

BLUE-SKY THINKING

New research into player motivations and behaviors forecasts an exciting year ahead for the lottery industry. “Onward and Upward” should be our mantra.

MICHELLE CARNEY, IGT VICE PRESIDENT GLOBAL LOTTERY MARKETING



At the most recent PGRI Lottery Expo, I shared some new trend and player research in a talk called “2022 Forecast: Blue Skies and Bright Clouds.”

That optimistic title reflects the historic growth that lotteries experienced during a challenging time, as the industry adapted to better serve players – and players found new fun in engaging with lottery, fueling a global resurgence.

Optimism also seems right as we look ahead to the new year, which promises further acceleration of industry modernization.

For one thing, “bright clouds” are literally going to be part of lottery’s future, in the form of Cloud Computing. During a special online event in December, IGT explored Cloud technology with customers as part of our Players Project series, with independent experts on Cloud deployment

sharing how other state and private organizations are taking advantage of this exciting area of technology. You can find the highlights from that discussion elsewhere in this issue of PGRI.

But that’s just one part of the blue-sky picture. What about the players themselves? We all saw during the pandemic how external events drove consumer behavioral changes, with more people ordering on-line, using self-service at retail, and adopting digital solutions. As an industry, we’ve been talking about this phenomenon for some time. The questions now:

- How will these behavioral shifts impact lottery play and purchase expectations going forward?
- How do lottery technology and retail modernization need to coalesce to support those changes?

A Closer Look at Motivations & Behaviors

To know what's really driving current player behavior, IGT dove into the performance data and talked to players. This past summer, we commissioned a survey of **over 4,500 U.S. lottery instant players** to learn how, where, and why they were playing and whether they planned to continue.

We followed up with a qualitative survey among a subset of this group, to probe the underlying behaviors and discover why shifts in play may occur. And we evaluated these player responses together with insights from trend-spotting agency Foresight Factory to understand what big-picture trends may be impacting behaviors and what might stick moving into 2022.

As partners who provide a single integrated retail and digital solution for lotteries and their players, IGT values and uses these insights to inform every aspect of how we serve customers – from product and game development to developing best-in-class, retail-to-digital solutions and roadmaps.

While we can't predict the future, we can share what we know to assist customers in anticipating how trends and changing lifestyles might affect their business.

To get much more detail on the trends likely to shape consumer demand and behavior in the year ahead, you can download IGT's annual **2022 Trend Report**, available at [IGT.com/2022Trends](https://www.igt.com/2022Trends). Following are some highlights:

TREND: 1

PERSONAL PACE

A reassessment of priorities, often in favor of a slower approach to life

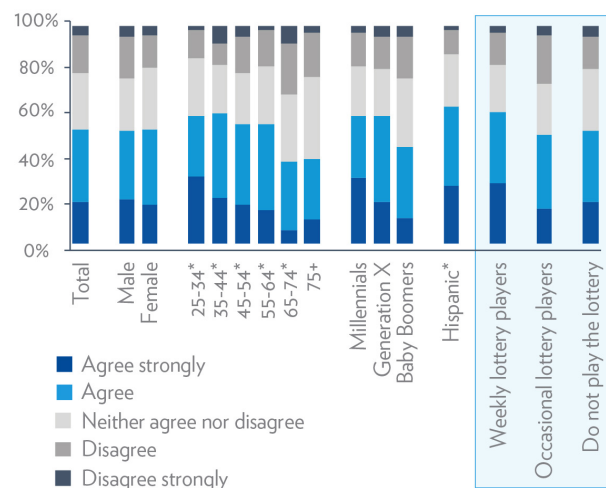
How could “personal pace” impact the player routines we just referenced? After the pandemic forced a slower pace of life on many of us, consumers are now rethinking their lives and looking to shift the balance toward leisure and family. Digital technologies contributed to the declining importance of physical location, one of the most recognizable effects being that some workers now have the option to work from anywhere.

We're seeing the rise of what trend forecasters call a “new essentialism,” where, increasingly, consumers are reassessing and focusing on what really matters to them, with a desire to cut down on non-essential expenditures and possessions.

Interestingly, **lottery players are more likely to gravitate toward a slower Personal Pace lifestyle**. When asked by Foresight Factory if they were overwhelmed by the prospect of a busier social calendar, lottery players were more likely to be neutral or agree with this statement.

We heard this in our player research as well. In fact, 60% of weekly players agree that they would like to maintain a slower pace of life once COVID restrictions are removed.

I would like to maintain a slower pace of life once the COVID-19 restrictions are removed



What does this mean for lotteries?

It's an opportunity to demonstrate products that appeal to different pace-preferences – for example, fast play or extended play. We heard one player talk about how much he enjoys taking the time to scratch each letter on his ticket, a vivid reminder that lottery has a broad portfolio of products that can appeal to different paces of life.

Secondly, it's an opportunity to highlight the fact that lottery is a form of home entertainment. As we heard clearly in our research, people are enjoying lottery play – and it doesn't require pre-arranging a specific place, date, and time for entertainment. They can engage at their leisure and create a fun experience within or outside of their own household whenever they choose.

Personal Pace Key Takeaways

Highlight the ways in which your brand can support a slower pace of life.

Focus On: Lottery continues to be a form of Home Entertainment.

Players can engage at their leisure.

Demonstrate through marketing application for different product lines to service different paces of life.

Focus On: Fast Play vs. Extended Play.

Digital vs. Physical Tickets.

TREND: 2

TACTILE & TANGIBLE

Craving texture and touch beyond the click or swipe

Touch-free interactions became standard early on in the pandemic due to the high degree of safety and hygiene concerns. But given the psychological ramifications when people are deprived of touch for too long, trend spotters now see evidence of people's need to engage more directly again.

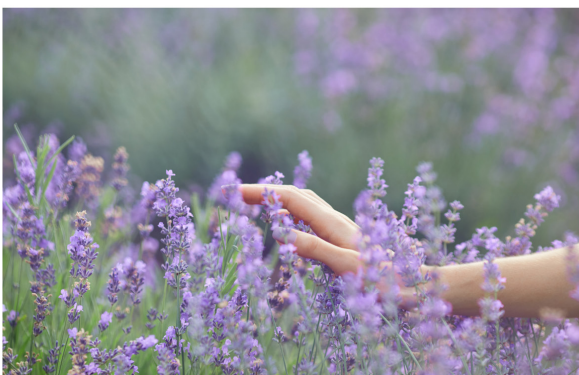
This shift toward the tactile was actually underway pre-pandemic as a backlash to screen-based activities, evidenced, for example, by the resurgence of vinyl records. And the trend goes beyond hobbies and other in-person activities to encompass **consumer product preferences**.

Foresight Factory research found that lottery players are more likely to own or be interested in subscription-box services for tactile items, and they want to receive these physical items on a regular basis.

Some lotteries have implemented subscription lottery. And even beyond subscriptions, we believe there is great potential to **promote the physical aspects of playing**, as this has become more important and part of a new routine for some players. Just as there was a resurgence in tactile hobbies during the pandemic, lottery play also became a new hobby for some.

Craving Texture and Touch Beyond the Click or Swipe

- There is a post-pandemic need to **touch and get hands-on again**.
- Consumers desire to **make, craft, and impress others** with their dexterous skills.
- Growing cravings for experiences that center around **texture and touch** can be satisfied with **play and tactility**.



What does this mean for lotteries?

It's an opportunity to focus on the sensory components of responsible play as well as the analogue experience of a player's brick-and-mortar visits. The potential for creative applications ranges from in-store, to social-space retailers, to scratch tickets.

Tactile and Tangible Key Takeaways

Highlight the tactile elements of playing lottery.

Experiment with unexpected materials.

Focus On: Tactile entertainment.
A new hobby.

Prioritize the sensory elements in the customer's brick-and-mortar visits.

Focus On: Analogue elements in a customer's brick-and-mortar visits
– instant tickets, POS, and overall retail experience.

TREND: 3

DIGITAL PROXIES

Investment in virtual identities and assets in online spaces

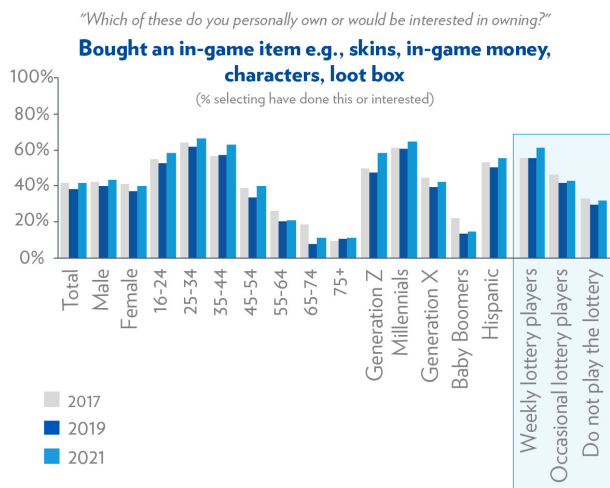
We also need to consider the counterpoint to that last trend, because while people may be craving tactile experiences again, this in no way diminishes the growth that we have all observed in the digital space.

It's been said before but has never rung more true: The line between online and offline is blurring.

People are investing in virtual identities and assets in online spaces. This is another shift that was well underway pre-pandemic, thanks to the rise of social media, virtual communication tools, and gaming. But COVID pushed this trend to new heights, bringing all aspects of life – work, entertainment, shopping, and socializing – to digital spaces.

The virtual economy is thriving, and **people want to fashion their virtual self** – whether that's with a gaming skin, an avatar, or an NFT (non-fungible token). In the Foresight Factory research, **lottery players say they “are already” or “more interested” in purchasing in-game items** such as skins and characters, so we know that lottery has an audience in this space.

Buying an In-Game Item: Uptake and Interest



What does this mean for lotteries?

For one thing, the metaverse will be a channel for lottery engagement, as it will be for other industries. If you'd like to learn more about the metaverse and its relationship to lottery, you can check out a Special Report that IGT recently prepared on this topic at cloud.marketing.igt.com/2021Metaverse.

The trend toward Digital Proxies is also an opportunity to explore how games and virtual worlds can enable you to engage with customers on a deeper, more interactive level. One example might be a "Did You Know?" advertisement in a virtual world that promotes the good causes your lottery funds: "We provided X number of college scholarships. We helped to build these parks and public spaces...." While there are limitations in a physical space, there are huge opportunities to promote and educate in virtual worlds.

Digital Proxies Key Takeaways

Embrace the metaverse as a channel for engagement.

Focus On: Great potential in the virtual world, despite limitations in physical space.

Digital does not mean that the physical will be any less important.

Focus On: Create optimal and responsible next-gen player experiences using data and AI from both retail and iLottery—available through an integrated Connected Play solution.

And as our digital lives become more sophisticated and the metaverse edges closer to reality, more and more sectors will become engaged in this trend. It doesn't mean, however, that the physical world will be less important. There's an opportunity for lotteries to cross-promote over channels and appeal to different players in different spaces.

POWERING CONNECTED PLAY

IGT continues to monitor these trends as part of our investment in roadmaps to deliver what we call **Connected Play**, a far-reaching vision for seamless, rewarding, and immediate interactions across gaming verticals and channels. It's a transformation we are committed to leading across the industry and for our customers.

Importantly, Connected Play provides lotteries with something the industry hasn't historically had access to: **integrated retail and iLottery data** to better understand player behaviors and preferences across all omnichannel purchases.

And Connected Play isn't limited to iLottery jurisdictions, as it digitizes the retail experience and provides player- and transaction-level data on retail transactions. Among many benefits, Connected Play will:

- Support lotteries in making informed and responsible product and service decisions
- Enable better product roadmaps
- Allow for the creation of optimal player experiences, using the cross-channel retail and iLottery data and Artificial Intelligence (AI) that will be available through an integrated solution.

After this peek at a few of the trends you can expect to see shaping and impacting lottery in the near future, we invite you to take a deeper dive into IGT's 2022 Trend Report. We hope you feel as we do, that it's a time for blue-sky thinking to create new and exciting opportunities to engage players and drive growth together. ■

➤ To download the full IGT 2022 Trend Report, visit IGT.com/2022Trends.

➤ To view the PGRI Expo talk and data, visit PublicGaming.com.

