

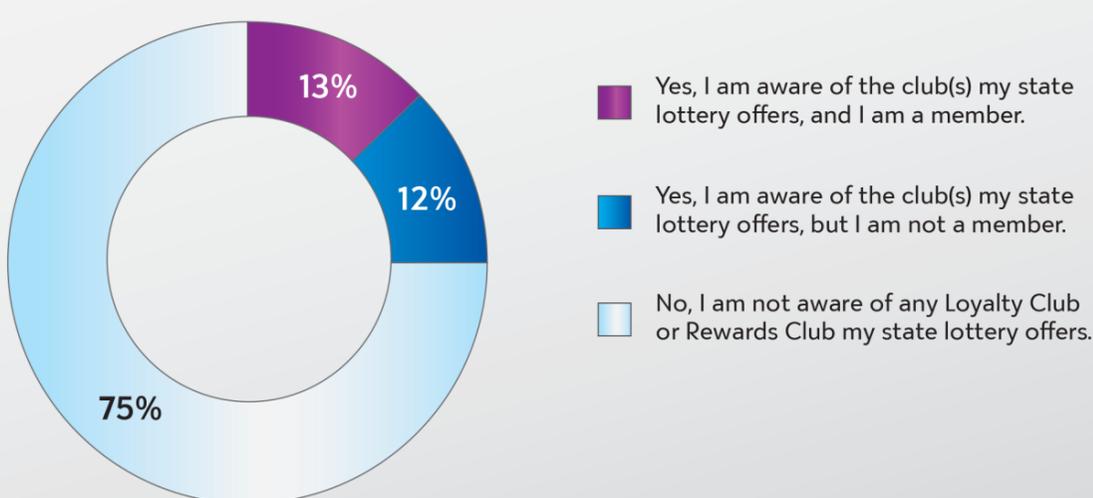
Insights and Data to Help Manage Today's Changing Consumer Environment

Loyalty and rewards programs are an important part of our industry and for good reason: not only do they provide an additional touch point for lotteries to engage their players, but these programs are often a player's first exposure to a lottery's broader digital portfolio. Given the strategic importance of these programs, one would think that awareness among players would be generally high. Over multiple years and countless focus groups, however, Scientific Games' Market Research Team found that a surprising number of players – even avid players – were unaware of their lottery's loyalty/rewards program. In an effort to verify what we were hearing across our qualitative efforts, we recently fielded a survey of the general population in those states whose lotteries offer some sort of loyalty/rewards program. In this issue of Data in Motion, we share the results of that survey and provide some suggestions on how those results can be acted upon.

Loyalty Program? What Loyalty Program?

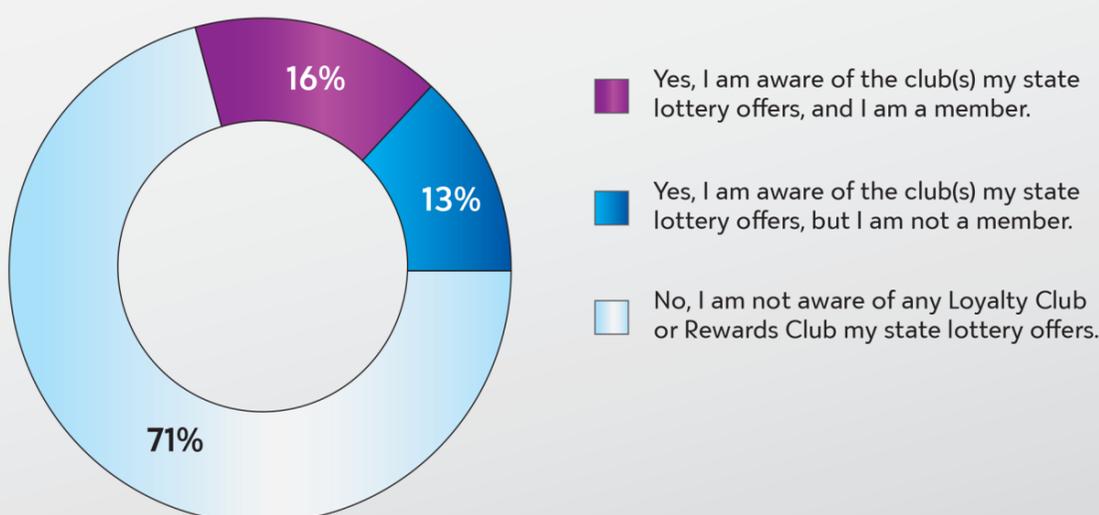
Overall, the survey confirmed what we were hearing in focus groups: the majority of consumers, even players, were generally unaware that their lottery offered some sort of loyalty/rewards program. As the chart below indicates, fully 75% of the general population of these states (all of which had some sort of loyalty/rewards program) were unaware that these programs existed. Of the remaining 25% that knew of these programs' existence, only 13% were members.

Off the top of your head, do you know if your State Lottery offers any form of Loyalty Club or Rewards Program? (N=500)



One would hope that these numbers would improve, dramatically even, when talking to lottery players (vs. the general population) but this wasn't the case. As the chart below shows, the numbers improved slightly, but only slightly: 71% of players were unaware that their lottery offered some sort of loyalty/rewards program, 13% of players were aware that such programs existed but were not members, and 16% of players – only 3 percentage points more than the general population – were both aware of the programs and were members.

Off the top of your head, do you know if your State Lottery offers any form of Loyalty Club or Rewards Program? (N=395)

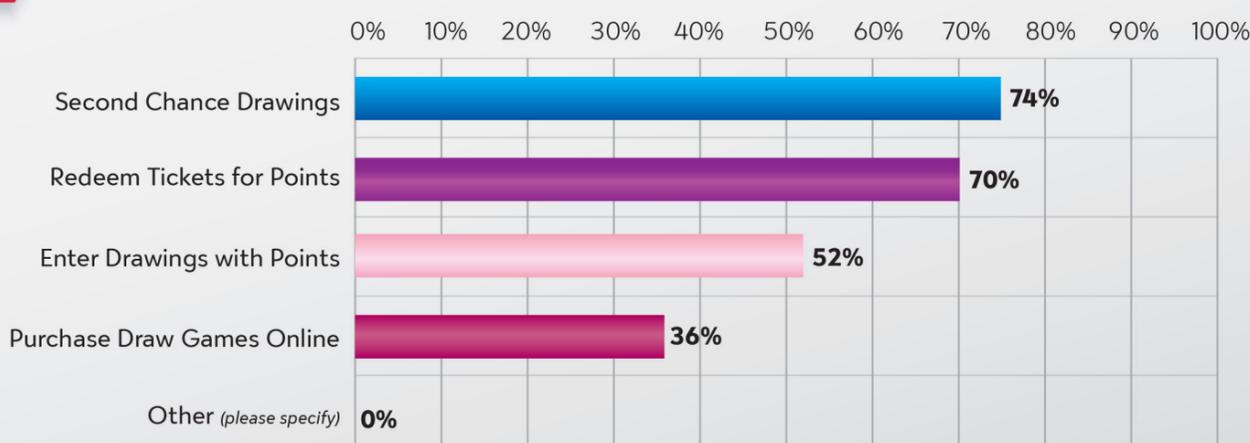


A Closer Look at Players

When we look strictly at those surveyed who were players, we find that those aware that their respective lotteries offered a loyalty/rewards program (whether they were members or not) tended to be younger: 35% of those players 18 – 44 were aware that such programs existed while only 21% of players 45 and older were aware that such programs existed.

We then asked those limited number of players who were both aware of and members of their lottery's loyalty/rewards program what activity they enjoyed participating in most. Second chance drawings lead the way at 74% and being able to redeem tickets for points was a close second at 70%.

What activities do you participate in with lottery rewards (N=457)



Final Thoughts

In a sense, the fact that awareness of our loyalty and rewards programs is generally low can be seen as good news: it means that with the right messaging, marketing, and promotional support, participation in these programs will only increase as awareness grows. Linked games and other second chance promotions can be used to drive players to loyalty clubs for example. Popular activities such as the ability to accumulate points can be communicated through in-store merchandising, social media, and other digital vehicles. As our industry moves towards the integration of physical and digital products, our loyalty and rewards programs are in the perfect position to make this transition easy – and fun – for our players.