5 Trends Shaping Consumer Behavior in 2019

IGT™

Introduction

As consumer trends continue to shift and evolve, they also influence the lives and habits of lottery players. For the second year in a row, IGT has joined with the global consumer analytics and trends agency Foresight Factory to look broadly at emerging consumer trends and share insights that may be useful to lotteries in anticipating and responding to players' changing expectations.

On the following pages, we quantify **5 key trends** with data, illustrate their relevance with examples of **related innovations** from other industries, and offer **practical applications for lotteries** to consider today.

Trend 1:
Beyond the Smartphone

Mobile commerce doesn't just mean smartphones anymore. Voice-enabled services and the mini screens of smartwatches offer lotteries new opportunities to engage existing players and attract new ones.

Hard as it may be to imagine now, prominent forecasters predict that today's mobile phone will be relegated to the ever-growing pile of outmoded products:

> *"One day, not too soon — but still sooner than you think — the smartphone will all but vanish, the way beepers and fax machines did before it."* [1]
> *– Business Insider UK*

Just as the smartphone took the PC combination of mouse, keyboard, and monitor and shrunk them to make a touch-based interface, future generations of devices will let users control every feature and app by voice alone.

Alex Kipman, chief inventor of Microsoft's pioneering HoloLens augmented reality headset, predicts that augmented reality and virtual reality technology will have a far bigger impact than smartphones ever did. The takeaway here is that mobile commerce doesn't mean just smartphones anymore. The miniature screens of smartwatches and voice-only prompts are growing in importance.

In traditional retail environments, physical ad space is moving away from printed signage and these spaces are becoming new touchpoints for interaction. IGT demonstrated interactive, shoppable digital signage concepts at the 2018 World Lottery Summit and is continuing to evolve the technologies to better serve the consumer's specific context – location, time, occasion, and services needed – rather than serve a specific device.

TREND IN ACTION

Beginning in March 2019, **BMW** models will include an intelligent personal assistant that drivers and passengers can access with the spoken command, "Hey, BMW." According to the automaker, this voice-activated service will function as the "perfect co-driver," able to learn users' routines and habits, assist with vehicle functions and needs beyond the vehicle, and be compatible with other digital voice assistants. [2]

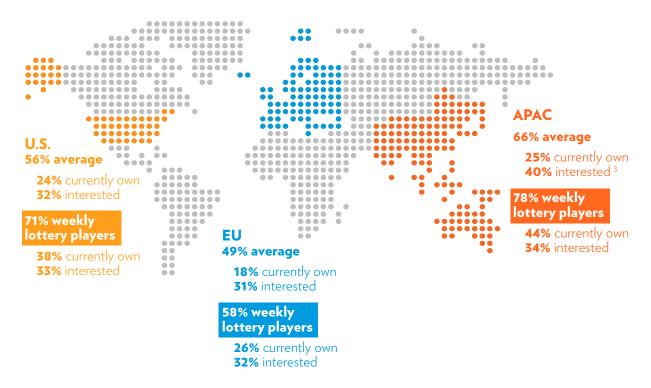[1] http://uk.businessinsider.com/death-of-the-smartphone-and-what-comes-after-2017-3
[2] https://www.press.bmwgroup.com/global/article/detail/T0284429EN/%E2%80%9Chey-bmw-now-we%E2%80%99re-talking-bmws-are-about-to-get-a-personality-with-the-company%E2%80%99s-intelligent-personal-assistant?language=en

Action: Know how and where players want to engage with lottery.

Lotteries can likewise explore these emerging avenues to acquire and build relationships with players. The convenience of new devices and their improved interfaces shorten the path to purchase – in our industry, this means shortening the gap between dreaming and playing. A key action today is to develop an understanding of these new platforms and how players want to engage with lottery through them, and from there develop business strategies.

One way to provide a new lottery interaction for players and to attract non-players might be to offer a fun yet challenging game to play in moments of downtime through a smart home assistant such as Amazon's Alexa, via voice-prompt: "Alexa, ask My Lottery to play trivia." (For more, see Trend 2). IGT's 2018 *Attracting New Players* study found that games with a mentally challenging element would be a motivator for non-players across all age groups.

Which of these do you personally own or would be interested in owning?
A wearable device that connects to the internet (e.g. a smartwatch, a smart wristband).

APAC
66% average

25% currently own
40% interested [3]

78% weekly lottery players

44% currently own
34% interested

U.S.
56% average

24% currently own
32% interested

71% weekly lottery players

38% currently own
33% interested

EU
49% average

18% currently own
31% interested

58% weekly lottery players

26% currently own
32% interested

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[3] Numbers don't sum exactly to average due to rounding.

Trend 2:
The AI Leap

As the role of Artificial Intelligence (AI) grows in consumers' lives, lotteries can use the capabilities of intelligent personal assistants like Amazon's Alexa to offer players new services and fun interactions, from quiz challenges and adventure games to lucky-number "predictions" and more.

Currently, 44% of global consumers state that they would be willing to let a smart home assistant automatically re-order basic household products such as laundry detergent, toilet paper, or coffee. This willingness is even higher for weekly lottery players at 57%.

Researchers at Foresight Factory predict that consumer outsourcing of such decision-making and purchasing functions to smart home assistants will soon be an everyday occurrence, as new capabilities allow AI tools to adopt a more proactive, concierge-like role. AI will better satisfy consumers' desire for control by learning from the contexts of time and place to personalize interactions, and by harmonizing with other smart devices in the home, at work, and on the go, thereby making the interactions much more intuitive and natural.

This is the AI Leap[4] – a step-change in AI capabilities, which will enable the move away from mobile-tap interfaces.

As consumers continue to embrace smart homes and connected vehicles, voice will emerge as the dominant computing interface. Researchers at Foresight Factory predict that by 2025 46% of global consumers will have used voice commands on smart home assistant devices.

TREND IN ACTION

Johnson & Johnson offers an Alexa "skill" for its Zyrtec allergy product: "Zyrtec, Your Daily Allergy Cast." Such "skills" are available to consumers in the Alexa Skills Store and are programmed specifically for Amazon's smart home assistant using "a voice user interface, or VUI, to understand customer intents, and a back-end cloud service to process intents and tell Alexa how to respond."[5] The voice command, "Alexa, start Zyrtec" enables the skill, giving users a forecast that includes weather, pollen count and predominant allergens for their area. An Allergy Impact score indicates how that day's allergens may make users feel.[6]

[4] https://googleblog.blogspot.com/2016/10/a-personal-google-just-for-you.html
[5] https://developer.amazon.com/alexa-skills-kit
[6] https://www.amazon.com/Johnson-Zyrtec-Your-Daily-AllergyCast/dp/B06XQ71CLR

Action: Consider leveraging smart home assistants to engage players and drive sales.
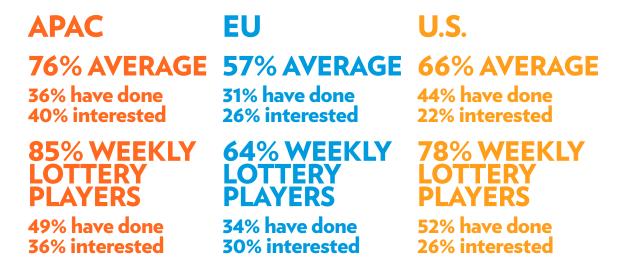
The availability of AI capabilities is still new, but both retailers and consumers are learning to adapt to a world where the common interaction with consumers will be through voice and conversation.

Lotteries are already advancing in this space. For example, The Irish National Lottery launched a "Lottery Now" voice assistant for Google Home and Alexa users, allowing them to get jackpot information and check their lottery numbers by voice.[7]

Other lotteries can build on these ideas and offer players a service through their smart home assistant. For example, Amazon offers design instructions for Alexa skills, reminding developers that "Designing for the voice isn't the same as designing for the web or mobile. There are subtle but potent differences you'll want to consider." [8] Lottery skills might offer new, fun interactions for users, such as quiz challenges, memory challenges and adventure games, or luck-related content, such as horoscopes and lucky-number "predictions."

Which of these these things have you already done and which are you interested in doing in the future?

Used voice-commands on my smartphone/wearable/ tablet (e.g. Siri, Alexa, Cortana).

APAC	EU	U.S.
76% AVERAGE	**57% AVERAGE**	**66% AVERAGE**
36% have done	**31% have done**	**44% have done**
40% interested	**26% interested**	**22% interested**
85% WEEKLY LOTTERY PLAYERS	**64% WEEKLY LOTTERY PLAYERS**	**78% WEEKLY LOTTERY PLAYERS**
49% have done	**34% have done**	**52% have done**
36% interested	**30% interested**	**26% interested**

[7] https://www.irishtimes.com/business/retail-and-services/national-lottery-develops-voice-assistant-for-google-and-alexa-users-1.3725363
[8] https://developer.amazon.com/alexa-skills-kit/design

Trend 3:
The Polarization of Retail

Consumers who shop in-store want an experience, yet they also want the ultimate buying convenience provided by e-commerce. Lotteries can bridge this polarization by creating new in-store experiences to drive player engagement, even with the purchases ultimately taking place later — in-store or via a personal digital device.

While the frequency of online shopping continues to rise[9], e-commerce has not replaced in-store commerce. Instead, e-commerce has changed consumers' expectations and desire for interaction with a retailer.

Across global markets, lottery players are more interested than average consumers in a physical store displaying products that can only be bought online and delivered to their homes. Interest among weekly lottery players in Europe is 65% compared to the 55% average. The interest gap is particularly high in the U.S., where 75% of weekly lottery players are interested compared to the 57% consumer average.

TREND IN ACTION

The **Choose Love** pop-up store is delivering a unique branded experience in London's Soho district with a new model of charitable giving. Created by the charity Help Refugees, the store allows shoppers to learn about the refugee experience and offer practical help by purchasing supplies and products on behalf of refugees. Instead of leaving the store with their gifts, shoppers leave knowing that versions of their purchases will be delivered to those in need. [10]

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[9] Regular online shopping is the norm across the world. In 2018, 72% of global consumers said they buy a product/service online at least monthly. It is a majority behavior in even the lowest-responding markets (e.g. 61% in France) and rises as high as 92% in China.
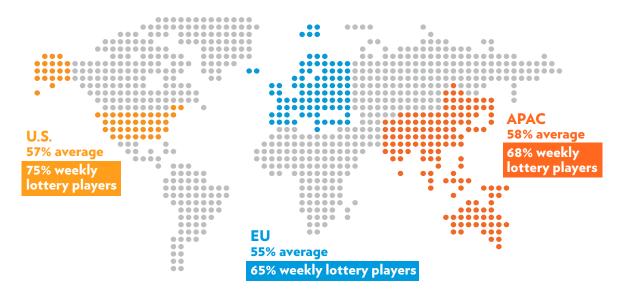[10] https://helprefugees.org/news/choose-love-back-2018-london-new-york/

Action: Give your players a reason to visit retailers.

The polarization of retail is an opportunity for lotteries to bring their brand to life in stores in creative new ways, engage players in a real-world experience about the value of lottery, and encourage participation in their channel of choice. Depending on player preferences, lotteries can promote money-can't-buy prizes, facilitate direct participation similar to the example of Choose Love, or inspire players with immersive experiences. For example, The Ontario Lottery and Gaming Corporation's THE BIG SPIN instant ticket game includes a "SPIN" prize tier – a retail component in which players watch the animated wheel on the in-store display spin to reveal the level of the prize they've won, which may be a BIG SPIN with a guaranteed prize of between $100,000 and $500,000.[11]

Several progressive lotteries have experimented already with concept stores, and this trend offers the potential to extend a lottery's footprint into new environments. The Belgian National Lottery is opening stores called Lottery Centers in Antwerp, Ghent, and Liège, where the focus is not on the sales activities. Instead, the main goal is to engage and connect with players to better understand their needs. "Through these learnings we can better serve all our players through the whole of the network," according to the Lottery. The Lottery Centers will also play an essential role in deepening awareness around the important charitable component of the business, which significantly distinguishes the Lottery from other players in the market.

How interested would you be in any of the following services?
A physical store that displayed products that I could only buy online/only get delivered to my home. *% selecting very or quite interested*

U.S.
57% average
75% weekly lottery players

EU
55% average
65% weekly lottery players

APAC
58% average
68% weekly lottery players

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[11] https://lottery.olg.ca/en-ca/instant-games/the-big-spin/how-to-play-the-big-spin#spin-howt

Trend 4:
Everyday Influencers

Brands now sponsor posts by social-media influencers to drive sales, but everyday consumers sharing within their personal networks still do much of a brand's promotional work. Beyond winner-awareness campaigns, lotteries can give highly engaged players "insider" access to exclusive material, events, and news.

As consumers share more and more of their experiences on social media, others are inspired to engage as well. For example, 42% of Millennials agree that "photos posted by my contacts on social media influence where I decide to travel." Brands have now gone beyond simply creating content to push into native spaces and are sponsoring posts from key social media influencers.

Globally, an average of 39% of consumers use social networking sites to pass along recommendations of products and services to friends and family, and this rises to 55% for weekly lottery players. Lottery players in the U.S. are even more likely to share about brands: 2 in 3 say they use social networking to pass along recommendations.

TREND IN ACTION

Automaker **General Motors** invited its most engaged customers to join a dedicated website called "GM Insiders," featuring exclusive previews, news, and offers. By designating the invitees as insiders, GM gave these highly engaged customers a sense of inclusion along with fresh content about the company's products that they could then share with others in their networks.[12]

[12] https://www.mycustomer.com/marketing/strategy/influencer-marketing-can-your-customers-be-your-biggest-influencers

Action: Recognize and reward your social media influencers.

Lotteries have long used the stories of winners in marketing communications, so acting on this trend is a matter of refocusing message and scale, encouraging more people to share the experience and fun of playing – not just winning.
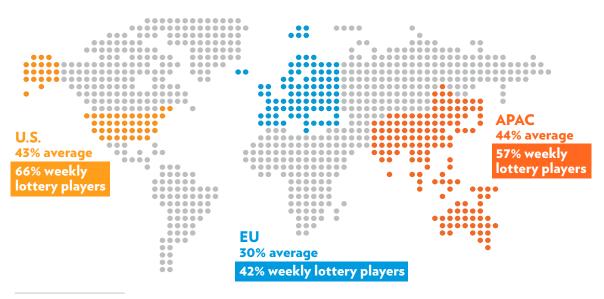
Brand health is an important factor to attend to first if consumers are to become fans. A recent IGT white paper, **"Branding and Communications to Reach New Audiences,"** offers insights on how lotteries might further align their brand appeal to new and emerging consumer groups.

Identifying highly engaged players becomes much easier in the digital world, and lotteries could offer these groups access to exclusive material and news, as GM has done, prompting players to share their experiences both via the lottery's social media and through their own social networks. Engaged players might enjoy telling the stories of their dreams of winning the jackpot, the enjoyment of anticipation, their rituals around number selection, or perhaps of first-time play.

In Australia, for example, Tatts Group lotteries recently implemented a #joyments campaign to highlight how its instant ticket products brighten people's lives and deliver little moments of joy each day. Consumers are invited to upload words and images representing their "joyments," which are then shared on a microsite, and viewers can like #joyments as they scroll through. [13]

How strongly do you agree or disagree with the following statements?

I use social networking sites to pass on recommendations of products and services to friends and family. *% selecting very or quite interested*

U.S.
43% average
66% weekly lottery players

EU
30% average
42% weekly lottery players

APAC
44% average
57% weekly lottery players

13 https://lafleurs.com/2017/04/tatts-joyments-campaign/

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Trend 5:
Local Allure

The appreciation for all things "local" is growing in significance as consumers actively seek to support their communities. Lotteries can align more tightly to this interest through product design, communications, volunteer-matching programs for good-cause beneficiaries, and more.

While globalization has been one of the drivers of cultural and commercial change in recent decades, a counter-trend is emerging: Consumers taking pride in their area and strongly identifying with it.

On average, 42% of global consumers say the area where they live is important to their sense of identity. Lottery players are more likely to personally identify with their local areas, with 53% of global weekly lottery players agreeing that this is important.

TREND IN ACTION

Inspired by the growing potential of the internet to connect people, **VolunteerMatch** launched in 1998 as a website for potential volunteers and nonprofit organizations to easily find one another. Twenty years later, the service has helped the social sector engage over $12 billion worth of volunteer service while consistently expanding the reach and size of its network. More than 120,000 nonprofits across 29 "cause areas" now use the site to find volunteers to help carry out their mission in local communities. [14]

Action: Think, Shop, Play Local

The data shows that, in many markets, there is great opportunity for lotteries to deepen their connection with current players and potentially acquire new players by appealing to their sense of place and belonging – nation, local area, and community. In addition to communicating about how local causes benefit from lottery funding, lotteries can focus communications on how winners have personally given back to their local communities and how buying lottery products in local stores drives business back to local retailers. Using geolocation technology, lottery apps could also inform players about good causes with messages about lottery funding or needs when they pass near a lottery-funded entity.

How important is the following to your sense of identity?
The area where I live.

APAC	EU	U.S.
45% AVERAGE	**41% AVERAGE**	**39% AVERAGE**
53% WEEKLY LOTTERY PLAYER	**49% WEEKLY LOTTERY PLAYER**	**57% WEEKLY LOTTERY PLAYER**

[14] http://www.csrwire.com/press_releases/40974-VolunteerMatch-Celebrates-20-Years-of-Connecting-Good-People-With-Good-Causes

Contact

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About IGT

IGT is the global leader in gaming. We enable players to experience their favorite games across all channels and regulated segments, from Gaming Machines and Lotteries to Digital and Social Gaming. Leveraging a wealth of premium content, substantial investment in innovation, in-depth customer intelligence, operational expertise and leading-edge technology, our gaming solutions anticipate the demands of consumers wherever they decide to play. We have a well-established local presence and relationships with governments and regulators in more than 100 countries around the world, and create value by adhering to the highest standards of service, integrity, and responsibility.

About Foresight Factory

IGT is engaged in a long-term partnership with leading consumer analytics and trends agency Foresight Factory to assist lottery customers and enrich our own knowledge of consumer behavior as new trends emerge. Foresight Factory collects data from 50,000 consumers in 24 countries (10 in Europe) each year. The findings underpin the group's futures analysis to reinforce credibility and certainty, and to minimize risk in decision-making.

In addition to using data and analytics, Foresight Factory applies creativity to help visualize what trends will mean in action and bring them to life in an actionable way. A network of some 500 trendspotters in nearly 80 countries analyzes and adds local perspectives, while a process of innovation-scanning uncovers disruptive and best-in class examples across technology, products, services, branding, and other communications. In addition, social media analysis measures volume, key topics, tone, and sentiment of emerging themes. This range of insights—including tracking of 60 universal consumer trends and hundreds of sector trends—is available through the online platform, Foresight Factory Online.