

A New Scratchers

Partnership in Virginia



Key Takeaways

- 1.) The Virginia Lottery selected IGT to be its new primary vendor for Scratcher Game Printing and Services
- 2.) Building on the existing relationship, IGT and the Lottery collaborated on several portfolio enhancements in the first year of the new contract to help grow the Scratchers portfolio
- 3.) IGT has provided new innovation, design, and analytical resources to help support the Lottery's contributions to K-12 public education in Virginia



By The Numbers

2000

Beginning of IGT's partnership with the Virginia Lottery through the sale of ISYS terminals

25%

Overall growth of the Scratchers category in Virginia since IGT took over as the primary supplier

98%

Growth of the \$10 price point since IGT took over as the primary supplier



Executive Summary

In 2019, the Virginia Lottery selected IGT to be its new Scratches Ticket Printing and Services provider, specifically citing the collaboration opportunities presented by IGT as a differentiating factor.

"We have always had a strong level of collaboration with the IGT team in Virginia" said **Kevin Hall, Executive Director of the Virginia Lottery.**

"Through our longstanding partnership, we have a good understanding of our shared goals and how to collaborate to reach them."

That foundation of cooperation and shared goals set the basis for new levels of success in 2020. IGT has provided the systems technology for the Lottery since 2007, integrating the Scratches portfolio into this partnership brought the collaboration between IGT and the Lottery to new heights.

With IGT's infrastructure and team already in place, the transition to primary Scratches supplier was seamless. Both sides quickly saw the value of the partnership across the entire operation; delivery timelines are tracked, monitored, and adjusted more easily, test game development and deployment run smoothly, and the level of communication between and across product lines is constant.

Enhancements To Ensure Growth



In the first year as the primary Scratches provider, IGT offered several portfolio recommendations to help support continued growth of the Lottery's portfolio of scratchers games. To better evaluate and refine the impact of these recommendations, the Lottery also received licenses to the data visualization tool Tableau. Tableau's powerful, interactive dashboards give the Lottery streamlined, customizable visual representations of category performance to analyze and quickly address areas of opportunity across the entire portfolio.



IGT offered a number of portfolio recommendations at the beginning of its primary contract with the Lottery, including:

- Justifying the Lottery's plan to offer more variety at the \$10 price point, including consistent facings of alternative prize structures such as low top prizes, limited prize tiers, and spotlight games
- Supporting the consistent facing of a SuperTicket® game at retailers
- Reducing top prize percentage to support Lottery "meaningful win" research goal of reallocating and emphasizing prizes at 5-10 times the purchase
- Full relaunch of popular family of core games, X the Money, at all price points

Innovation is another area where the two organizations have seen early success. IGT's Brainstorming Innovative Games (BIG) team drives new game innovation and was already working on preparing a Virginia-focused session when the COVID-19 pandemic struck. The BIG team worked closely with the Lottery to quickly adapt the process to a series of virtual sessions where participant teams came up with an array of ideas based on a set of Virginia-specific prompts. The groups then came together to share and refine ideas, some of which are in consideration for the Lottery's FY22 game plan.

Adding to the benefits of the close relationship is the more intricate local market knowledge that helps build stronger relationships with players.

IGT hired two new positions based in Richmond: a dedicated graphic designer, focused primarily on creating new artwork for Virginia Lottery Scratchers, and a product specialist focused on supporting the day-to-day relationship with the Lottery's Scratchers team.

"The benefits of having a dedicated designer who is focused on our portfolio and our players are significant," said **Ryan Walters, Scratch Game Manager at the Virginia Lottery**. "They can leverage the Virginia market familiarity to design the best games possible."



Positive Results

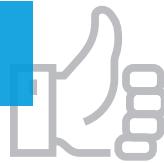


Since formally taking over as the primary supplier in July 2020, the Lottery saw its Scratchers sales soar. Sales in the category grew 25% from August 2020-April 2021, with sales per capita reaching \$3.12. Thanks to the targeted portfolio recommendations and enhancements that have been implemented, the \$10 and \$30 price points in particular have seen substantial growth, climbing 98% and 70%, respectively, in that time frame.

And while the new products resulting from the BIG virtual session are still in development, the process yielded 85 new Scratchers concepts that will bring new play mechanics, value propositions, and excitement to players in Virginia.

"We are very happy with how our partnership has grown in the first year of this expanded partnership," said **Terri Rose, Director of Marketing at the Virginia Lottery**. "We look forward to continuing to work together to find new ways to grow support for public education in the commonwealth."

Looking Ahead



Over the course of the Scratches supplier contract, several priorities for future portfolio enhancement have been identified, including applying the strategies used to drive success at \$10 and \$30 at the \$20 price point, and incorporating innovative printing concepts such as Gleam™, IGT's foil stamping production process. The partnership between the Lottery and IGT will continue to evolve, leading to best-in-class Scratchers and entertaining lottery experiences for players in Virginia.

