

# SAME CHALLENGE – NEW APPROACH: HOW LOTTERIES ATTRACT NEW CUSTOMERS IN A CROWDED FIELD



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**T**he challenge for lottery has always been how to attract new players without losing existing market share. As the demographic changes to younger and mobile, what can lottery do to attract these app driven consumers that are ever evolving with technology that continues to outpace the ability to introduce compliant products. This, must of course, balance with maintaining the existing player base and not disrupt the core backbone of lottery sales – the brick and mortar retailer.

Lottery has long relied on the large and few central system providers for guidance and innovation. Recently, however, smaller technology centric companies have been developing new and exciting products, enhancements and options for the lottery and its existing customers, business structure and potential new market of players. The new landscape of lottery product development presents options for lotteries to compete with the other gambling opportunities that utilize technology and current trends to attract a younger demographic.

While there are many companies entering the lottery space, three stand out with unique approaches. Paymaxs has created a mobile gaming platform that works with traditional scratch-offs, fully equipped with a data-focused backend system that allows lotteries to capture, categorize and analyze information not typically or easily obtained. Paymaxs also incorporates virtual reality and augmented reality technologies to enhance user experiences by allowing users to immerse themselves in the 3D game world. Paymaxs' application was introduced in New York last year and is planned to launch in several other states in the near future.

Paymaxs' 3D games attract a younger demographic to the lottery, offer new excitement for traditional scratch players and add a new online approach for lotteries to connect with their players. The 3D scratcher is sold by retailers as a traditional ticket with a



validation bar at the bottom of the ticket. Players initiate the 3D play by scratching the bar code on the ticket and scanning it with the lottery's 3D mobile application. After the code is scanned, the gameplay jumps off the ticket to the screen with a 3D holographic experience that is dynamic and interactive. By the end of the gameplay, the application reveals the pre-determined end result to the player. Winning tickets are redeemed at the retailer. Playing the scratch off in 3D allows players to participate in second chance game options and promotions, and to share the game and their winnings on social media.

Another new innovator to the lottery industry is InBet. For over 10 years the company has provided lottery companies with effective solutions for e-lottery platforms. Using such technologies increases revenue, builds customer loyalty, and provides a transparent and cost effective administration for operators and regulators. The Company has several products and technologies covering a range of different sales channels from stand-alone vending kiosks, POS systems, lottery establishments and internet cafes. Aside from providing the technology, the Company integrates its products into existing offerings and consults during the transition while scaling existing lottery processes and protocols. InBet focuses on compliance and has received certifications from major testing laboratories including GLI and BMM.

InBet's self-contained kiosk is a leading innovation. The kiosk can verify patron age, allow several types of game play, validate and pay winnings. The kiosk does not utilize the Internet to operate game play. Instead, the kiosk is pre-loaded with the various lottery e-tickets on the hard drive. Like an ATM, it utilizes cellular modem technology to connect remotely for the purpose of authorization of patron and for the purpose of polling data. In order to access the game play, patrons must provide their login information for their lottery account. This provides some measure of security and age verification. The kiosk provides instant games that play attractive and dynamic animations, card games, bingo and keno games. The kiosk also allows for draw games, and allows patrons to cash winning tickets. Cash can be dispensed directly from the kiosks. The requirement for login allows the lottery to gather information on player activity and other demographics.

Finally, Jackpot is a mobile application utilized in connection with a retail lottery agent. The application allows players within a state to purchase lottery tickets as if they were purchased from the physical retail location. It is restricted to only those geographically located within the state and prohibits someone from outside the state from purchasing any tickets. The application is limited to draw games. The application allows for new innovative ways to attract a younger more mobile demographic and send messages promoting lottery.

None of these technologies require any legislative or administrative rule change. They all work within existing legal framework. However, as more options become available and additional features are added, there may need some regulatory change. Paymax's 3D scratcher is no different than a traditional scratcher and only requires some integration with the central system provider. InBet's kiosks simply enhance what is currently offered in traditional ticket vending machines. The games operate as a scratcher or draw selection. It is only the presentation to the player that has changed. And the Jackpot application is not prohibited by any existing laws.

The future will require a balance between advancements in technology, a desire to attract new players and preserving the integrity of the lottery platform. What is evident is that technology out paces regulation. Lottery will continue to look for new innovative ways to compete in gaming markets fast becoming saturated. **CGi**

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