

A Brave New Game

A year after the covid-19 pandemic broke out and as gradually life is returning to normal and the world is coming to terms with the new reality the industry is widely embracing optimism.



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In 2020, most industries felt the economic impact of the pandemic and lotteries were no exception, although in some jurisdictions the industry was still able to withstand the shocks. As the pandemic stretched on, a feeling of impending doom spread across the industry, because of the cataclysmic effects of the biggest global health crisis in modern history and the measures imposed to protect public health. Especially so for lotteries not yet engaged with digital sales, who were already facing a threat of becoming somewhat obsolete, as other gaming

and entertainment alternatives were leveraging digital technology; a threat that was further amplified as the pandemic accelerated an industry-wide shift toward digital sales, cashless transactions and contactless interactions. Regardless of the state of digital adoption one fact has come to be widely accepted by all industry participants; that the typical lottery operating model built mainly around in-person cash-based sales at lottery retail shops is not sufficient for the new normal.

A year later, as gradually life is returning to normal and the world is coming to terms with the new reality, the picture is quite different, and the industry is widely embracing optimism - and rightly so. Lottery is far from being doomed and in fact this crisis is accelerating the much-needed reengineering and digital transformation of the traditional lottery business model. This optimism emanates from the sheer understanding that challenges should rather be seen as opportunities and from realizing that we have many good things coming our way. Lotteries all around the world instead of being paralyzed in the face of this

'clear and present danger', have sought opportunities from the challenges presented during this difficult period.

First, many lotteries with the support of their legislatures and regulators rushed to shift their lottery sales to digital channels so to rapidly close the digital divide with industry peers. This shift has been facilitated by technology which has literally advanced several years in the course of just few months. Moreover, digital adoption amongst the older generations which up to

now were reluctant converters has been acce-

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lerated, alleviating the long-term concern of lotteries for an ageing and not well-versed with technology player base. Another positive development is the growing spending capabilities due to the reduction in non-essential purchases which is also adding to the spend on indoor entertainment, especially on lottery which sells dreams and creates feel-good moments, an important purchase driver when living in a pandemic.

Further to leveraging these technology and consumer trends, subject to regulatory restrictions, lotteries have also been reformulating their marketing strategies so to adapt to the evolving needs and behaviors of their players as a result of living through the pandemic. The key differentiator and competitive edge of lotteries which was amplified by the pandemic lies in purpose-driven marketing; an emerging strategy used by brands to center their external communications efforts around a social cause that aligns with their core values. This way lotteries are developing a deeper rapport with their consumer base by creating authentic connections based on shared values. This strategy is a perfect fit for lotteries who can further strengthen their already strong bonds with local communities which have been coming together to support each other-while consumers increasingly expect

companies to contribute to that support. Lotteries are also focusing on transparency and are leveraging their beneficiary support to social programs as consumers appreciate brands which support those in need in these difficult times, a desire only accelerated by the pandemic. In addition, by supporting their retailers and small businesses engaged in

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operations they are building a stronger and more connected value chain. Another opportunity for lotteries which are ethical and trustworthy at the core, is to further promote values and principles such as responsible gaming so to reinforce and strengthen public sentiment and trust for the industry. Last but not least, lotteries are actively supporting in various ways the response to Covid, a strategy that is paying dividends within the pandemic and beyond. As an example, lotteries are scalable, low-cost and tested communication avenues worth considering in the Covid-19 response in order to increase vaccination uptake. Lotteries can be at the forefront by implementing edutainment (entertainment education) formats which can reach individuals at a

more personal level while mass communication can't. In addition, an inherent characteristic of behavioral bias of people inflating small proba events. In this sense, lottery incentives condition on vaccination uptake might prove valuable, and certain authorities are already experimenting such concepts.

The ecosystem that is being leveraged to deliver those messages and initiatives is undoubtedly social media, the potential power and reach of which can hardly be overstated. With social being the leading source of Covid-19 information, is the optimal delivery mechanism, and social media-savvy marketing campaigns provide tools with incomparable reach to connect with existing and potential customers in ways that boost customer acquisition and player value.

All in all, lotteries at a global scale have taken action instead of resting on the laurels of their solid brand recognition and legacy operating model. By leveraging and building on their social contribution heritage while making the best of the current situation by pivoting towards the technology and consumer trends which have been accelerated by the pandemic, they are coming out as a more digitally native and agile industry with an even stronger social image and brand acceptance and are emerging as clear market leaders. ■

