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Texas Lottery Commission Leads Deployment of In-Lane Lottery Sales in the U.S.

Key Takeaways

1. IGT is the global leader in providing in-lane lottery sales platforms and has led the development of several in-lane solutions alongside lotteries, third-party technology providers, and retailers.

2. The first in-lane deployments in the U.S. were pioneered by IGT in partnership with the Texas Lottery, and retailers H-E-B and Dollar General.

3. With the addition of 1,500 Dollar General stores, as well as expanded points of sale at participating H-E-B stores across Texas, the TLC saw more growth in its retail network in 2019 and 2020 than in the previous 20 years combined.

By The Numbers

80,000+ retail lanes worldwide with lottery sales powered by IGT

1,500 Dollar General stores in Texas selling QUICKTICKET

10% Growth in the Texas Lottery retail network in 2019 following retail expansion efforts, more growth than the state has seen in the previous 20 years combined
Executive Summary

New avenues for retail expansion are vital to lottery’s long-term success, and in-lane transactions have long been considered a key growth opportunity. As part of its lottery partnerships worldwide, IGT devotes significant resources to provide growth solutions through in-lane sales as well as other aspects of retail and sales optimization, industry innovation, and overall portfolio management.

IGT is the market leader in the U.S., enabling 70% of the more than 220,000 retailers selling lottery across the country and 78% of the U.S. lottery market by wager. To expand the retail network and support long-term sales growth across these retail lanes, IGT has partnered with lotteries, retailers, and technology providers for several years to develop and deliver the first in-lane solutions to the market. Two such solutions debuted in partnership with the Texas Lottery Commission (TLC) in 2019 and 2020. These in-lane solutions have made lottery products more accessible for players across Texas and are poised for expansion across the country.

Pioneering Solutions

While in-lane transactions are a new avenue for lottery sales in the U.S., IGT is a global leader in this space, enabling over 80,000 lanes worldwide, with more to follow in 2021. To optimize in-lane opportunities, IGT drew on its international experience to develop multiple product lines for U.S. in-lane sales, and worked with partner lotteries to identify the best use-cases for each product.

In-lane’s deployment complies with the NASPL standard API, which was developed by a NASPL-led working group comprised of lotteries, vendors, retailers, and outside technology providers. IGT plays an active role in leading the API working group, which meets regularly to develop technical standards and best practices for the lottery industry with the goal of expanding retail opportunities and driving increased sales. It was important to create an API solution that was flexible enough to support different technical solutions while offering seamless interaction between lotteries and retailers’ accounting and reporting systems. With the NASPL
API now formally published, IGT pioneered two separate in-lane sales strategies: the in-lane Receipt Ticket and QUICKTICKET. Both of these solutions offer new speed and convenience for the customer plus added impulse sales opportunities for the retailer.

With the new Receipt Ticket, players can purchase jackpot game Quick Pick numbers directly at the register. Their numbers are printed on their receipt, along with a lottery barcode, and are valid for the next available Powerball or Mega Millions drawing. In a parallel effort, IGT worked with InComm to deliver a solution to sell lottery tickets through a store’s existing gift card sales infrastructure. InComm is a third-party technology provider that uses point-of-sale activation technology to offer pre-paid gift cards and payments at more than 60,000 retailers.

The partnership with InComm led to the development of QUICKTICKET, a draw game Quick Pick, produced and sold similarly to a scratch ticket. The card has no value until activated at a point of sale, similar to a pre-paid gift card. Once purchased, the player scratches the card and reveals their draw game numbers, which are automatically entered into the next draw. QUICKTICKET can be purchased in over 1,500 Dollar General locations across Texas. Both the Receipt Ticket and QUICKTICKET rely on the NASPL Standard API, and require extensive coordination between a lottery, its technology provider, and the retailer.
In-Lane Solutions in Texas

A long-term goal for the Texas Lottery Commission is to expand its retail base, a challenge in an otherwise-saturated market. Taking advantage of the opportunity to be a leader in the U.S. in deploying a new potential revenue stream, the TLC worked closely with IGT to identify the best retailers and solutions to bring this innovative technology to Texas. Two leading retailers were enthusiastic about joining the initiative; one a leading partner of the TLC, and the other without any prior experience offering lottery products. Each offered unique complexities, and specialized technical solutions.

H-E-B and the Receipt Ticket

Leading chain-store retailer H-E-B has been a longtime partner with the TLC. H-E-B chose to introduce the plain paper Receipt Ticket as a way to expand potential lottery points of sale within its 300 stores in Texas. The development project took two years of collaboration between IGT, the TLC, and H-E-B’s technical, software, and marketing teams, culminating with the integration of Powerball and Mega Millions products into the retailer’s point-of-sale system. This required extensive testing on the communication between the TLC’s central lottery system and the retailer’s accounting and reporting processes.

The H-E-B deployment is a historic first for plain paper on-receipt sales in the U.S. Players can now purchase Powerball and Mega Millions tickets in the same transaction as their other purchases. The initial pilot came at a number of stores in November 2019, and expanded to all participating stores’ business centers by July 2020. Based on early results, the retailer is currently piloting a broader expansion of the Receipt Ticket functionality at one location, giving all registers in the store Receipt Ticket capabilities.

Dollar General and QUICKTICKET

The first QUICKTICKET deployment in Texas was developed in partnership with retailer Dollar General, which has 1,500 stores in Texas. Dollar General is currently experiencing tremendous growth and expansion across the country, but has been hesitant to introduce lottery in its stores due to complexity involved in staffing, accounting, and reporting. This business model was of great interest to the TLC, who saw potential for an entire new distribution network and significant incremental revenue boosts.

“Without IGT’s commitment to deploying both technical solutions, Texas would not have achieved its in-lane goals.”

- Ryan Mindell, Director of Lottery Operations, Texas Lottery Commission
To ensure that the lottery deployment was as simple as possible for both employees and customers, Dollar General chose to deploy QUICKTICKET at its Texas locations, leveraging its relationship with InComm to sell lottery games alongside pre-paid gift cards. Significant research went into not just the product mix, but also which price points to offer and how best to design, display, and market QUICKTICKET. After analyzing draw game sales and distributions in the region, IGT recommended that the retailer carry Powerball and Mega Millions QUICKTICKETs at the $4 and $10 price points, with no add-on features. QUICKTICKET went on sale at all 1,500 Dollar General stores across Texas in November 2019.

IGT and the TLC provided several point-of-sale pieces, modeled on TLC colors and fonts to draw attention to the game cards in an otherwise crowded environment. In addition, IGT partnered with Carmanah to provide dual jackpot signage for select stores, to be placed at retail.

Results

With the addition of the 1,500 Dollar General stores, and expansion within H-E-B stores across Texas, the TLC saw more growth in its retail network than in the previous 20 years combined, according to Ryan Mindell, Director of Lottery Operations for the Texas Lottery. Expansion of in-lane product offerings is continuing in Texas, with plans for over 200 Kroger stores in the state to introduce QUICKTICKET. “Without IGT’s commitment to deploying both technical solutions, Texas would not have achieved its in-lane goals” said Mindell.