# Turning LVMs Into MVPs


## With more data — and a new, advanced analytics technology platform to analyze lottery vending machine metrics — come new insights to maximize performance.

The National Retail Federation's predictions for 2024 foresee ongoing changes to the in-store environment, whether retailers will be investing in technologies to provide shoppers with more personalization, or revamping stores to align with the experiences consumers want.

Yet even as the retail landscape shifts, when it comes to lottery sales, one of the reliable constants is still self-service vending.

"Self-service remains important to lottery retailers, relevant to players, and holds significant untapped opportunity for lotteries," says IGT's Paul Riley, VP Retail Innovation and Partnerships.

"Retailers' hierarchy of needs starts with data, data, data – it's the lifeblood of retail. Lottery vending machines (LVMs) are just one of the areas where we can offer lotteries access to more performance data than ever, and dimensionalize it with new analytics capabilities," he explains. "We're working collaboratively with lotteries and their retailer partners to apply the data and insights to scope the opportunities and help determine how to deploy optimally."

Optimizing LVMs can **improve player convenience,** help lotteries c**onnect with new players,** and **ensure that the lottery products consumers find most appealing** are available to them, all of which drive sustainable growth.

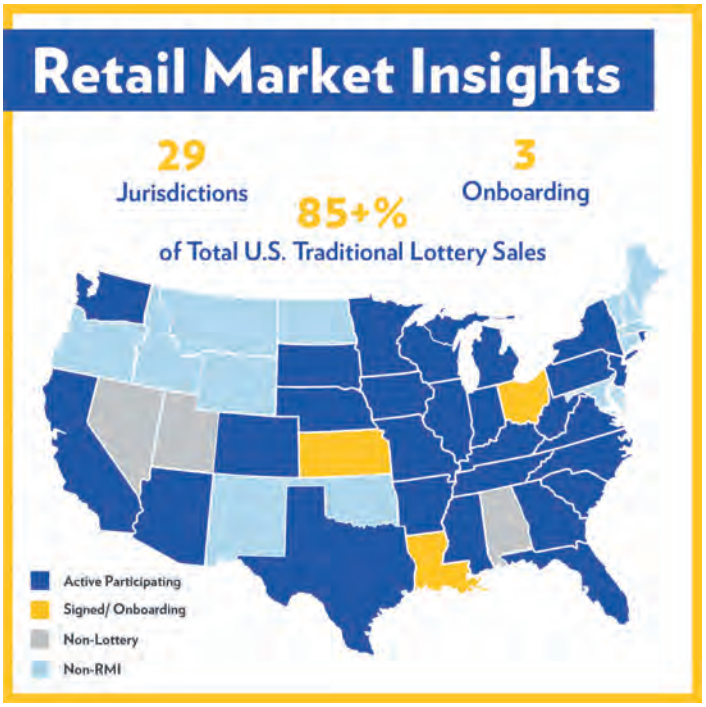
In 2023, when Steve Desautels, IGT Director Sales & Marketing Execution, analyzed the LVM data for the top 20 retailer chains for lottery in the U.S., he found that stores with one LVM tended to outsell those with no LVMs by a significant percentage: "It's not isolated cases here and there. The data consistently show

a difference of 30-40+% increase in net total sales when there is an LVM," he says.

The data also revealed that while the #1 lottery retailer in the U.S. had the most sales, it also had the lowest percentage of LVM penetration. When Desautels compared the average weekly lottery sales in the retailer's stores with an LVM versus those without one, "again, it was a night-and-day difference. In many cases there are almost double the sales when the retailer has an LVM in that store to complement the sales-counter offering."

The analysis catalyzed the retailer's interest in exploring the opportunities in various jurisdictions. Desautels facilitated a conversation between the retailer's National Lottery Category Manager and Washington's Lottery team, which had some LVMs in inventory as well as a number of new IGT GameTouch™ 28 units to deploy.

As a result of the discussions, the Lottery initiated a small pilot beginning in July of 2023, adding an LVM to six of the retailer's locations. "Very soon, we started seeing the types of results in those locations that had been projected by IGT's analysis," notes Ron Smerer, Director of Sales & Marketing for Washington's Lottery. This successful pilot is now being expanded to another 20+ locations in the state.


**Data and the analysis to aid in LVM optimization is available to any lottery participating in IGT's Retail Market Insights (RMI) database.**

**With data on 29 states – both IGT and non-IGT – and more than 176,000 U.S. retailers, RMI gives lottery and retailer decision makers the tools to analyze lottery performance trends within and across jurisdictions, including comparing retailer and geographic attributes that impact performance to identify consumer trends and optimize existing lottery locations.**

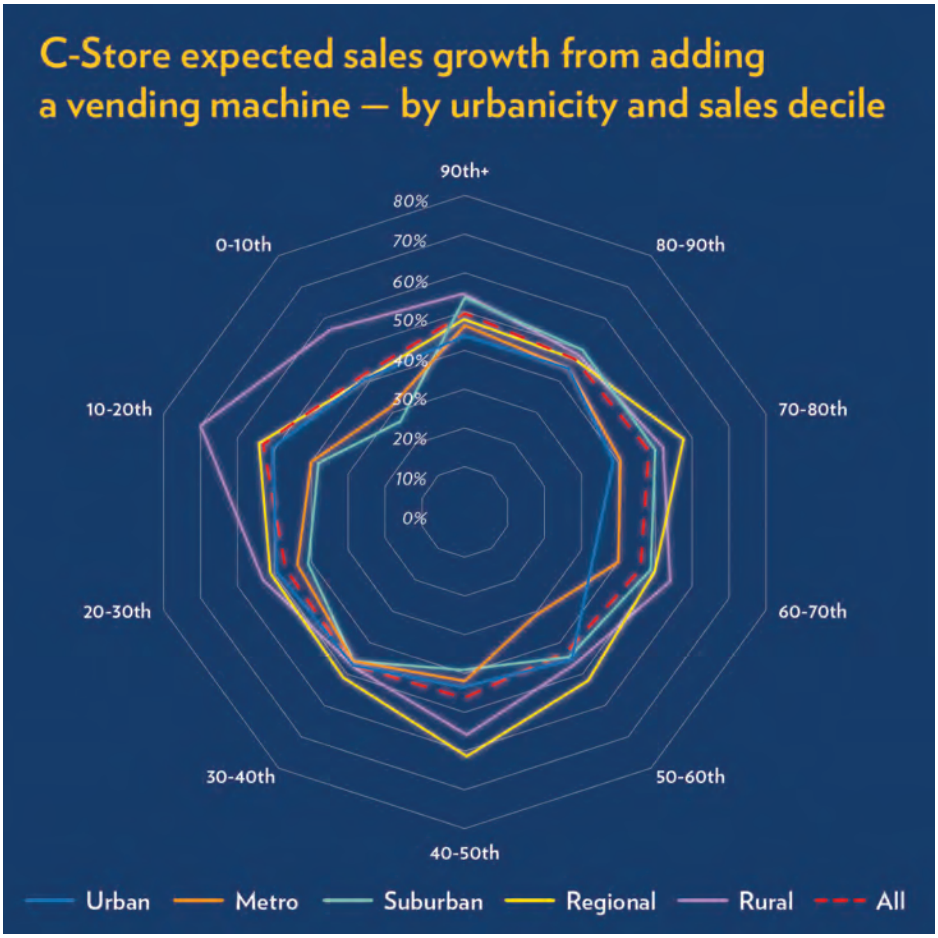
In another jurisdiction that is now engaged in a similar pilot, Desautels found that the difference in lottery sales between the retailer's locations with no LVM units versus one unit was about $17,000 per week. "This retailer has nearly two thousand locations in the state and less than a dozen of them have LVMs," he observes. "If they were to deploy in just 10% of them — multiply the differential per week, per store — the case is very clear."

## Bringing More Dimension to the Data

It's not uncommon for lotteries to have some number of LVMs in inventory going unused for various reasons. One of the tools that can support lotteries in assessing the opportunities and determining how best to deploy them is IGT's **Retail Market Insights (RMI)** database, available at no cost to all U.S. lotteries that choose to participate. RMI currently covers 29 U.S. jurisdictions and more than 85% of U.S. traditional lottery sales.

RMI-partner lotteries have access to state-specific and multi-jurisdictional data, as well as a set of monthly consolidated reports and a dedicated staff of analysts and other specialists who support users with a range of tactical and strategic applications, including LVM optimization. Any lottery that is an RMI partner and provides LVM data can work with IGT to access the relevant data, insights, and other support.

What now makes the RMI data even more actionable is IGT's




**A sample dashboard illustrates one type of analysis that IGT's Lottery Data Cloud can produce, enabling IGT analysts to readily find commonalities or differences in LVM performance and assess how various factors impact expected sales growth.**

**Lottery Data Cloud (LDC).** LDC is IGT's internal, cloud-based, advanced analytics platform that brings together cross-jurisdictional, cross-functional data sources to help IGT analysts find correlations and insights to drive enhancements and efficiencies, both for IGT and its customer lotteries.

"A driving goal of LDC was to bring together seemingly disparate sets of data, combined with machine-learning technologies, to discover insights and derive business value from them," says Ira Lough, IGT Senior Director Research Science and Data Strategy, who directed the development team. "Within this platform, we're building applications and toolsets that help automate analytic tasks. They provide IGT analysts with a powerful, governed, data platform that will allow them and the lotteries they serve to make quicker, more informed business decisions — and further enable IGT to continuously improve the products and services we provide."

Applied to self-service optimization, for instance, the LDC brings more dimension to the data and allows analysts to interrogate it readily in various ways.

Craig Hall, IGT Senior Manager Software Engineering and Data Strategy, who was instrumental in developing the platform, provides some examples: "Once we identify all the locations that might be candidates for an LVM, we can assess the various attributes of these locations, such as **trade style, urbanicity, sales volume, and more.** We can then run these attributes against the 150,000+ existing locations for which we obtain data through RMI, and **identify a prioritized list of locations that would benefit most from the placement of an incremental vending machine.**

"Several lotteries are doing a similar analysis on their own, but one of the advantages we can provide is a **much larger sample size** to find commonalities," he adds. "And, because the retail chains cross jurisdictions, we are able to leverage cross-jurisdictional RMI data to **provide a more holistic assessment of a chain's performance.** This in turn increases a lottery's confidence about what they're seeing or plan to do in their own state."

The analysis derived from RMI and IGT's LDC platform also enables national retailers to have more meaningful conversations with their partner lotteries, armed with **the tools, data, and logic to support specific recommendations.**

"Due to the enormous amount of vending machine data, it's typically laborious to do LVM analysis with traditional technologies," notes Lough. "With this scalable, cloud-based platform, it becomes a lot easier. IGT analysts are now able to process these data sets more efficiently."

"What we try to do is bring information to light for lotteries to act on," says Desautels. "We can query the data and refine recommendations using the factors that the LDC takes into account, helping lotteries focus on the best opportunities. If a retailer is willing to have the conversation with their lottery jurisdictions, and a lottery is open to adding LVMs or has inventory available, we can support them in selecting the stores and surveying the locations to make sure they're a good fit for that store's layout and for the store manager — all the way through to in-store placement and post-execution measuring and monitoring."

IGT's specialized teams support lotteries with all key drivers of optimization, including **minimizing out of stocks** and **space to sales analysis.**

Gina Easley, IGT Senior Manager National Retail Accounts, notes, "It's important not only to connect with our customers where they are, but also to connect with lottery retailers by offering multiple support

# How Walmart Optimizes

Walmart continually evaluates the placement of LVMs to maximize consumer visibility and accessibility as its retail space constantly evolves with new front-end transformation projects.

Gina Easley, *IGT Senior Manager National Retail Accounts*





The Walmart team will consider placing full-size LVMs on the front wall of the stores, in addition to the low-profile machines at self-checkout kiosks, depending on store layout and space availability. Walmart will now also allow full-size vending at self-checkout if there is a grab-and-go cooler section installed, in addition to front-wall placement.

New York, for example, has deployed 80% of the Supercenters with two or more LVMs, with some stores having three machines, and has been able to drive material increases in sales in these locations. In Walmart's new fiscal year, beginning February 2024, the retailer's stores in New York continue to trend higher, with same store sales increasing at 30% compared to the same time period last year.

options that work seamlessly across all channels to better serve them."

To meet this need, IGT is now rolling out a new **Retailer Self-Service Portal,** which provides participating retailers with helpful troubleshooting tips for their lottery terminals and vending machines simply by scanning a QR Code. In addition, retailers can chat with an AI-powered chat bot to ask for help, walk through troubleshooting steps, and even connect with a live agent for more assistance or to open a service ticket. The new portal also gives the retailer the option to order supplies.

"The tools, services, and level of analysis we offer are designed to help retailers sell lottery, help players access games they enjoy, and help lotteries make more of their LVM investment," says Riley. "We invite lotteries to let us show you what we can do."

Watch Paul Riley's related PGRI SMART-Tech presentation, "Retail: Whatever You're Thinking, Think Bigger," at PGRITalks.com/RILEY.mp4

**To learn more about how IGT approaches LVM optimization, contact your IGT representative. For more on RMI, check out "Spotlight on RMI" in PGRI July/August 2023 or contact RMInsights@IGT.com for information on joining the program.**