

Let's Keep Hugging Those LVMs



With self-service sales on the rise, the case for optimizing lottery vending has never been stronger.

“Have you hugged your LVM lately?”

It's a question Brightstar Lottery's Paul Riley posed lightheartedly in a presentation to industry peers not long ago. But behind the humor was a serious point: Lottery Vending Machines (LVMs) have become an indispensable sales channel in the modern lottery ecosystem, **meriting ongoing attention and investment.**

The trends and data back this up.

LVMs are more prevalent than ever, aligning squarely with consumers' growing preference for convenient, frictionless self-service. Today there are more than 51,000 LVMs active in the field across more than 166,000 U.S. retailer locations,¹ and their contribution to overall lottery sales is accelerating. Brightstar analysis shows that LVMs accounted for \$8.4 billion in U.S. lottery sales in 2022, a time when units with modern, digital interfaces were already widely deployed. By 2025, that figure had climbed to \$10.4 billion, representing a \$2 billion increase in sales via LVMs in just three years. “This kind of growth in such a short period is explosive,” notes Tony Kirkland, Director, U.S. Strategic Retail Sales Development at Brightstar.

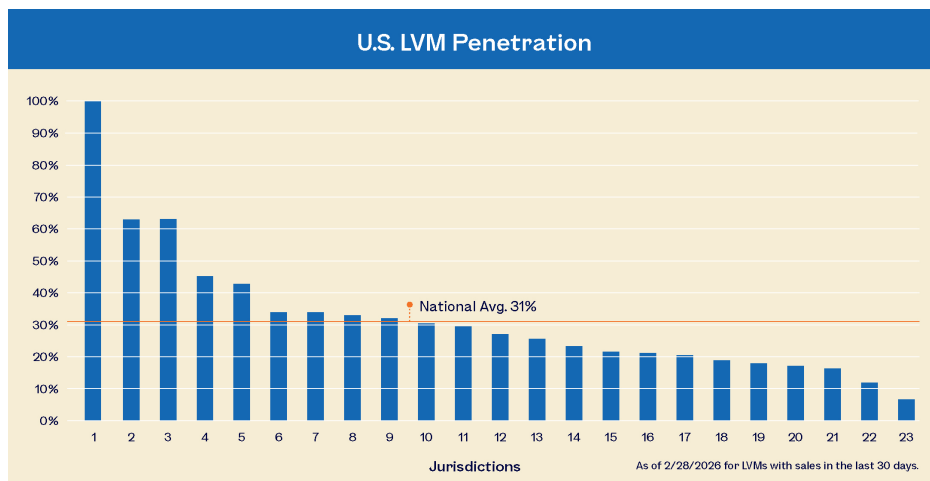
“LVMs have become a strategic growth engine,” says Riley, Brightstar's Vice President of Retail Innovation and Partnerships. “This unique, consumer-direct channel is expanding, and the channel itself is only getting better.” (See sidebar) When thoughtfully optimized, LVMs can unlock even stronger performance for lotteries and retailers.

Helping lotteries improve the management of these valuable assets

Because modern LVMs are connected to the host system and perform a

variety of functions – games, validations, payment via allowed methods, and player ID where implemented, all date/time stamped and associated with a retailer and location – they offer an unparalleled data set for the types of analysis needed to optimize performance, as described below.

The “Key” KPIs There are many aspects of the LVM network that can be assessed and monitored to drive performance: Is LVM penetration in your jurisdiction trending upward or downward? What benchmark should you be meeting or exceeding? How does each unit's average weekly sales



stack up against the retailer's lottery sales in general and/or at that location? Here are just a few of the key performance indicators (KPIs) that Brightstar analysts use to help customers optimize LVM performance:

- **LVM Penetration** “How easy is it for a consumer who wants to purchase lottery to find a vending machine?” LVM penetration is essentially a measure of how prevalent self-service units are within a jurisdiction. Brightstar analysts monitor LVM penetration and compare jurisdictions across the U.S. to provide a benchmark that lotteries can compare themselves against. (See graphic below left) “This data is another point of context that helps lotteries evaluate the need for further LVM investment,” notes Tim Kriger, Brightstar Manager, Retail Optimization. “In a vacuum, you might think 30% penetration is sufficient, but seeing the penetration and sales data from a comparable jurisdiction can make it clear that there's much more room for growth.”
- **Optimized Placement** A lottery vending machine only adds value when it's out in the field and effectively placed. Again, the key to unlocking the potential is leveraging data. Brightstar supports lotteries and retailers with advanced, jurisdiction-specific data analysis to identify high-performing locations for LVMs and implement strategies that amplify their impact. Related to this, lotteries can and should identify their lowest performing LVMs on a regular basis and either try to improve the performance or remove the units and deploy them elsewhere. “This is Horticulture 101. You have to go out and prune the bushes periodically to get maximum growth,” says Riley.

“There's a science to optimizing LVM placement, and any recommendation is always subject to the judgment of those at the site, because they know their real estate better than anybody.”

- **Average Weekly Sales (AWS)** Brightstar analysts study the AWS not only for an LVM, but also for the store location where it is installed. “Before this data was broadly available, it was a common narrative, especially for corporate chains, that adding vending would cannibalize counter sales,” says Kirkland. “Analyzing both, as we have done across many, many jurisdictions now, shows this narrative is false. The AWS data tells us overwhelmingly that adding vending – adding another purchase point where it makes sense, and this goes for in-lane as well – increases total store sales on average.” In effect, LVMs work synergistically with counter sales and make lottery more accessible for those who want to play.
- **Two Minds LVMs are Better Than One** In recent years, Brightstar analysts have been tracking the impact of moving LVM stock out of storage and adding a second unit within stores, typically in high-traffic areas. “I wasn't a big believer in second vending until I was proven wrong,” admits Kirkland. “In just two of the major chains we track, we're seeing an average 60% sales lift or more going from one to two units. We're now working with retailers who are very interested in adding units to incorporate them into their plans for remodels or new store builds. We're also trying to make it easier at the site level, using data to advise on locations and placement within those locations.” Brightstar's Gina

Consider just some of the ways LVMs have evolved to benefit players, retailers, and lotteries:



A lottery store in a box

LVMs operate around the clock, serving players on demand and generating real-time data on product performance; device status; payment and redemption activity; and Connected Play interactions when players opt in.



Proven durability and performance

True workhorses, many LVMs significantly exceed a decade of sales productivity in the field, supporting returns to good causes.



Dramatically evolved player experience

Today's units bear little resemblance to their pushbutton predecessors. Advanced graphical user interfaces, animated shows, and dynamic menus engage players and elevate awareness of the lottery brand.



Greater choice and convenience

Cashless payment capabilities, now standard, remove friction, while modern design and engineering have expanded the product assortment, packing more bins and player-choice features into smaller footprints. An innovative example is Brightstar's GameFlex 48™, launched in 2025. The unit delivers the industry's highest instant-game capacity, 48 bins, alongside a lottery's full portfolio of draw games — all within the smallest per-bin footprint on the market.

¹ Unless otherwise noted, data in the article is based on Brightstar's Retail Market Insights® (RMI) database, currently representing 30 jurisdictions, more than 166,000 retail locations, and approximately 88% of national lottery sales.

Easley, Senior Manager National Retail Accounts, notes that for one major chain that sells predominately through LVMs, “the data shows a strong and consistent increase of as much as 74% in average weekly sales as the number of LVMs increases, and that is true across all store formats. Overall, the analysis demonstrates a clear performance benefit per location from deploying additional LVMs.”

- **Minimizing Out of Stocks (OOS)**

Another important piece of the optimization puzzle is tracking OOS% to inform detailed plans to ensure that LVM bins remain properly stocked, avoiding player disappointment and lost sales. Brightstar can support lotteries in minimizing OOS in multiple ways, including data analysis, working with lotteries and retailers to target high-volume locations for support, collaborating closely with sales reps and analytics teams, providing physical terminal alerts that notify retailers of OOS bins, and, where applicable, prioritizing field-service support for LVM repairs.

Payment Convenience Offering multiple payment options allows lotteries to better meet player preferences while providing choice and flexibility. This approach aligns with broader U.S. and global trends toward reduced cash usage and increased adoption of convenient, cashless payment methods, especially among younger adult consumers. Brightstar analysts review the percentage mix of payment types and the average LVM transaction value by payment method over time to identify what consumers prefer in a given jurisdiction and advise lotteries on shifts and trends in all the areas cited below.

- **Cash — Still King** Cash remains the most widely used payment method and is important to consider in states with underbanked populations, ensuring equitable access to lottery products. At the same time,

cash handling presents operational challenges, including increased complexity around security, reconciliation, and accounting. Balancing accessibility, efficiency, and responsible gaming practices is essential when maintaining cash as a primary payment option.

- **Cashless** Cashless payment continues to grow and evolve, reflecting changing player expectations and broader payment trends. A Brightstar analysis of U.S. sites offering cashless payment shows that cashless payment accounts for 12 to 20% of LVM purchases, and the average value of a cashless transaction is 50% higher than a cash transaction. Implementing cashless payment offers meaningful long-term value, not only through improved

player convenience but also through operational efficiency and data visibility.

- **Responsible Reinvestment –** Reinvestment refers to a player’s ability to validate and/or redeem winning tickets at an LVM and convert eligible winnings into playable credits on the machine. While not universally enabled, most jurisdictions offer some form of reinvestment and, where permitted, it can be an important feature when thoughtfully designed and governed. A recent Brightstar study found that many lotteries have not revisited their settings or strategy since LVMs were introduced, despite significant changes over time in game price points and prize structures. The team further found that in many



Brightstar’s GameFlex 48™ optimizes floor space while expanding game choices, helping drive same store sales. Industry-first features include a robotic ticket delivery system that enhances reliability, and ticket by ticket activation that deters theft, as unactivated tickets hold no value.

cases the reinvestment limits remain disproportionately low relative to the price point of the scratch games now available on the same machines. As a result, broad swaths of smaller but meaningful prizes cannot be cashed or used to support additional lottery purchases, limiting player convenience and creating friction at retail. Regularly reviewing and modernizing reinvestment settings while maintaining responsible gaming safeguards can better align practices with today's game portfolios and player expectations.

Advanced LVM Analytics Dashboard

While LVM data and reports abound, they're only helpful to the extent they are consulted. To support data use, Brightstar developed the Advanced LVM Analytics Dashboard, currently deployed in eight jurisdictions, with more onboarding. The dashboard displays LVM performance (both overall and by LVM type), session-spend totals, session length, daily sessions per machine, and units bought per session, enabling Market Basket analytics to understand what games are bought together in the same session. "The dashboard's visual nature is intuitive, making it easier for users to apply the performance data to support LVM optimization," says Kriger. Brightstar recently developed an alternate version of the dashboard specifically to support one jurisdiction's widescale replacement effort involving thousands of LVM units. "The customer said, 'I can literally see my business growing on this dashboard,'" reports Kriger. The Brightstar team works with users to help them make the most of the tool, review and analyze the data, and consult on how to apply the insights.

Market Basket Insights Brightstar analysts use session-level purchase data from individual LVMs to show lotteries which games are bought together during the same transaction. Participating lotteries receive access to monthly data presented in an easy-

to-use dashboard. The dashboard enables users to analyze game performance and purchase patterns by game, price point, quantity, retailer, theme, or game family, revealing insights into player behavior and preferences. For example, it can show that \$5 games are most often purchased with other \$5 games and identify the specific titles most frequently bought together, while also allowing filtering by terminal type. By uncovering these purchase correlations, lotteries can identify cross-promotion opportunities – such as pairing draw products with a scratch ticket purchase.

Explore Correlations It's also essential to examine how different operational decisions and player-experience features correlate with sales and engagement, to help identify what truly drives a positive play experience and sustainable sales. These factors include everything from the availability of different payment types to the presence of jackpot signage on a machine. For example, Brightstar worked with a major retailer to test and study the impact of placing lighted jackpot signage on LVMs in four major markets. The presence of the signage correlated with a lift in weekly average draw games sales of 30% and total AWS of 27.2% in one jurisdiction, and as much as a 121.6% lift in draw sales and 63.1% AWS in another. Brightstar can help to uncover such correlations, highlight where specific features or practices meaningfully contribute to performance, and suggest adjustments to enhance both player convenience and responsible gaming outcomes. It's part of the company's larger, ongoing initiative to understand and share leading practices around LVMs for everything from lottery sales rep support and training to promoting consumers' LVM awareness through social media campaigns.

Price Point Index – Brightstar's Price Point Index (PPI) can be thought of as a "report card" on how LVMs are

stocked by price point, which can help determine where certain facings may be underutilized. This calculation differs from space-to-sales, which typically looks at what percentage of sales are coming from the corresponding percentage of facings. Because different jurisdictions can have different price points in their LVM game mix, the tool can filter to include only the relevant price points for the jurisdiction being analyzed. In addition, the PPI can be calculated for different bin capacity LVMs to "normalize" the index and provide more actionable data.

Operational/Merchandising Flexibility As retail evolves, flexibility in sales and merchandising models is important to expand and sustain lottery distribution. Lotteries increasingly recognize the value of offering lottery products through the "route sales" model, particularly when a traditional lottery program is not feasible due to labor constraints or staffing limitations. Under the route sales model, the lottery representative assumes expanded responsibilities, including all vending-related functions, while the retailer's responsibilities are minimal. In exchange, the lottery compensates the retailer through a reduced commission or an equipment placement fee to offset operational costs. The route sales model – and LVM Merchandising, which is the option for the lottery sales rep to load the equipment while on visits, never leaving a bin empty – also creates opportunities for lotteries to expand into greenfield retailers, enabling broader market access where traditional models are not viable.

Detailed here are just some of the possibilities for LVM optimization with the right strategy and tools. Contact your Brightstar general manager to develop an approach tailored for your jurisdiction.

