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POWERING

THE SCIENCE OF LOTTERY

Actionable, data-driven insights for optimal performance

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Breaking Through the Noise

Turning Market Basket Insights into Competitive Advantage

Amid a retail environment filled with competition for consumer attention—and wallets—lotteries face an urgent challenge: standing out at the point of sale. Great games and powerful technology are essential, but without player engagement at retail, the rest doesn't matter.

That's why Jacob Kreider, Director of Operational Data Science for Scientific Games, has made it his mission to help lotteries better understand how players make their purchase decisions. In his recent presentation, *Breaking Through the Noise: Turning Market Basket Insights into Competitive Advantage*, shared at La Fleur's Phoenix Conference, Kreider outlined how data is redefining retail performance and product strategy for lotteries.

From Anonymous to Insightful

"Until 2016, when Scientific Games introduced the first cashless payment technology to the industry, the lottery was a cash business," Kreider explains. "Transactions didn't go through retailers' point-of-sale systems, which made it an anonymous business."

That changed as the company began capturing consumer behavior data directly through its terminals and self-service machines. Today, with hundreds of millions of purchase events logged every year, Scientific Games has turned data into a new lens for understanding players and the decisions that drive lottery revenue.

The goal: to translate that data into actionable insights that influence sales performance.

The Reality: Competing for the Player's Dollar

Lotteries today are navigating a more crowded marketplace than ever—competing with sports betting, gray machines and a growing menu of entertainment options. That makes every retail moment critical.

According to Kreider, "Market basket insights are literally the players' shopping carts—what products they buy, how much they spend and how often. But the real power comes from knowing when and why they decide to buy a lottery product."

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Scientific Games' analytics show that while 90% of baskets contain a single product category, players who purchase more than one game are 2.5 times more valuable to the lottery. In fact, 48% of sales come from multi-game baskets, and 32% of baskets include different games. "That incremental spend—the second or third game added to the basket—represents the hidden potential lotteries can tap into through smarter portfolio and retail strategies," Kreider says.

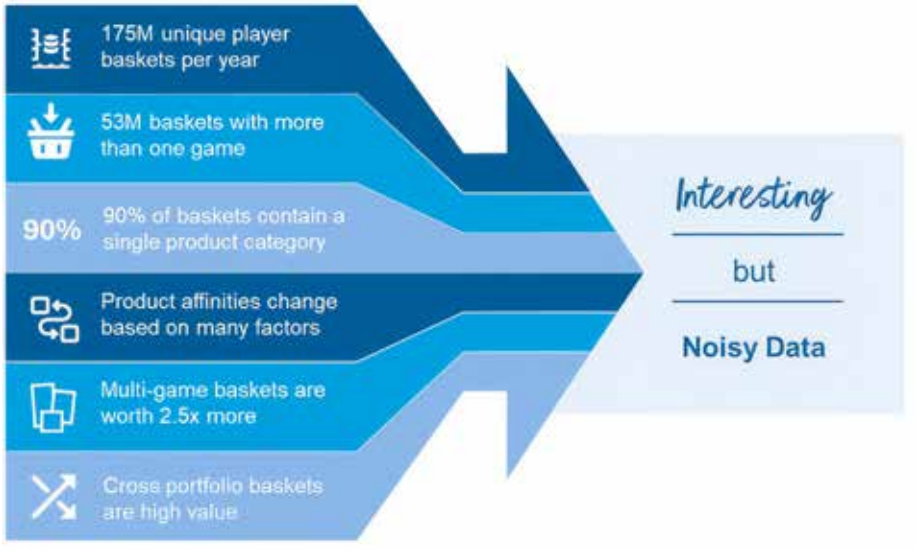
Converting the Noise into Value

While the hundreds of millions of player data points generated by lottery transactions are interesting, the data can be "noisy," as Kreider calls it. Behind every data point is a behavior, but finding the valuable patterns within that noise is what turns data into decision-making power.

Scientific Games data scientists study these patterns to uncover how products interact within a portfolio. What products are purchased together? How often do they cross products, cross games or cross portfolios? What do they spend when they do buy multiple games?

One U.S. lottery market provided a revealing example. Analysis showed that extended-play scratch games like bingo and crossword are not only popular but also drive cross-play between lower- and mid-priced games. However, players moving into higher price points didn't have a matching game option in the same playstyle. "We found a gap," Kreider says. "Our data showed demand for a $10 Bingo game that didn't exist. Launching it filled that gap and aligned with player behavior."

That's the power of turning "noisy data" into actionable intelligence.



Technology That Unlocks Data

Two key Scientific Games technologies enable this new depth of insight: *GameChoice* and *SCiQ*.

GameChoice, a lottery product recommendation engine powered by artificial intelligence and SG Analytics, uses real-time market basket data to tailor dynamic product recommendations at *PlayCentral* self-service lottery machines. "No rule set can capture the complexity of personal decisions," Kreider notes. "That's why we use machine learning—to personalize recommendations based on actual behavior."

The AI innovation behind *GameChoice* is a first for the lottery industry, providing a player-level understanding of purchase decision-making that has never been possible before.

The results speak volumes: more than 315 million games have been recommended through *GameChoice*, and players who receive recommendations are 17% more likely to cross portfolios and spend 21% more per basket.

SCiQ, an award-winning retail ecosystem, gives lotteries and retailers real-time, store-specific purchasing analytics – in addition to other benefits like streamlined inventory management and reporting, locked bins for product security and customer-facing, modern digital menu boards.

Together, real-time data from *GameChoice* and *SCiQ* allow data scientists like Kreider to pinpoint high-value behaviors—such as when a player adds a game impulsively versus when a specific title drives the entire purchase. This behavioral distinction is crucial for understanding why players make certain choices. As Kreider explains, identifying whether a game acts as a behavior driver or an impulse add-on helps lotteries shape game placement, promotion and portfolio strategy. And when a player adds that extra game, they don't spend less on the others—it's incremental spend, true growth, not substitution.

Scientific Games data scientists work closely with lottery partners to identify what's most valuable in the data—where changes in product mix, placement or promotion can drive measurable impact.

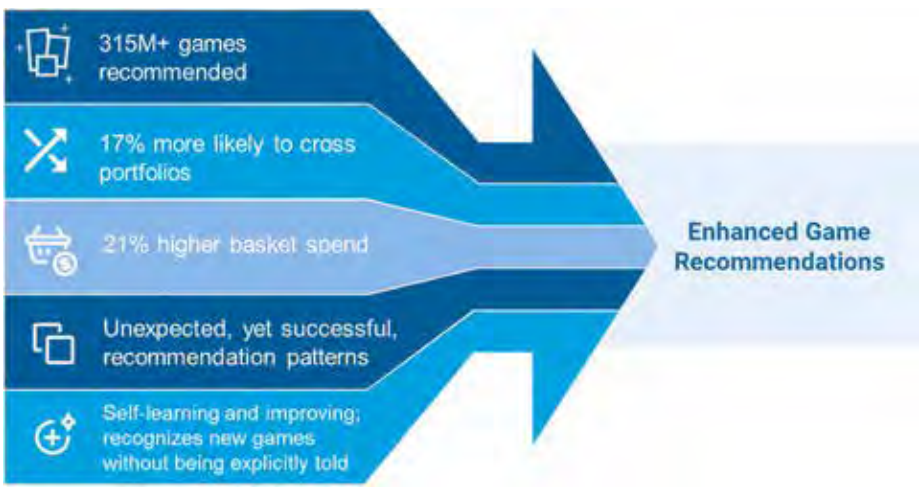
"We spend time studying what is most valuable in the data, where we can make an impact on a lottery's revenue," Kreider explains. "Once we know which games are top performers in the market, we look at spending habits."

For example, a percentage of players who bought a particular $10 playstyle would often also purchase another higher-priced game with that same playstyle. But if the lottery didn't offer a $20 game in the same playstyle, those players were selecting another lower-priced game in that playstyle they liked.

> **"Market basket data is uniquely valuable because it gives us direct insight into how players interact with our products at the point of decision. We can use that knowledge to drive everything." – Jacob Kreider**

"We can identify those portfolio gaps and work with the lottery to fill them. These are missed opportunities that we can easily fix," he adds.

By aligning with real-world player behavior and closing those gaps, lotteries can turn insights into incremental revenue and deeper engagement.



The Competitive Edge

"Market basket data is uniquely valuable because it gives us direct insight into how players interact with our products at the point of decision," Kreider says. "We can use that knowledge to drive everything—from broad product strategies to the specific games recommended on self-service terminals."

As lotteries continue to evolve alongside changing consumer expectations, the ability to break through the retail noise will hinge on one thing: data that drives smarter business decisions.

With advanced analytics, machine learning and player-centered product strategy, Scientific Games is helping lotteries do exactly that—turning every basket into a story, and every insight into advantage.

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