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*i*LOTTERY EXPLODES ONTO THE U.S. MARKETPLACE

Feature Interview

Rebecca Hargrove

President & CEO, Tennessee Education Lottery Corporation

President of the World Lottery Association (WLA)

Chair & Founder of Women's Initiative in Lottery Leadership (WILL)

LIFE IN THE FAST LANE:

SCiQ Inlane Modernizes Lottery Purchases at Checkout



Picture the grocery store checkout lane. From the conveyor and payment kiosk to candy bars and soft drinks, the entire experience is built around one main idea—maximizing convenience. Moving customers through quickly, offering last-minute purchases and simplifying employee tasks are top priorities.

Now, consumers in Kentucky can add another amenity to the list—lottery scratch games. In March, the largest grocery retailer in the U.S., Kroger, began selling instant games in 49 checkout lanes at 16 locations across the state. The long-term initiative with *SCiQ InLane™* is expanding to other Kroger markets.

The huge leap forward in the grocery stores' front-end convenience is made possible by Scientific Games' *SCiQ Inlane*, which tracks every unit of instant product sold in real time. The technology is part of the company's ongoing efforts to modernize the consumer retail experience at grocery stores and big box retailers, while helping lotteries drive maximum proceeds.

"All of us at the Kentucky Lottery are excited to be chosen as the first state to test this new system, and we're looking forward to seeing how it performs in the marketplace," said Kentucky Lottery President and CEO Mary Harville.

A Winning Partnership

One of the Top 20 lotteries in the world for instant game sales per capita, the Kentucky Lottery set a record in fiscal year 2020 with more than \$1.2 billion in sales.

For over two decades, Scientific Games has served as the Lottery's primary instant game partner and launched *Scientific Games Enhanced Partnership* program for instant game management in 2018.

In-lane sales at grocery stores is the latest in a long line of innovations. All the pieces came together through a partnership between Scientific Games; the Kentucky Lottery; Kroger, the world's second largest retailer; and Blackhawk Network, a leader in branded payment programs.



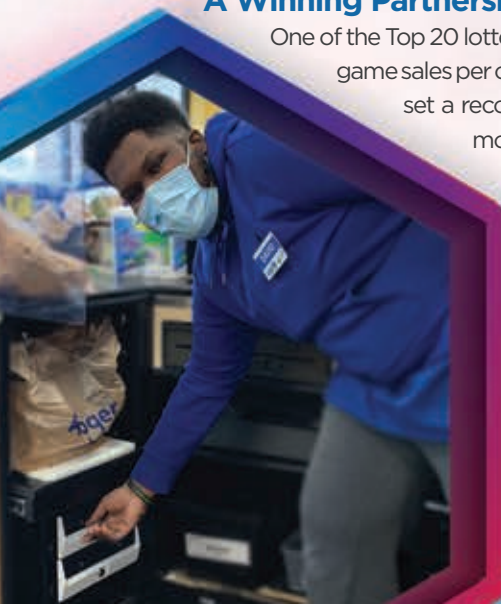
"Through our partnership with Scientific Games and long-standing relationship with Blackhawk Network, Kroger is delighted

to be the first grocery store partner for checkout line lottery sales in the U.S., and we look to expanding this effort to additional states," said Jarrod Cummins, Director of Prepaid Services for Kroger, the largest of the Kentucky Lottery's grocery store partners.

SCiQ Inlane marks an immense improvement in the ease of selling instant products at the point of sale. Thanks to the reduced labor required to sell scratch games, potential for boosting sales and the added convenience for consumers, Kroger is making history with *SCiQ Inlane*.

This level of category management, which was not previously available to retailers, allows greater visibility into sales performance and available inventory. *SCiQ®* also automates the shift accounting reconciliation process, significantly reducing the store's labor costs.

SCiQ Inlane is the first solution that securely integrates with the retailer's point-of-sale system to sell lottery instant games via technology from payments partner Blackhawk Network. Blackhawk is a global financial technology company and a leader in payment technologies and solutions. Through this partnership, Blackhawk will further enable the delivery of a more convenient lottery experience at retail, and more importantly,



open untapped opportunities for the Kentucky Lottery and Kroger to engage consumers.

“Blackhawk is committed to bringing greater convenience to new and existing consumers purchasing instant lottery games,” said Richard Gotlieb, Vice President of Lottery and Sports Betting at Blackhawk Network. “Partnering with Scientific Games, Kroger and the Kentucky Lottery to support this innovative in-lane solution is yet another option that enables our retail partners to drive incremental sales and offer greater convenience to their customers.”

Convenience is King

Because time is so valuable to shoppers and retailers, modernization of the grocery store front-end needs to save time and boost convenience. Shoppers expect a frictionless transaction. *SCIQ Inlane* was designed to seamlessly integrate lottery at checkout. It facilitates one transaction processed through the retailer terminal, without needing a full lottery terminal in the checkout lane.

SCIQ Inlane enables grocery and other big box stores to capture sales from shoppers who are often rushed and who previously had to make a separate transaction somewhere else in the store, such as at the customer service desk.



Michael Martin
Vice President, Sales Marketing
for Scientific Games

“The convenience offered by the *SCIQ Inlane* solution is a game changer for consumers who are focused on getting in and out of the grocery store quickly for many reasons, including COVID-19 concerns,” said Michael Martin, VP Retail Solutions for Scientific Games. Martin brings 30 years of experience in technology and retail at companies such as NCR, Aptos and Oracle.

“*SCIQ Inlane* offers unparalleled product security and the ability to engage light and lapsed players who don’t visit lottery self-service machines in the store,” Martin said.

Gaining Insights

While lotteries often get categorized as consumer packaged goods (CPGs), they have lacked unit-level tracking, unlike most other products sold at retail, like soft drinks and snacks. When it comes to gathering in-depth data about consumer preferences, lottery has previously been left empty-handed. *SCIQ Inlane* delivers unique insights into the lottery market basket, such as who is buying games, what other games were bought, how many games were sold in a purchase,

or if a game was bought with similar games at other price points.

“Consumer data is a critical element to better serve our customers. The *SCIQ* solution provides us with the data needed to better serve our lottery players,” Cummins said.

Having this kind of data enables retailers to manage the lottery product more effectively, transforming lottery in grocery and big box stores into a revenue driver and can be managed like other CPGs.



“Our solution provides lotteries deep insights, the ability to look into market baskets and understand player preferences more fully,” Martin said. “We’re evolving the lottery industry by giving players and retailers the convenience they expect in today’s retail environment.”

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Helping Serve Those Who Served

Supporting our veterans is just one example of how lottery revenues benefit our communities. Scientific Games' suite of retail solutions, including our **PlayCentral[®] HD** and **WAVE[™]** terminals, makes buying and selling lottery products secure and easy so that every dollar possible goes to the good causes our lottery partners support.



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