bottom line.

In my experience with the Hoosier Lottery at IGT Indiana, we spent time developing retail plans including merchandising standards, marketing programs, and key account promotions, which enabled retailers to earn increased commissions as sales increased. This also allowed the Lottery to place incremental point of sale, that we would not have gotten otherwise, to help drive player engagement.

I believe retailers think of lottery as a CPG, but the players think of lottery as an experience to be enjoyed. I think we want to make sure we lean into the aspect in which lottery is much more than a CPG to players. We want to support that feeling of anticipation, the experience of playing a game, the spark of imagination and hope

that goes with wondering what you would do if you won the lottery.

Then your career took you directly into retailing with the third largest grocery retailer at the time, SuperValu (SVU). What insights were gleaned from the process of building out their “shopper marketing” competencies? And what can lottery do differently to enhance consumer/shopper awareness of our games?

M. Pursley: I remember one of my first “big” meetings in my initial role at SVU. I was working within a team to build a shopper marketing competency for the company, which entailed building a framework for vendors (e.g., CPG, food companies and brokers) to pay into for added point-of-sale, marketing, and advertising space. I stood in front of a group of SVU merchants who didn’t know me, and basically told them that they were leaving money on the table – which they heard as “not doing their jobs.” I was basically kicked out of the room, and I spent time figuring out how to show the value of the goal differently. Several years later, as the company was finishing up a re-structure and company acquisition, those same merchants were highly concerned about how they were going to maintain the shopper marketing program within their supply chain. They came to recognize the value that I had worked to show them, and over time came to adopt new practices.

I share this story because it feels similar to the path of our industry at times. We can be slow to change; slow to recognize incremental opportunities that can ultimately become game changers. We have to continue to find ways to communicate more effectively with stakeholders as we look for support to drive innovation.

Lottery doesn’t have a traditional “consumer awareness” problem. But there is still headroom to promote the broader diversity and extent of all that we offer, even if it is just to remind consumers of all the ways to have fun playing the lottery – differentiated prize structures, extended play games, varying price points, exciting jackpot games. While there are plenty of opportunities in front of those of us immersed in the innovation journey for retail, it’s also important that we push, every day, for incremental enhancement of the placement of our products and our marketing.

Retail Marketing Programs that reward retailers for following merchandising standards and planograms, increasing points of access in the retail space, and providing incremental marketing opportunities in their stores and across retailers’ own social media channels should remain a key focus. This is the path that IGT Indiana carved out on behalf of the Hoosier Lottery. When we joined the Hoosier Lottery through the Lottery Management Agreement, the average access point per retailer was 23. Today it is 41. Total access points have grown by 79,000, which means there are 79,000 more options at retail for players across the state than there were 10 years ago.

One of my expressions, gained from my retail experience, is “you can’t sell what you don’t have.” In Indiana, we developed a laser-focus on new game retailer activation and out-of-stock management. The program is called “Full and Available,” and the team runs about a 97-98% rate of availability at retail for instants. And retailers receiving an initial launch allocation shipment had an overall activation rate of 99.52% in the first 48 hours after game launch in April 2023, which is a consistently strong KPI in Indiana.

Walmart recognized Hoosier as Best-in-Class partner during your tenure. What were some of the things you did that were special and earned you that recognition?

M. Pursley: Walmart determined where machines would go and how they had to look in terms of height and width. IGT invested in innovation, research, and testing to package the mechanics into an award-winning unit, and our teams continue to focus on the logistics of implementation and promotion. In Indiana, we focused on the data. Where would we launch the machines first, what stores would get multiple machines, what was the ideal 20-game planogram for this retailer? Then enters the science and the art of gaining awareness among Walmart shoppers. We invested heavily in ambassador events, and the team leveraged the data to ensure Full and Available rates and the appropriate 20-game planogram.

How does the operator perspective differ from the “partner” perspective?

M. Pursley: Working on both the operator and technology-partner sides of the business

has given me an appreciation for the many differences of perspectives. I have found that operators are receptive to insights acquired from multiple sources, including the experiences and data gleaned from other markets, if we relate the research, data, and insights directly to their own experience. We know that the operator knows their business and brings a perspective that the technology partner may not have, and we expect them to challenge us to address their questions about the way research, data, or experience gleaned from other markets apply to their particular market.

Then, even when we get clear consensus on the objectives, the approach to getting there can vary widely based on our different experiences, our different functional areas of expertise, our different corporate or organizational cultures, etc. At the heart of IGT’s value proposition is the science of analyzing the countless attributes and variables that determine the success of an initiative, product, or promotion, and driving business performance and success for the benefit of lotteries and good causes. That’s what we do. Our global footprint gives us a unique perspective on the industry, a wealth of data that informs the whole process, and a diversity of real-world experience to draw upon.

It’s our job, the job of the technology partner, to align what we offer with the will of the customer, the state lottery operator. They are the ones who know their market, their priorities, their goals, their political landscape – and we are dedicated to helping them accomplish their mission.

You are now leading IGT’s incredible brain-trust that provides marketing and business intelligence leadership. What are the top-of-mind issues your team is working on right now?

M. Pursley: I am indeed very excited to be working alongside such talented folks. There are three key areas that we’re focused on to help drive growth to the lottery industry: thought leadership, portfolio and product optimization, and retail sales execution and innovation. On the thought leadership side, it’s about driving research and insights to help drive leading practices. But it’s always about really helping customers identify those consumer and retailer needs and bringing to them the most forward-leaning success strategies our industry has to offer.

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On product and portfolio optimization, we have a team that analyzes that performance data to optimize game design, game mix, and game distribution. Right now, for instance, we are bringing IGT's draw game Cash Pop™ across North America. And then data analysts who help identify near and medium-term opportunities and support the industry as it also drives for innovation. For example, multistate game enhancements that involve collaborative support from IGT to successfully execute a game change.

Retail sales innovation and execution is really a diverse team comprised of former retail industry veterans like myself and several others who are steeped in retail as well as lottery sales. This group is responsible for providing the state lottery operator's inside and outside sales teams with the tools, expertise, and systems to optimize sales. Our pipeline flows to all levels of the organization that benefit from our efforts and initiatives.

Like the Hoosier Lottery, most U.S. lotteries are still prevented from selling online, and yet mobile app developments are an important part of your consumer engagement strategy.

M. Pursley: The Hoosier Lottery was one of the early jurisdictions to build a "convenience" app. We call it a convenience app as opposed to a selling app, but that doesn't make it less powerful. The Lottery quickly saw the value in turning an anonymous consumer into a player who interacts with the Lottery. It enables the two-way communication that benefits players and helps us understand how to deliver more and better value to them. It fuels the CRM (Customer Relationship Management) platform that is so vital for all market-driven/customer-first companies. The mobile app also feeds our data management platform, which informs the media choices we make to connect with players, and enables our media spending to be more strategic, more tactical, and allocated to where it is maximizing impact. It all adds up to a very positive value.

Because it sharpens the focus of your media spend?

M. Pursley: And enhances our ability

to measure the impact. I'll use the digital space as an example. Let's say agreement is reached in media planning to spend 35% of the media budget on digital channels. Fifteen years ago, we would have bought websites that had the most traffic of a specific demographic. Now, we can connect more directly with players and non-players based on more specific goals and based on their behaviors – not on what website they go to, but why they go there, what they are looking for, and where they might be going next. We are buying an attitude, a behavioral profile, and a segment of players as opposed to a group of websites.

IGT has been an industry leader in formalizing DEI initiatives and has recently been recognized with high-ranking DEI scores. What's the business-related ROI

associated with a focus on superior DEI performance?

M. Pursley: We think of diversity as an integral component to business sustainability. It's vital for the workplace to nurture the diversity of viewpoints that are the basis for true understanding and ultimately for the breakthrough insights that drive business innovation. And it is vital for the demographic composition of the work environment to reflect the diversity of our customer base for us to effectively empathize with the experience of customers and players, and to develop breakthrough products and build the brand narrative that connects with a range of audiences around the world. That is why IGT has made it a top priority to lead in this space.

The Lottery and Gaming industry is ready for change. I'm really proud to work for an organization that has a perfect score on the Human Rights Campaign Foundation's 2022 Corporate Equality Index, which measures the quality of the workplace for LGBTQ+ equality. It's important to me, and even more important to the next generation of leaders, to know they work for an organization that supports their values and celebrates everyone's ability to bring their authentic self to work. I'm also happy to serve as the executive sponsor of Pride with IGT. We have built countless local chapters of our Diversity and Inclusion Groups throughout the organization. I also sit on IGT's global Executive Diversity, Equity, and Inclusion Council which sets, measures, and guides us toward very clear internal goals that I'm proud to say we continue to meet. And we push ourselves even further on those goals. We are also a top-ranking gaming supplier as measured by the progress of Diversity, Equality, and Inclusion in the Betting and Gaming sectors, and that's through the All-In Diversity Project. I can't tell you how proud I am to be a part of an organization that shares my values and has the vision to prioritize DEI as key to a healthy, sustainable, business-growth strategy. ■

