

INSIGHTS

Upping the Ante with Loyalty Programs

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Many North American lotteries have a long history offering players more than just chances to win with their ticket purchases. They often began down this path with second-chance opportunities for non-winning instant tickets. More recently, enhanced loyalty programs have become the standard, going well beyond second-chance with points-based rewards driven by personalization and customer relationship management. As a result, lotteries

know more about their players than ever before, and are starting to catch up with popular consumer products companies that excel in customer engagement.

More than a third of American lotteries offer a true points-based loyalty program; most of the rest have at least a player's club featuring easy second-chance entries and messaging about lottery games and activities, among other things. Some of those are in the process of developing a loyalty program for the first time. And one thing for sure, lotteries will always have responsible gambling as a core tenet of whatever they do. That's why their loyalty programs typically provide ways to earn points that are not based only on lottery purchases; in many cases, players can also earn points by learning about responsible and healthy play.

It's great news that some of the latest loyalty program launches are utilizing loyalty specialists who may not have a lot of lottery experience, but who regularly work with well-known consumer product and service companies. They see a world of potential with lotteries, and what they may lack in lottery experience they more than make up for with a thorough understanding of the customer journey.

Marcus Thomas, Brandmovers, Marigold and Splashdot are among those that have joined the mix, while the lottery industry's traditional vendors continue to enhance their own platforms. With all the options out there, there are great opportunities for lotteries developing a new loyalty program. Read on for examples of some of the most recent launches.

South Carolina Education Lottery

South Carolina Education Lottery launched its current Players' Club Rewards loyalty program in October 2023. Provided by Scientific Games, it replaced the previous Players' Club that was based on second-chance drawings and required mail-in entries. The new platform builds on that core second-chance feature with automatic entry into all eligible drawings by scanning or entering any lottery ticket, the accumulation of "coins" (points) with every ticket scan, coin drawings, and the ability to earn more coins by completing new achievements every month. And of course, other player tools like ticket checking, winning numbers and game information.

"Consumers have come to expect an all-inclusive rewards platform from any company or organization they do business with," says Scott Warner, who oversees the program as a

member of SCEL's products team. "We wanted to make ours engaging and easy to use, with a variety of functionality, so players keep coming back."

The Lottery settled on "coins" instead of "points" because of a desire to create something unique for South Carolina, and the word reflected a sense of what lotteries are all about. Coins expire after three years if they are not used.

Besides the terminology, Players' Club Rewards is a little different from some loyalty programs used by other lotteries. The coins have no cash value – players can't purchase gift cards or merchandise with their coins. They can only enter drawings for a chance to win those types of things and even bigger prizes. Players earn one coin for every \$1 of eligible tickets purchased – all active scratch games, plus draw game tickets purchased within the past 90 days.

They can earn more coins by completing achievements, which typically rotate monthly, although there are sometimes daily and weekly achievements for even more opportunities. Achievements might be purchases of certain tickets or ticket combinations; once they enter, a wheel spin determines how many coins they win for that achievement entry.

Not surprisingly, the most popular use of coins is to enter the drawings for cash. Aside from those, the product team keeps an eye on what players like when they add other types of prizes to the mix – merchandise, trips and event tickets, for example. "There's much more participation in the cash drawings versus the other prizes, but there are still plenty of people who want the tickets to this golf tournament or that USC football game. We have to make sure the prize portfolio is diversified," emphasizes Warner. "We try to run the gamut and build a portfolio of drawing prizes from small fun things to bigger cash awards."

A big drawing on September 16 offers three cash prizes of \$25,000 each, which is sure to be popular with Players' Club members. Vacation travel prizes are more recent additions to the drawings and the team is still learning about what most interests their players.

There is also plenty of helpful information to be found in the data. For example, first-time registrants are most likely to scan as their first tickets those that have a second-chance drawing or are jackpot-driven games like Powerball or Mega Millions. That means those tickets and jackpot games can be great drivers of player acquisition. And once those players are in the pipeline, the Lottery can begin building relationships with them – a core goal of any loyalty program.

Virginia Lottery

It's not an understatement to say that the Virginia Lottery has had a lot on its plate in recent years. In less than half a decade, it has launched a regulatory arm for casinos and sports betting, a full iLottery platform, a robust lottery loyalty program, and most recently, a new product line in virtual sports. Yet despite all that activity, Virginia Lottery Rewards successfully launched in June 2024, replacing the long-running Extra Chances second-chance program.

The new loyalty program is the result of a deep dive into the player's perspective, finding opportunities to enhance the player experience, explains Senior Customer Strategy Manager Prudence Milligan. She spearheaded the effort, which involved researching what lotteries were doing in the loyalty space, and even more importantly, what other consumer-facing companies were doing with loyalty programs.

In fact, that was a desired goal – to mimic as much as possible the activities of other successful companies. Rather than start from a position of what the Lottery could or couldn't do, Milligan took a pie-in-the-sky approach, sketching out loyalty best practices and then trimming back to fit the Lottery's regulatory framework. Having detailed strategic goals helped guide the RFP process and ultimately get to where they are today.

The winning bidder was the loyalty specialist Cheetah Digital, which has since been acquired by Marigold. They handle loyalty and relationship management programs for some of the biggest names in retail, including Starbucks. There are challenges working with a company not well-versed in lottery, but no more so than a lottery vendor that might not have the same depth of experience in consumer loyalty programs.

The development of Virginia Lottery Rewards took a crawl-walk-run approach. The ultimate goal was to have a true omnichannel program, equally friendly to online and retail lottery purchasers.

The basic program launched first, encompassing both iLottery and retail purchases, with initial options that included plenty of engagement opportunities and chances for players to multiply their points. The second phase launched several months later, which added personalized offers, additional engagement tools and a "Refer a Friend" option. The third phase launches in October, which will bring a new suite of player tools and reward opportunities to the market, including badgification and tiers based on annual point accumulation (bronze, silver and gold). New sign-ups will be automatically entered as bronze, but current members will be assigned a tier based on their actual points amassed. A big advantage of waiting to launch the tiers is that the data on play was being collected in the background, and it allowed the team to tweak the tier levels based on the first year of play across all customers.

Rewards are designed to keep players engaged with the Lottery, with free play at both retail and online as the primary reward – players won't find options to purchase small merchandise items. That said, there is a cap on the number of points that a player can redeem for free play each month. There is no cap on using points for drawing entries to win cash, gift cards or experiential prizes.

Players receive five points per retail dollar spent; draw games purchased online also receive five points for every dollar spent, while all other online games earn one point per iLottery dollar (to account for higher churn). All points expire after one year. There are plenty of opportunities for players to earn additional points for activities not involving lottery play. For example, there are points awarded for birthdays, anniversaries, and a monthly "thank you" bonus. "We want to keep player engagement with the brand, without basing it only on purchases," emphasizes Milligan. "That helps us always keep responsible play in mind."

Virginia Lottery Rewards currently has about 630,000 members. Over the program's first year, participation rates for members averaged about 66%. About 70% of captured transactions are through iLottery activities, with some 30% from retail purchases. "There is room for improvement in the retail space and we are constantly looking for new ways to engage with our players to keep them thinking of the rewards program."

Promotions with incentives for scanning retail tickets may help with that. For example, in September, players purchasing and scanning any retail ticket will be entered into a drawing to win a six-month Powerball subscription.

The Virginia Lottery was recognized for its efforts before the new Rewards program was even a year old. In May, the Lottery was honored by Loyalty360, which recognizes brands that are building stronger and deeper loyalty with their customers in a proactive, meaningful, and – most importantly – measurable way. Going up against powerhouse brands in the retail space, the Virginia Lottery was given the bronze award for customer loyalty strategy (just below Lowe's, Whataburger and bp). "It was pretty cool to be included with companies of that stature," marvels Milligan.

Over the years, several of the top casino companies have earned Loyalty360 awards, but Virginia is the first lottery to be so honored. "It's a testament to how well we do things here in Virginia, which goes beyond the lottery industry," adds Jennifer Mullen, the Lottery's Deputy Executive Director of Communications & Customer Relations. "Our entire program is about engaging with consumers the way they expect to engage with any product or brand."

West Virginia Lottery

The West Virginia Lottery's loyalty program launched at the end of last October, part of a strategic plan that saw a complete brand relaunch including a new website and app, the introduction of iLottery, and the Lottery's first-ever loyalty program, all under the PlayOn banner. The loyalty platform comes from Pollard Banknote, a partner in the iLottery platform provided by NeoPollard Interactive.

Like every lottery going down this path, West Virginia has done plenty of research. "Most companies have loyalty programs, which are really good for customer engagement," says Jonathan Pauley, the Lottery's Loyalty Manager. It's also a great way to reward players with points for every lottery purchase; in West Virginia, members receive 100 points for every dollar spent on lottery tickets, whether at retail or online. On sign-up, every player receives 5,000 points.

The all-at-once launch generated a lot of excitement and provided a full omnichannel approach from the start, and Pauley is happy that participation has been strong and is growing. There are about 82,000 registered players at present, and more than 2,000 new players have registered for PlayOn in each of the past few months. Since inception, there has been an 80% redemption rate on points (which expire after 13 months) – consistent with the Lottery's goals. "You don't want people to keep their points – you want them to spend them. And people are enjoying participation because it gives them another chance to win."

The West Virginia Lottery team has certainly been busy in the first year of the program. PlayOn has several key features that have already been implemented. There are ongoing monthly or quarterly drawings where players can enter their points for small cash prizes; a current drawing will award \$200 to each of 40 winners. On a larger scale, a recent drawing for one prize of \$50,000 was very successful, with over 12,000 entries. And a Jumbo family of scratch tickets had nearly one million tickets entered.

There have been plenty of other opportunities for players, often with partners who provide experiential prizes. For example, partnerships with the Charleston Coliseum and the State Fair of West Virginia have allowed for a variety of event and concert tickets. "We just try to

keep people engaged by mixing it up with a variety of rewards, such as lottery tickets, cash and concerts,” explains Pauley.

One strategy that has worked to promote specific games, including scratch, draw and eInstants, is to offer a rewards incentive, such as a multiplier, if a player purchases and scans a specific product in-store (which helps drive players to retail) or online.

PlayOn members have numerous chances to earn extra points, with quizzes on a variety of subjects (recent examples include favorite dogs and Mountaineer trivia). Surveys are also popular, with the added bonus that the Lottery gets useful information in return. View URLs – short videos connected with a topic, like explaining a new scratch game or where Lottery revenues go – get a lot of traffic. One of the most popular View URLs to date, in fact, was one about where the money goes.

A new campaign this month is called Level Up, another effort to encourage players to shop at retail. The Lottery’s highest price point for scratch games is \$30, and they know the PlayOn members who have scanned lower-priced tickets, but perhaps none at higher denominations. Players meeting that criteria will get an offer for one-time bonus points if they purchase a \$20 or \$30 ticket at retail and enter it into their account.

All of these things help keep players engaged and help the West Virginia Lottery stand out amidst plenty of online competition. Sports betting and casino gaming, at retail and online, are operated by the state’s casinos (with Lottery oversight). The operators themselves do the advertising, and they have deep pockets. “We’re definitely try to use anything that helps us stand out to our advantage.”

Pauley is looking forward to next year, the Lottery’s 40th anniversary, with some bigger prizes and more exciting opportunities waiting in the wings.

Montana Readies for Takeoff

The Montana Lottery is on the verge of launching a new Player’s Club after retiring the previous version last May. That program was limited to some scratch and lotto tickets, because entry required the use of a QR code printed on those tickets. In contrast, the new program relies on the bar code scan printed on every ticket, including scratch, draw and Treasure Play (Montana’s version of Fast Play).

To end the old Player’s Club, Montana offered an “all-in” drawing – players entered all their accumulated points into one final drawing for a top prize of \$5,000 and three \$1,000 prizes.

Millions of points were entered; one issue with the previous Player's Club was that points never expired. Players would collect their points to use for attractive opportunities, like that last drawing. That changes with the new platform coming soon.

The new Player's Club brings with it a completely new website and app. While a few final technical details have pushed back the launch date, player excitement remains high. In fact, many are already saving their tickets because every ticket purchased since the old program ended will be eligible for points once the new platform goes live. The Lottery's Content Manager, Celina Clift, anticipates a smooth beginning, and with so many players ready to dive in, it's sure to be a fantastic start.

The Lottery decided to keep the same name for the program, given that it would have a whole new look and feel, especially when combined with the new website and app. "Montanans like their traditions, so we thought at least one thing should be familiar."

The new Player's Club platform is provided by Canadian company Splashdot, which is providing much more flexibility and versatility than the Lottery's previous program. It will start with three monthly drawings in which points can be used for entry, one each for \$100, \$200 and \$500. Players can see how many entries there are for each of those drawings, so they can choose where to allocate their points. Players can also use points for entries to spin a prize wheel up to five times daily. And the Lottery's Bonus X family of scratch tickets have a second-chance promotion that will be the third Player's Club feature available at launch.

"Those are really just the tip of the iceberg," explains Clift. "We still haven't explored everything that Splashdot has to offer. Our initial goal was to not overwhelm players at the beginning, and there are other interesting options available. We're looking forward to increasing fun for the players!"

Looking Ahead

These lotteries are some with the most recent loyalty developments, and there are more to come – soon!

For example, in September the New York Lottery is gearing up to launch New York Lottery+ (NYL+), a program that allows players to be rewarded and recognized for the way they play. This will replace New York Lottery's existing second chance program. NYL+ will be integrated into the existing app, providing a seamless experience. Players will be able to earn points by scanning draw and non-winning scratch tickets and by engaging with other app features. They can then use those points to enter daily, weekly and monthly drawings. New promotional games and features will continue to be rolled out throughout 2025, so players have more chances to play and more chances to win.

The New Hampshire Lottery is not far from its launch of a revamped loyalty program. It's part of a comprehensive iLottery platform upgrade that included a completely new mobile app for in-app iLottery play and a better overall loyalty experience.

Atlantic Lottery is yet another developing a new loyalty program, which in 2026 will replace its long-running 2Chance program.

It's worth repeating – there are great opportunities for lotteries developing a new loyalty program right now. And fortunately, there's an increasing body of experience, and lotteries are known for being willing to share.