

FOCUS ON: INSTANT GAMES



ROOGOW WINNER'S CIRCLE



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INSIGHTS

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A portrait of Arch Gleason, a middle-aged man with a grey beard and mustache, wearing a dark suit, light blue shirt, and a striped tie. He is smiling slightly. The background is a plain, light grey.

**Arch
Gleason**

Made a Difference.

1947 - 2016





Scratching the Surface Of(f) a New Instant Experience

By Antonis Dimos, Group Director of Lotteries

Easy to play games, offering instant prizes, constantly refreshed with new themes, play styles, price points, top prizes and winning experiences, while available in various venues. It is no wonder scratch tickets appeal to a diverse universe of players, generating in the process sales exceeding \$80 billion in 2015 - 30 percent of the global lottery market according to the La Fleur's. This attainment imposes new challenges to operators, increasing the pressure to produce higher revenue figures. The path to achieving this goal starts in the search for entertainment and leads to the heart of consumer behavior, because in ever-connected societies, entertainment is the number one motivator driving the majority of consumer actions.

But how can we maximize the entertainment factor for the instant-win games, the one game category that incorporates the fun element in its design from the outset? By "borrowing" best practices from other industries and adopting the learnings to the category's specific requirements; these include surprising the consumers with value-added elements they did not expect and customizing the offering to each individual need, while facilitating convenience in purchasing behavior.

Surprise & Delight

It is a commonly acknowledged rule that the more a consumer pays for a product, the more he expects in return. For instant-win games, this practice has been expressed in a well-balanced product portfolio accommodating a variety of top prize levels, winning chances, play styles, etc.

Applying a multitude of options has led the industry in the doubling of sales in the last decade (i.e. +65 percent increase for the period 2006-2015). Moving forward, it is important to continue innovating in a creative way without complicating the game offering; opportunities already explored by lotteries



around the world include adding sparkle and smell for physical scratch tickets, as well as sound and movement for the interactive ones.

At INTRALOT, we strive to find new ways to add value to the game by creating a holistic, multi-level gaming experience for our players, targeting their emotional engagement throughout the game play. Social games and MMOs (i.e. massively multiplayer online games, capable of supporting hundreds or thousands of players simultaneously) have been endless sources of inspiration during the brainstorming sessions. Engagement features have been incorporated in our game design, including the following:

- Side games, exclusively available to a subtotal of players;
- Premium content triggered by player behavior;
- Time based patterns (e.g. progressive jackpots, reward schedules, pacing); and
- “Freemium” games where players are able to play for free, with the option of extending their gameplay experience through micro transaction purchases, which could unlock extra features, virtual items, and/or other conveniences.

All these features, already considered part of the basic game design mechanism in social gaming, are beyond what a typical player expects from lottery games; that is why they are searching for them elsewhere. According to 2014 Lottery 0.2 whitepaper by Karma Gaming, lottery users are active players of casual and social games, over-indexing the general population. More specifically, among US lottery players, 70 percent play casual and social games on computer, while 59 percent play on smartphones, and 48 percent play on tablet devices.

Customize

Enriching and personalizing the player journey will no longer be limited to tailored product recommendations and offers. Forward-thinking companies need to find additional ways to make each customer’s experience unique and memorable, with the spotlight falling on the customer loyalty schemes.

INTRALOT’s Loyalty platform is an effective tool aiming at improving player-retention levels - winning back lapsed customers, who are already familiar with the product and their purchasing habits are known to the lottery; changing

The trick has been finding the best way to combine e-commerce with in-store shopping to create a connected retail experience.

participation habits, encouraging cross-sell and upsell in the same game category; and rewarding the most valued customers in order to incentivize and delight them.

When it comes to reward programs, the “points-for-purchases” model that has worked so far fails to deliver the anticipated results. The practice has become so commonplace that the allure of earning points does not excite consumers the way it used to.

That is why at INTRALOT we work on delivering more imaginative options to reward and incentivize players. In addition to giving away generic points, the loyalty programs of the future will reward players for their actions and engagement, rather than just purchases. Referring a friend, posting a win on Facebook, scoring high points in a lottery-initiated tournament, or ending up on top of the social leaderboard scheme will earn a player more points than a mere purchase, not to mention higher emotional experience.

Customized perks will also be an important part of loyalty program success. Research cited by eMarketer revealed that “consumers have begun to expect more personalized offers and services—not just blanket discounts—in return for their participation” in rewards programs. Moreover, according to the study, consumers cited relevant discounts and personalized offers as the top benefits of such programs.

Our Loyalty platform allows the identification of different member levels (e.g. Simple, Silver, Gold, Platinum) based on usage profiles, services consumption and games (participation frequency, number of games, spending per game, etc.). In addition, a tier point system can be implemented based on player action and member level, to promote different player behavior. We can drill down to a single user, and choose for them the action that will have the most likely maximum positive response.

We provide loyalty schemes that expand across channels and touch points; our system works with a single player account and wallet, compatible with all existing retail, internet and mobile

programs of a lottery, providing lotteries with a holistic and unified management of their players.

Convenience

Accessibility and visibility are key factors in the success or failure of any game, but they are particularly important for scratch tickets. Considered an impulse buy, if players do not see them, they will not buy them. Successful scratch ticket operations involve one point of sale per 1,100 – 1,400 residents, with massive scratch ticket dispensers over-the-counter, and advertising material massively available throughout the POS, all of which require considerable investment from lottery operators.

In order to meet our clients’ needs, INTRALOT developed the Retail Lottery Scratch Chain (LSC); it allows the flexible, cost efficient scratch ticket operation through the use of smartphones (instead of space consuming terminals) at the retailer level. Through the Retail LSC mobile phone app, the mobile device becomes a terminal, providing retailers but also street vendors with all necessary functionalities, while it supports registered scratch ticket transfers from one retailer to another. The tool allows the operation of multilevel retail network structures, as well as the prompt retail inventory replenishment in a cost effective and simple manner. It is a valuable solution that enables a lottery to expand its retail network quickly and cost efficiently, avoid terminal installations and replenish retail inventory shortages on the spot, through monitored inventory transfers among sellers.

Customer expectations for an in-store purchase experience are high; they are looking for the same ease and timely service in physical stores that they get from shopping online. What that means is that they want to shop on their own time and on their own terms. While the goal is to offer customers a seamless shopping experience across multiple channels, the trick has been finding the best way to combine e-commerce with in-store shopping to create a connected

retail experience. Pioneering lotteries have already started to answer this need by introducing digital technologies, such as self-service terminals and vending machines, in their stores.

INTRALOT's Dreamtouch is a next generation vending machine for purchasing draw games, instant tickets and playing interactive games. The main attraction and key point of Dreamtouch is its large full HD colorful touch-screen display that utilizes an intuitive, user-friendly interface alongside innovative interactivity features, games and services. As a result, it provides a unique consumer gaming experience. It can be installed in traditional points of sale, shopping malls, airports, bars, railway stations, shop-in-shop points and in numerous other locations, enabling continuous sales increase anywhere, anytime.

However, the transformation of the retail experience is not just about bringing the convenience and speed of the online shopping experience into the store. The real goal is to find ways to help consumers reduce the scope of their search and simplify their shopping experience, and in the process, make retail stores more intuitive and games more attractive.

INTRALOT Instant Games Management System (IGMS) allows lotteries to deliver to their customers the scratch games they want in the timeframe they need them. Our call center, equipped with the complete customer history of actions, real-time data and guidelines for response tactics, apply industry best inbound and outbound marketing actions. Outbound tactics are planned based on the commercial strategic expectations of the lottery. Lower than average sales performance, whether it is measured per game or region or similar type POS, can be communicated to the call center user in order to place a call to the retailer in question and propose based on guidelines, corrective actions and/or orders. The entirety of the solution is built around helping the scratch games to stand out in the clutter marketplace of FMCG's.

Mobility

The single medium that best integrates the customer need for entertainment, customization and convenience is the smartphone. Our customers are plugged in 24 hours a day, 7 days a week across a variety of channels and devices. The world checks its mobile alone 60 billion times a day – people don't go online, they live online. INTRALOT Mobile Lottery application allows lotteries to interact and connect with customers like never before, and impact the purchase decision in the moments that matter, through an engaging content delivered at the customer's fingertips.

We just no longer have the luxury of sitting back and doing business as usual; we need to be as fluid as the environment we operate in. Delivering a connected customer experience becomes increasingly critical for companies, and a new reality for lotteries. ■

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