

# Data-driven customer management is the future of national lottery companies

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SZERENCSEJÁTÉK ZRT.



**N**ational lottery companies face numerous challenges due to rapid changes in industry trends and shifts in the market environment.

The acceleration of digitization has led to altered player pathways, also endangering the sustainable growth of retail networks with a shift towards digital sales. The gaming preferences of the young adult generation are changing, favoring fast and exclusive gaming experiences. Similar to other industries, customer experience and personalized service take precedence, requiring significant development for lottery companies with millions of players. With the rapid spread of artificial intelligence and predictive marketing, the sector also needs to keep pace by formulating an appropriate corporate strategy.

**According to Accenture's Personalization Pulse Check, 91% of consumers are more likely to shop with brands who recognize, remember, and provide relevant offers and recommendations.**

Similar global processes influence the future of the Hungarian National Lottery company as well. The 34-year-old Szerencsejáték Zrt. has achieved an average compound annual turnover growth rate (CAGR) of 15% over the past 12 years and currently demonstrates over 30% YoY growth due to robust digital expansion. The company boasts Hungary's largest sales network, comprising 7,500 points of sale, visited by 5 million unique players annually, with 1.3 million digital players on its online platforms. Besides draw-based and instant games, its broad portfolio includes significant segments of sports betting and virtual betting.

**However, sustainable growth is influenced by numerous factors that the Hungarian National Lottery must address in the long term within its commercial operations:**

- The Hungarian online sports betting market opened on January 1, 2023, ending the company's monopoly position in this segment and intensifying competition.
- A retail renaissance is observed post-Covid, with players returning to land-based networks.
- Despite millions visiting lottery shops annually, the company lacked data on these players, rendering them an anonymous mass for decades.
- A significant amount of Hungarian players now engage in omnichannel play, switching channels throughout their gaming journey, expecting a seamless

customer experience at every touchpoint.

**Market dynamics and technological trends necessitate significant changes in Szerencsejáték Zrt.'s operations, requiring a substantial transformation of its commercial and marketing approaches and toolsets to maintain competitiveness.**

One of the most significant steps in this transformation was the launch of a four-year program in 2023, named the Optimus Program. **Its primary goal is to enhance customer experience, profitability, and customer retention among identified players, utilizing data-driven tools in a partially competitive market.** The name Optimus Program was chosen to signify the development of a robust, AI-driven system that reformulates the company's approach and develops the tools of modern integrated customer management.



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The changing competitive landscape necessitates reforms in services, offerings, data analysis, and responsible gaming capabilities. The Optimus Program is a strategic initiative aimed at revitalizing the company's customer service capabilities and establishing a loyalty program with related technological infrastructure (e.g., developing a super application) to increase player loyalty and commitment to the company.

The Optimus Program relies on numerous international trends and best practices in its objectives and tools, while also taking into account the company's starting position and capabilities. In its development, we examined the global trends currently influencing customer service operations:

• **Integrated data processing:**

Consolidating information gathered across various channels and integrating disparate systems can reveal previously hidden correlations and customer needs, increasing transparency.

• **Analysis of customer feedback:**

Beyond dedicated customer service channels, players often share their experiences with services online. Customer comments, direct likes, shares, and interactions provide additional insights into consumer behavior, which can enhance the effectiveness of personalized customer experiences.

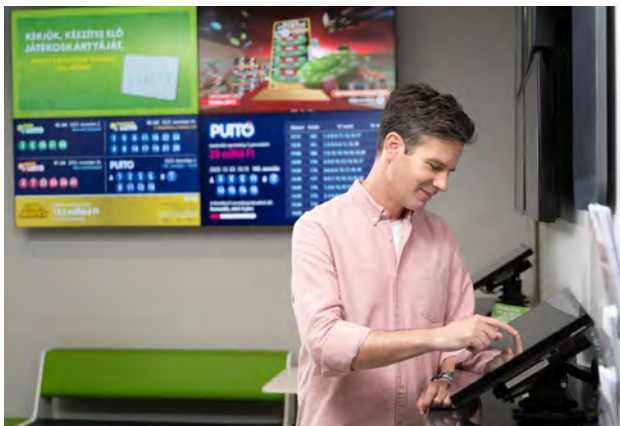
• **Personalized customer experience:**

Tailored experiences, such as personalized offers, enhance customer satisfaction by simplifying processes and making customers feel valued and important. This trend is based on the understanding that in today's world, customers want to feel more than just a number or data point. Personal interactions or unique opportunities/messages create a sense of importance, potentially increasing brand loyalty.

• **Artificial intelligence and automation:**

The use of artificial intelligence and automation facilitates process optimization. For example, AI can prepare unique offers and creatives within seconds using predictive analytics and tools.

• **Self-service options:** Forums, knowledge bases, interactive chatbots, and certain sales solutions are among the most commonly used self-service options. These accelerate and streamline customer



Headquarters Szerencsejáték Zrt. Lottery

processes, such as complaint handling, thereby increasing customer satisfaction levels.

These five trends reinforce each other, amplifying their impact on the market. For instance, integrated data processing enables the creation of personalized offers for players by observing more accurate correlations, thereby enhancing the overall customer experience.

Planned until 2026, the Optimus Program aims to achieve its objectives through various projects and nearly 100 different degrees of development within Szerencsejáték Zrt. along the following four pillars:

**1. Expansion of player base and data assets:**

Increasing the quantity of available and usable player data and further developing the company's data asset strategy.

**2. Development of analysis and modeling, knowledge sharing:**

Generating analyses and accurate traffic forecasts based on available player data, drawing conclusions, and sharing them within the organization.

**3. In-house offering capability:** Alongside the development of relevant processes, expanding and modernizing the offering

capabilities of online and physical networks. Establishing an appropriate toolset.

**4. Integrated loyalty program:**

Creating a unified loyalty program within the Super application that spans across different gaming segments.

The Program brings tangible benefits to players, retailers, and back office colleagues alike. It achieves mass exclusivity and hyper-personalized service. Overall, players will experience a higher level of customer experience and gain access to numerous convenience features. Such features include loyalty programs, partner discounts, or payment options with player card balances. Retailers have the opportunity for customized service provision through terminal messages or OCRM systems, while central employees are able to send data-driven automated campaigns using easily accessible and expanded data.

During the period since Optimus Program's launch, we have achieved several significant results:

- By the end of 2024, we will reach nearly 2 million identified players in the land-based network, compared to just 15,000 in 2022. The growth of identified players supports our efforts in responsible gaming organization as well.
- The number of annual engagements has increased to 18 million.
- 20% of customers are omnichannel, providing opportunities for integrated offers.
- The marketing consent rate stands at 82%, which is 15 percentage points higher than the Hungarian retail sector average.

Over the next three years, the Optimus Program will build business capabilities and implement technological solutions that significantly enhance the company's data assets, enabling a deeper understanding of our players' habits and needs, and reforming the process of personalized offer delivery.

**Through these developments, customer service is placed on new foundations that will shape Szerencsejáték Zrt.'s operations for the next decade strengthening its competitiveness in the growing competition. ■**