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INSIGHTS

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FOCUS ON:

Online and Interactive



Understanding the Potential of CRM

Heptagon Awards 2021 “CRM Executive of the Year” kicks it up a notch with pro tips on retaining new players and driving sales performance.



Dubbed “Boy Wonder” by ESPN, at a young age Merv Huber-Calvo won the 2000 Kentucky Derby Fantasy Challenge, beating a field of 12,000 in a contest requiring contestants to collect fantasy points with their mythical stables in Derby preps and the Derby itself.

His passion for the equine business led him from galloping horses on the track to working in the office at legendary Churchill Downs, looking after VIP bettors, and ultimately to data-based marketing. He never dreamed it would eventually find him helping U.S. lotteries make a differ-

ence in the communities they serve.

Huber-Calvo quickly became an expert in customer relationship management (CRM) and took his uniquely honed knowledge of betting and retention marketing to a large online gaming company to run a horse racing program – one of the few legal ways to bet online in the U.S. at the time.

“I really never set out to specialize in CRM, but through my jobs in online horse racing wagering, I was exposed to data analytics tools. I took a gamble, combining my own love for betting with CRM, because I think I really understood players and what

they want. And here we are 15 years later,” says Huber-Calvo, who joined Scientific Games in 2018 as Director of iLottery Growth Marketing.

He oversees a team of CRM professionals who apply segmented multi channel marketing campaigns and promotions to drive player engagement and retention for all digital programs including iLottery, loyalty and second chance solutions. Scientific Games’ investment in this critical discipline and team over the last several years ensures its lottery partners have the right expertise to help facilitate their growth initiatives from retail to digital.



Benefits Older Pennsylvanians.
Every Day.

iLottery



It's Not Just Email Marketing

Working behind the scenes of the Pennsylvania Lottery's record-breaking iLottery launch in May 2018 – which reached \$1 billion in sales in under two years – Huber-Calvo firmly believes that retention marketing and CRM should be the centerpiece of a lottery's marketing plan for its online/mobile or iLottery program, whether new or mature.

"Most U.S. lotteries have a good general knowledge of what CRM is and why it is important, but it has been especially rewarding to bring to many of them the expertise that helps them better understand the scale of player engagement opportunities and

everything that goes into building a performance-driven program," he says.

With an extended pandemic, CRM is suddenly in the spotlight and has become much more sophisticated. It's not just sending automated welcome emails and dashboard emails to players anymore. A powerful CRM program is based upon player segmentation and timely messages – and so much more if you ask Huber-Calvo and his team.

"I like to refer to what we do as retention marketing, which includes bonusing, promotions, content, and to some degree even product decisions that are going to make an impact with players," he shares.

While player acquisition is crucially important, as a program matures the bulk of revenues tend to come from retained players, making player retention even more important from a financial perspective.

"In today's world, it's not just simple email marketing. You have to take an omnichannel approach. And that means making sure that you've got all your messaging channels covered," Huber-Calvo explains. "Your program benefits from bonusing and promotions automations, and covers text messaging, app push, web push, interstitials, in-app inbox, Facebook, Google, direct mail, and outbound calling (as permitted). All of these channels should be encompassed."



8 Components of a Strong CRM Program

- Strong CRM Technology Platform
- Expert Marketers
- Mix of Messaging Channels (email, text, app push, web push, interstitials, social media)
- Player Segmentation
- Data Strategy
- Real Time “Clean” Data
- Testing
- AI and Predictive Analytics

The COVID Factor

Huber-Calvo and his team collaborate with lotteries, implementing digital marketing strategies to engage with players and responsibly grow both digital and retail lottery sales. Although some lotteries had a strong digital strategy and a robust CRM program when the pandemic hit in 2020, others were just getting started. The industry quickly learned how important digital is to protecting profits.

“A digital strategy is no longer optional, it’s mandatory. If you’re not securing your revenue streams through your digital channels, those revenue streams are at risk,” he says. “As people are staying home more, the channels you have to communicate to players are further restricted to digital channels. And it’s not just lottery that’s experiencing this, it’s all consumer product companies.”

And suddenly, the digital environ-

ment is louder and more crowded than ever. How do you break through to get through to your players? It comes down to digital strategy. Not only to engage your existing players, but to retain the interest of the surge of new players who began playing lottery during the pandemic.

According to Leger, by July 2020 a whopping 20 million+ new players tried scratch games during COVID-19. About 90% of these had played some form of lottery before, but two million U.S. adults entered the lottery sector looking for something new to scratch. The majority of players – nearly 80% – indicated in a survey that they intend to continue playing scratch games after the pandemic.

“These new players had never engaged with lottery digitally, had never purchased games online or entered their lottery tickets into online promotions,” explains Huber-Calvo. “It’s great to acquire a lot of new custom-

ers. But if you are NOT doing CRM the right way, you're going to see a huge churn rate." (For those not familiar with churn rate, it's the percentage of consumers who discontinue their business within a given time period.)

As a marketer, his mind immediately began planning how to retain all of these new players. He didn't want to lose those new customers, and thanks to the strategies that were in place to send the right message at the right time through the right channels, his team was able to reduce monthly player churn rates to below 30%. In online gaming, churn rates of 40% are broadly considered to be a good benchmark.

Real World Examples

Working with Huber-Calvo and the Scientific Games team on player acquisition and conversion, the Maryland Lottery – whose CRM is mature and full scale – implemented high-frequency, automated conversion funnel email and mobile messaging to newly registered players who either failed to complete registration, failed "Know Your Customer" verification, or otherwise failed to enter any retail tickets following successful registration. The effort featured targeted messaging to players based specifically on where in the conversion funnel they fell out. Within 90 days, the Lottery immediately raised full conversion rates from 30% (already a good number in line with industry benchmarks) to over 40%.

Under Huber-Calvo's CRM leadership, his team helped grow Pennsylvania's online/mobile sales to nearly \$1.7 billion since launch, increasing 72% from 2019 to 2020 and helping the Lottery return maximum proceeds to support vital state programs for older Pennsylvanians. The growth is continuing with record revenue in January 2021, 103% higher than January 2020.

All CRM Platforms Are Not Created Equal

Huber-Calvo credits the ability to retain players better than others did to the Optimove platform used by Scientific Games. Optimove provides a CRM marketing hub that helps promotional and data-centric brands intelligently scale their CRM marketing by gaining a deeper understanding of customers and orchestrating multichannel marketing campaigns, leveraging advanced AI.

With more than 500 customers across many industries – including 250 gaming customers – Optimove is able to benchmark performance against others in the same sector.

"There are so many tools out there, but all CRM platforms are not created equal. I learned this very early in my career when I had to use inadequate tools. Most platform providers struggle to get their customers to take advantage of all the features. Optimove offers a solution for everything we want to do for our lottery customers, and we are using the platform to its full extent," shares Huber-Calvo.

In most cases, one CRM platform will not cover all messaging channels and a combination of platforms is used. Which is why it's important to have expert marketers who know how to put it all together. Huber-Calvo looks for five qualities: strategic focused, analytical mind, ability to make data-driven decisions, interest in testing, and natural curiosity. Surprisingly, he says uber tech skills are not necessary.

But Wait, There's More

"Before selecting a CRM provider, the lottery should have a good idea of its data strategy, what data it has, how 'hygienic' the data is, and how it plans to pass the data to the CRM platform in real time so you can ac-

tually act in the moment and engage with the player. And of course, how the marketing team uses the data to create targeted campaigns," he says.

That's quite a lot to take into consideration. Also important when selecting a CRM platform is the platform's ability to actually segment players the way the lottery needs them to be segmented. This way, the CRM team can orchestrate multiple specific campaigns and setup automations at scale.

Ideally, a campaign is set up and runs until the marketing team wants the results analyzed – both control group results and A/B testing so the team can see which campaigns perform better, and use the information to start all over again.

"A nice feature Optimove offers that's becoming increasingly needed is the ability to use AI and predictive analytics to optimize performance and reduce admin work. So when you're running literally hundreds of campaigns a day, you don't have time to manually look at the results of every single test you're running. You can rely in part on AI, pick the winner after seven or 14 days, and go with that campaign or try something different," he explains.

Doing what he's always done in an area of the lottery industry that appears to be exploding, Huber-Calvo is breaking new boundaries with CRM in the lottery industry. True to his Southern roots, he graciously gives all kudos to his team for the results they are driving. A team which is expanding by the way – pass it on to anyone who may be a good fit. ●



iLottery

Now is the Time to Stay Connected

Today more than ever, it's vital to be where your players are, wherever they are.

Scientific Games' portfolio of iLottery products lets your players stay connected to each other and to the games they love.



Reimagine
Next



Reimagine **Next**



HEALTHY PLAY™

HAVE FUN. DO GOOD. PLAY HEALTHY.

Scientific Games is dedicated to creating products and services that can be enjoyed responsibly by players around the world. And we have developed a number of tools and resources to help our lottery partners promote **Healthy Play™** in the communities they serve.



We encourage healthy play of all game entertainment across our portfolio.

