

Purchases and Payments in a Phygital world

MULTI-CHANNEL GOES SHOPPING

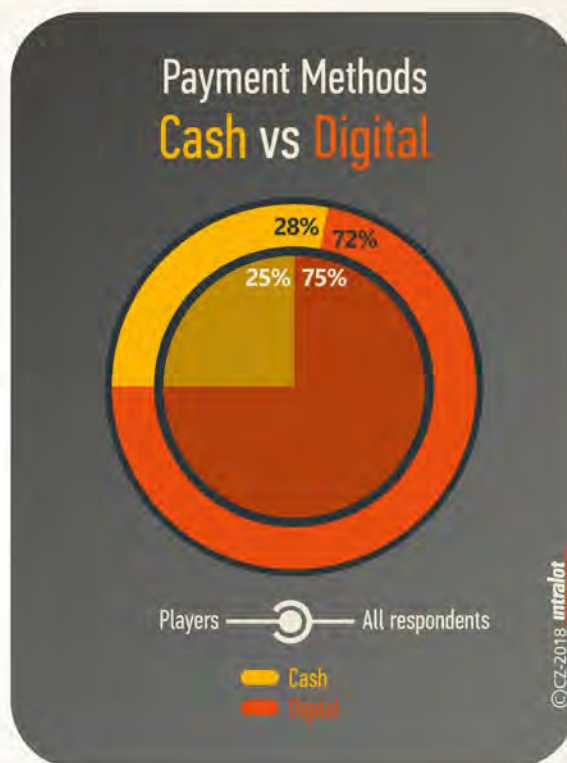
Contemporary consumers surf the market in a multi-device, omnichannel manner and this is evident when looking into their purchase patterns and channels.

Based on findings of a quantitative online study led by Focus Bari S.A., global consumers use 2,5 different channels for purchases on average. Physical channels, especially retail stores, are still used by 87% of global audiences. At the same time, digital or mobile channels have expanded their reach as an increasing trend – penetration of purchases via an online store reaches 60% and via a mobile app 29%.

DO ALL PURCHASES EQUALLY FIT THE DIGITAL FORMAT?

Global consumers seem to choose each purchase channel based on convenience, adequacy and the need for physical interaction. Today's consumers look for personalized experiences when shopping, therefore, market offerings are forced to blend technology and service to meet their needs. This leads to an omnichannel buying behavior, without blurry boundaries among purchase categories and respective channels.

Thus, digital purchases have become an established and increasing trend, and not just for the expected digital content purchases such as content downloads or mobile & social media games. 'Experiential' purchases, such as travel and holidays or console games seem to be some of the categories strongly adequate for digital purchases



[87% and 72% respectively].

Games of chance purchase, follows a similar trend be it physical or digital. The total share of digital gaming channels is currently 27%, represented by just two alternatives [online sites & mobile apps], vs. physical gaming, represented by 13 different alternatives. When focusing on the digital preferences of global players, online sites are the 2nd most popular gaming channel, right after lottery & betting stores and are used by 36% of global players, while only 20% mention that they use a mobile app for games of chance. Compared to other purchase categories, games of chance have still a long way to go before omnichannel and multi-device gaming is fully established.

THE FUTURE OF PAYMENTS

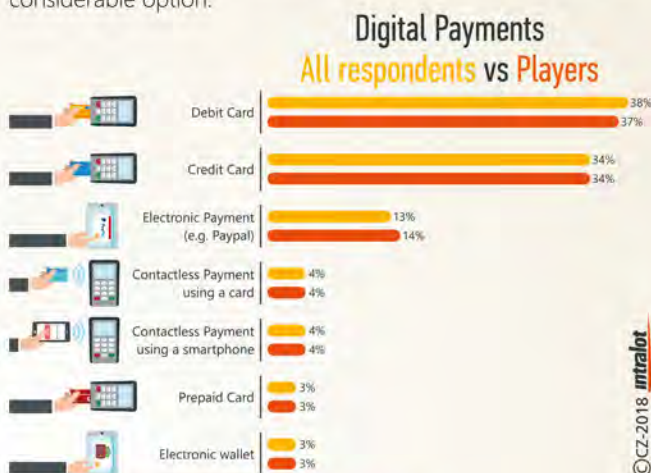
Along with the ongoing 'transformation' of the retail market, multi-channel purchases lead to multi-mode payments, fostered by the rapid course of technology developments and the consequent emergence of innovative payment methods.

For global consumers, using various payment methods is an established trend; consumers use a mean of 2,6 payment methods, cash being the highest in terms of everyday usage. Even though it may seem that payment habits are changing quite slowly despite many new, innovative payment methods available today, cash is mentioned to be used by 70% of consumers, meaning that another 30% conducts all their purchases in a cashless manner.

Credit and debit cards demonstrate similar usage penetration rates [49% and 48% respectively]; however, 'plastic' payment options already enjoy a 54% share of preference, while cash is preferred by only 28%. Beyond cards, electronic payments, smartphone payments and e-wallets are also on the rise and used for a variety of purchases [25%, 10% and 8% respectively]. That said, it can be assumed that use of cash nowadays is, to a great extent, an 'imposed', not 'preferred', habit.

As per their overall attitude and affiliation to everything that is

new, players of games of chance are much less cash-dependent; at least 54% use 'plastic' options and electronic payments for their purchases today while cards are not just used, but also preferred by 56% of global players, e-payments being another considerable option.



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HOW ABOUT THE RETAILERS' PERSPECTIVE?

Even though global consumers gradually endorse multi-channel purchases and payments methods, retailers seem to follow in a distance. As global shoppers browse and buy on various channels, utilizing simultaneously online and mobile, the whole buying process is becoming complicated and it can often be a struggle for retailers.

At the moment, less than 30% of global retailers offer online commerce services via an e-shop and / or an online app. Along with the rather 'reserved' retailers' behavior towards multi-channeling, comes a comparatively high 'affiliation' to cash since it remains the most preferred option, by 58%, followed in a

distance by 'cashless' options [35%]. Thus, while global consumers have already endorsed cashless payment methods, they seem to be forced to using cash, due to retailers' resistance.

Retailers that offer gaming options tend to be more digitally 'agile', offering online and mobile purchase options and owning an e-shop or a mobile app [44%]. At the same time, retailers that offer gaming in-store alternatives are much more open to cashless payment options: i.e. 'contactless' payments [e-wallets, smartphones, etc.] are not only highly used, but are also preferred by 42%, vs. 33% of non-gaming retailers.

PAYMENT METHODS FOR THE PHYGITAL WORLD

INTRALOT shapes the future of its products and services developed by the new trends and technologies. Payment methods evolution is driven by the fusion of digital and physical in-store experiences since borders between digital and physical are disappearing in the mind of the consumer. Digitalization is clearly becoming an asset for any operator that understands the current dynamics of the gaming market, wants to expand their reach to new audiences or offer new alternatives to existing clientele. The newly launched platforms INTRALOT Orion and

Lotos X can offer a true omni-channel experience to the end user and satisfy every channel's specific needs for all points-of-sale and optimize the payments environment. By deploying cashless technology through self-service & vending terminals in U.S. states as well as other operation globally, INTRALOT is aiming to attract new customers and create significant sales increases for the operators with great concern on responsible gaming and security.