

# IMAGINE A NEW UNIVERSE OF POSSIBILITIES IN LOTTERY DISTRIBUTION



**Simon Butler**  
Founder & Chief Executive Officer, Abacus Solutions International Group  
[www.lotteryeverywhere.com](http://www.lotteryeverywhere.com)

**Paul Jason: Retail is changing. How are these changes impacting the lottery industry?**

**Simon Butler:** Retailers are facing many challenges. These include supply chain issues, inflation, theft, and labor shortages. From 2018 to 2021, Forbes reported that labor shortages have doubled over this period (which increases costs), and this trend continues to grow year after year. Retailers are reaching out to tech companies to address the pain points they are experiencing.

If you have visited your major lottery retailers, you have probably seen firsthand the changes retailers are adopting and how these changes are impacting the checkout experience.

**Why is it important to be aware of how technology is changing at retail?**

**S. Butler:** Simply put, most of these new technological advancements impact how consumers shop at grocery stores and convenience stores. Manned lanes and customer service center desks and kiosks are disappearing. Traditionally, the retail clerk has been key to selling your lottery games. If that service desk is replaced with self-checkout, who's going to sell your scratch and draw game tickets in a convenience and grocery store when there is no clerk? And who's going to ask the customer if they want a Powerball ticket? The simple answer is nobody, and as a result, the lottery sales will decline.

One customer with one self-checkout sale may not be a big impact. However, extrapolate that data across all lanes in all stores across the entire state and the impact does become material. What if I told you that a major convenience store chain in the

US with 7000 stores is completely changing the way its customers check out. No clerk and no person to ask for the sale. Zero counter space for instant ticket dispensers. And with this technology they've already seen lottery sales fall up to 20% per store or up to \$800,000,000 in lost sales annually.

Clerks are disappearing, counter space for scratch products is vanishing, all the ways we currently sell tickets are changing. This is happening right now, the impact is incremental and sales are eroding, and the window of opportunity for lottery to adapt is closing.

**What do we do about it?**

**S. Butler:** In order to adapt to the changes occurring at retail, several lotteries are increasing the use of vending machines in an attempt to recapture a percentage of lost sales. Although this seems like a logical approach for convenience stores, space for vending machines is limited and stock outages are prevalent for retailers due to reduced staffing levels. The high cost of vending machines is also a major concern.

Abacus has been working hard for several years with most major retail technology companies that provide retailer point-of-sale (cash register) software, to implement a distribution platform that enables retailers to sell lottery products in both self-service and manned lanes, regardless of the how consumers check out.

This retail distribution platform allows consumers to add lottery products to their shopping basket and receive their lottery products on cash register receipt paper, digitally (if allowed in state) or on any other receipt mechanism used by the retailer. Scratch products are also supported so consumers can play all lottery games in the portfolio.



Abacus is presently working with eight US and Canadian lotteries to provide various retail solutions to address the impact these retail changes are having on their business. In the Netherlands, Abacus has provided integrated solutions into five retail chains and is selling lottery products via manned lanes, self-checkout, scan & go and on the retailers' ecommerce website. In Iowa, Abacus will soon be going live with two of the state's largest grocery/convenience chains. And in Canada, Abacus is implementing a solution with three large retailers – a national grocer, a retail grocery, and merchandise retail chain. Abacus is also live in Arizona and Texas with Kroger and will soon be moving Florida to the Abacus platform.

**Sounds like the time is now!**

**S. Butler:** Abacus is an experienced expert in working with lotteries, gaming system providers, retailers, and retail point-of-purchase software providers and manages each piece of the project. With many moving parts, it takes time to scope, develop and implement these projects. Integrating these changes from your gaming system to your retailers can take up to 9 months to complete. Now is a good time to build Abacus into your fiscal budget and planning process to address these changes at retail and capture the increasing volume of sales that are moving to self-service checkout. ■