



DRAFT KINGS

Meeting the Moment: The Rise of Distributed Commerce

There was a time when buying a lottery ticket was simple because it fit into people's every day routines. You stopped at a gas station or convenience store, picked your numbers, paid a couple bucks, and tucked the ticket in your wallet. The system worked—because the routine worked. But those routines are vanishing. The way people shop, discover, and transact has been fundamentally transformed by the digital age. The challenge for lotteries is clear: build a strategy that matches the pace of modern consumer behavior.

The Numbers Don't Lie

Today's consumers expect the world to come to them. Groceries arrive via Instacart. Dinner is one tap away on DoorDash. Even big-ticket items—phones, flights, hotel rooms—can be bought in seconds through embedded shopping flows on third-party apps. This isn't a passing phase. It's a permanent shift. A full 70% of consumers now expect to be able to complete purchases without ever leaving the app or platform they're using.¹ Embedded commerce has become the norm, and digital wallets now drive nearly half of all global online transactions,² cutting checkout friction to nearly nothing.

The writing is on the wall: shopping, as we once knew it, is being unbundled from websites and rebuilt around behavior.

What /s Distributed Commerce?

Behind this evolution is a concept known as distributed commerce—a model where brands embed shopping opportunities directly into the platforms and ecosystems consumers already frequent. More than half of U.S. e-commerce today takes place in these environments: marketplaces, social platforms, and fulfillment-integrated apps.³ Consumers aren't visiting brand-owned websites as often. They're making purchases in the same digital spaces where they scroll, chat, and browse. And increasingly, these platforms don't just sell—they fulfill. Amazon's Fulfilled by Amazon, Walmart Fulfillment Services, and Booking.com's reservation tools offer brands a ready-made infrastructure: inventory, shipping, returns, customer service—all bundled with massive reach and consumer trust. A product is no longer tied to a single digital shelf. Instead, it's dropped into the daily scroll of life: iPhone in your Amazon recommendations, Nike shoes in your Instagram feed, or a Marriott hotel room in Google Maps.

Take Apple, for example. The tech titan, long known for its tightly controlled ecosystem, sells its products on Amazon through an official storefront. Fulfillment, customer service,

and delivery? All handled by Amazon. The reason is simple: access to 100 million+ Prime users and the infrastructure to serve them instantly. Today, nearly two-thirds of Apple's revenue comes through indirect channels.⁴ Distributed commerce isn't a backup plan for Apple—it's a pillar of their strategy.

Nike offers another model of blended execution. While still investing in direct-to-consumer efforts, Nike makes its products available through Instagram Shopping, influencer links, as well as Amazon. Now, 54% of Nike's revenue comes from indirect sales.⁵ Their model is clear: meet customers where they are, make the purchase effortless, and support fulfillment through a mix of in-house and third-party solutions.

In hospitality, Marriott sells its rooms on Booking.com, Google Travel, Expedia, and even Alexa. Roughly 14% of Marriott's bookings come from these external channels.⁶ But they do more than just list inventory—they integrate loyalty accounts into third-party flows. By encouraging loyalty participation, even when the transaction happens off-platform, it allows Marriott to retain customer data and deepen relationships.

Together, these examples show that distributed commerce is not about giving up control. It's about expanding access. When done right, it accelerates growth, reduces operational burden, and meets modern consumer expectations.

So, What Does This Have to Do with Lottery?

For lottery, this shift presents a real challenge. The issue isn't about brand recognition—it's about creating responsible access to lottery products. Are the products showing up where people spend their time?

Distributed commerce provides the

answer, as evidenced by leading brands such as Apple, Nike, and Marriott that have already embraced and validated this model.

And while it may sound new in a digital context, the concept is nothing new to the lottery industry. Physical retail has always been based on distribution—placing products where consumers are. Self-service kiosks, vending machines, in-lane checkout systems: all designed to meet buyers in their path. DraftKings' Digital Retailer Solution simply brings that same logic to the digital age—allowing purchase of draw games and instant games through a DraftKings website or mobile app.

Digital ecosystems evolve quickly. If iLottery fails to keep pace with the digital experiences consumers engage with daily, it risks plateauing—especially as consumer expectations for convenience, speed, and seamlessness continue to climb. While still a growing segment of the lottery industry, iLottery is already

showing signs of early maturity, as highlighted in recent analysis by Eilers & Krejci (below).

DraftKings Digital Retailer: A New Storefront for Lottery

If consumers now expect frictionless commerce on their phones, through apps they already use, the question becomes: Why wouldn't they buy a lottery ticket the same way they buy a pair of shoes or book a hotel—on a third-party site?

Recent data suggests they would. In fact, they already want to. In a recent study commissioned by DraftKings through Lotto Research, 55% of respondents say they'd play iLottery more if it were incorporated in a sports betting or casino app they already use.

This is where DraftKings comes in—with a **Digital Retailer Solution** designed specifically for today's digital consumer landscape. With its expansive

customer base of verified players, and a brand players already trust, DraftKings is a ready-made digital storefront for lottery products.

The upside is significant: expanded reach, increased frequency of play, and lower acquisition costs. DraftKings' existing marketing investments can supplement state-level campaigns, helping drive awareness and adoption. And for players, lottery becomes just one more category in a platform they already use, trust, and enjoy.

Distributed commerce doesn't mean giving up control—it means multiplying opportunities to connect.

For iLottery, the moment is now. ■

¹ Zendesk – "What is Omnichannel Retail? Examples and Trends".

² Capital One Shopping Research, Digital Wallet Statistics, July 2025.

³ eMarketer / Insider Intelligence Reports, 2023–2024.

⁴ FourWeekMBA, Apple Distribution Channels, 2024.

⁵ Nike Investor Relations, FY2024 Earnings Report.

⁶ PhocusWire, "Marriott direct booking share versus OTA," 2021.

"GROWTH CONTINUES TO DECELERATE, APPROACHING NEXT LEVEL OF MATURITY"

In more competitive markets, results were suggesting **collective online gaming markets were entering a new phase of maturity** with iLottery and iGaming products showing an ability to concurrently grow, though there's **evidence of potentially more hurdles to iLottery sales growth** in results again this period.

