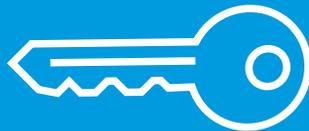




Expanding Lottery Sales Through National Retail Chains

Key Takeaways



- 1.) Lottery sales take off as IGT partners with leading national chain stores to expand footprint.
- 2.) Large national retailers leverage IGT's lottery solutions to optimize and grow lottery sales.
- 3.) IGT's Retail Sales and Execution Team helps increase player engagement and grow sales with data and insights from national retailers.

By The Numbers

79%

Percentage of the U.S. retail market which provides data to IGT's Retail Marketing Insights database

480

New lottery touchpoints enabled in Kroger locations in 12 states in 2019

19.2%

Average weekly sales growth at Casey's locations in Indiana after a pilot program launched lighted menu boards in select locations

Situation



Smaller, independent retailers are a cornerstone of the lottery industry. But as lotteries look to further expand their retail footprint, they stand to benefit enormously from the resources and visibility of nationwide retail chains.

While lotteries have strong relationships with these large national accounts, they often lack the leverage or resources to adapt their in-store merchandising to capitalize on product placement and brand awareness. Conversely, chain stores with standardized appearance and brand guidelines across jurisdictions are challenged to customize their lottery offerings on a state-by-state basis to ensure market-specific success.

IGT is a proven conduit between retailers and lotteries, harnessing industry-leading expertise and relationships to make these partnerships as effective as possible so that the right products can be available in the right locations at the right time.

Retail-Lottery Partnerships, Driven by IGT



As part of a longstanding commitment to grow the lottery business, the IGT Retail Sales and Execution Team (ReSET) works with individual lotteries at the operational level to provide realistic solutions for large-scale retail partnerships with major national accounts. Merging lottery technology with a Consumer Packaged Goods-style philosophy

offers unique partnership and growth opportunities for both lotteries and retailers alike.

To support these partnerships, IGT leverages its industry-leading market share and analytics platforms to offer a broad perspective on trends and insights that can be applied at the ground level by all parties. IGT serves 37 of the 46 U.S. lotteries, including the five largest, and processes 77% of lottery transactions nationwide by wagers. Hand-in-hand with these efforts, IGT's Retail Marketing Insights (RMI) service compiles retail-based analytics across the country, receiving data from 79% of the U.S. lottery retail network. Data from RMI is used to build analysis and recommendations on leading lottery retail trends and practices that benefit retailers and lotteries nationwide, not just in IGT-powered jurisdictions, with an end goal of growing the retailer network and sales within existing stores.

In addition to branding and merchandising challenges across markets, retailers are also challenged by differing technology requirements from individual lotteries. To ease the pain-points this presents, IGT has taken an active role in leading the NASPL Standard API working group, which is composed of lotteries, vendors, retailers, and outside technology providers to develop technical standards and best practices for the lottery industry. A standardized technology approach makes managing lottery sales across distinct markets easier for retail chain management.

A lighted menu board and enhanced lottery display at the Kroger Money Service Centers in Indiana (L) and Texas (R).



Drawing on these retail partnerships, IGT has created a series of retailer-specific reports for evaluating lottery performance. These reports take key performance indicators from each jurisdiction and standardize them for retail management to compare, evaluate, and find relevant opportunities.

New Touchpoints at Kroger

With over 2,700 locations across 36 states, Kroger is one of the nation's largest grocery chains and is a major lottery partner in many jurisdictions. IGT has worked with Kroger at a national level for several years to expand the chain's lottery footprint and add new touchpoints within its lottery-selling locations.

For example, in 2019 Kroger successfully rolled out over 480 new lottery touchpoints across 12 jurisdictions, introducing new display signage and menu boards designed specifically for compact spaces, such as the chain's fuel centers. They also

looked to expand lottery offerings at Money Service Centers in select locations. Previously, these locations would only offer oversized tickets, such as Super Ticket®, that were not compatible with self-service terminals. IGT worked closely with Kroger to create new lighted menu boards to fit the available real estate, and coordinated with lottery account representatives to provide training and support for Kroger employees. In Texas, the lighted menu boards in 212 Kroger locations went live in June 2020, leading to a 22.2% increase in scratch sales, compared to 12.9% on average statewide.

One area of opportunity involves incorporating the retailer's loyalty program more seamlessly into lottery transactions. More than 60% of Kroger's lottery business is transacted through self-service terminals such as IGT's GameTouch™ 28 unit, but there is currently no way to tie purchases made through these units to a Kroger rewards account. A solution would improve efficiency, increase up-sell and cross-sell opportunities, and create new couponing and rewards possibilities.

Lighted menu board on display at a Casey's location in Indiana.



Lighted Menu Boards at Casey's



Casey's is a nationwide general store chain with over 2,140 locations in 16 states. Merchandising and visibility of lottery products has traditionally been a challenge for these locations. IGT worked with the retailer's corporate leadership to implement a corporate instant sales growth program, including the use of lighted menu board displays to increase instant ticket visibility and improve efficiency of lottery transactions at the point of sale. In Indiana, a pilot with the lighted displays in 10 stores led to instant sales increases of 19.2% in those locations and led to the introduction

of lighted menu boards in all Casey's across the state. An ancillary benefit has been added bin space; the 24-bin lighted displays hold more facings than the on-counter dispensers they replaced. Adding the new menu boards at all Casey's in Indiana added over 850 individual bins across the state.

COVID Shift and Looking Ahead



For retailers around the world, COVID-19 has created unprecedented challenges. In-store traffic has declined in favor of digital and online shopping, and contactless purchasing has grown. Chain stores offering lottery need to quickly identify how players are changing their purchase habits, adapt, and make lottery more accessible in this new environment.

IGT continues to champion several initiatives to help retailers stay ahead of the curve, including full cashless and contactless accessibility at all self-service terminals, and new partnerships with under-penetrated retail chains, such as Dollar General. IGT remains committed to offering customers responsible gaming solutions that balance growth and social responsibility.