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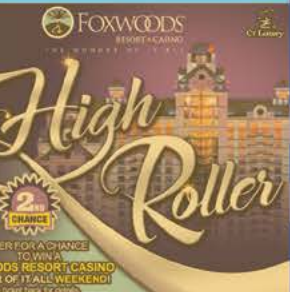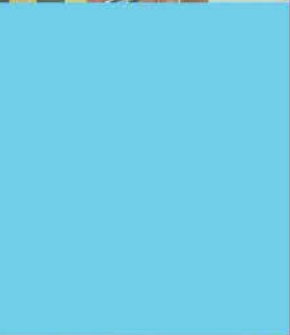
INSIGHTS

July/August 2017

Focus On: Advertising

An inside look at some of the campaigns and digital strategies lotteries are using to responsibly grow sales and broaden the player base.

FROM THE PRESIDENT

Individual Differences Mean Stronger Businesses

As industry leaders, we spend a lot of time focusing on the future to spot trends and better prepare our organizations. These forward-thinking actions help ensure our products remain relevant as times change. Toward this end, lotteries continue to address generational and consumer lifestyle shifts both in the design and distribution of our games.

But on a related and even broader scale, have we considered the changing racial and ethnic landscape of our player base? It is estimated that by 2050, there will be NO racial or ethnic majority in the United States. Collectively and individually, our age, sex, race, religious beliefs and sexual orientation impact our views of the world and our experiences in it. Look at your workforce, your executive management team, your boardroom; is your organization prepared for such diversification of its consumer base? As businesses, how can we craft products and market them to such a complex consumer base without a shared understanding of what matters to them?

The mommy blogging phenomenon of the mid 2000s is a case in point; by 2014, there were 4.4 million women looking to each other online for real-world, honest advice that was sorely lacking in the mainstream media.

That's why the topic of diversity and inclusion should not be relegated to our human resources departments. If our view of workforce diversification is simply the avoidance of an Equal Employment Opportunity Commission complaint, we are sadly missing the boat big time!

When our workforce is a reflection of the communities we serve, our business benefits from new perspectives and fresh ideas which drive creativity and spur innovation. From operational solutions to advertising campaigns, when we encourage diversity in our functional teams, we get better solutions that better reflect the world around us.

A 2013 Harvard Business Review article focused on research involving two kinds of diversity in leadership: those inherent in our own makeup and those acquired through experience (such as living in a foreign country). The study found that companies whose leadership possessed both types of diversity were 45 percent more likely to report growth in market share and 70 percent more likely to have captured a new market in the last year.

In an inclusive workplace, employees also learn to be more adaptable, a vital trait for businesses to remain nimble to change. What's more, when a company values diversity and actively seeks collective input across the organization, employee morale is boosted, productivity increases and turnover decreases.

Finally, encouraging a diverse workforce is a competitive advantage. A 2014 survey by Glassdoor (an online job/recruitment platform) found that two-thirds of applicants consider a diverse workforce to be an important factor in their decision to accept a job.

Global business leaders are recognizing and harnessing these benefits of a diverse, inclusive workplace. The CEO Action for Diversity & Inclusion™ (www.ceoaction. com) is the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. These 150+ CEOs from organizations such as AT&T, Coca-Cola, Cigna, MasterCard and Target accept that change starts with them and have publically pledged their support. What can we do?

Rose Hudson

Rose Hudson
NASPL President
President and CEO,
Louisiana Lottery Corporation

INSIGHTS

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SG
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intelligence

flexible, reliable, secure

gaming solutions and systems

Modernizing lotteries in a digital world

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The Virginia Lottery's Headquarters "Smoove"

By John Hagerty, Communications Specialist, Virginia Lottery

Anyone who's ever moved from one home to another, which is to say, everyone, knows what a hassle it can be: the headaches, the planning, and of course, that endless sea of cardboard boxes. That's just for an individual person or family. Moving an organization with nearly 300 full-time employees, more than 200 of them in the same building, is even more challenging. The move can decrease productivity and increase stress levels as everyone figures out where to go and how to work in a new space.

So it may seem unusual that the Virginia Lottery's headquarters move in 2016 actually won awards: A Virginia Public Relations Award in the category of Internal Communications, as well as the prestigious Best in Show Award.

How is this possible? One simple reason: It wasn't a move. It was a "smoove."

It all began when the Lottery was informed in late 2015 that it would have to vacate the Richmond government building it had occupied for more than two decades. The Lottery was told to hand over the keys by the end of 2016.

Almost immediately, the word "smoove" was introduced.

The concept was adapted from the book "Smile & Move (A Reminder to Happily Serve)" by Sam Parker.

Once the new home was identified, a 24-story building in Richmond that housed a number of other state and federal agencies, the smoove could begin.

Establishing clear, measurable goals grounded everything that followed. Those goals included:

* Setting the stage for collaboration and interaction between employees.
* Creating an atmosphere of fun, in line with the Lottery's "We're Game" brand.
* Fostering a communications environment that helped employees to more readily accept change in the workplace.

There were two ambitious but attainable objectives. First, to achieve an average 75

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percent positive rating on move communications, measured in a post-move survey. And, during the first month in the new building, to receive no employee-related complaints from anxious new neighbors.

With more voices and faces needed to represent the move and its benefits, a Smoovin' Team of employee ambassadors was assembled. When the time came to launch communications and activities, the Smoovin' Team was empowered to lead and execute them. In addition, the Administration and Communications departments partnered to create a customized engagement program.

The first order of business for the Smoovin' Team was engaging employees in the move process and seeking their input on move-related decisions.

For example, employees were encouraged to vote for paint colors, workstations, breakroom cabinets, countertops, appliances and carpet. Contests were held to select names for conference rooms. While most of the existing furniture was moved, thirty sets of new office furniture were needed. How was the decision made regarding who got new furniture? A raffle! So employees were invested in the physical space long before the first box was packed.

A new intranet message board served as a place for employees to discuss and ask questions. Short stories introduced employees to the soon-to-be new neighbors and restaurants within walking distance of the new location.

Another key strategy was to "introduce" neighbors to the Lottery in support of a combined building culture. This included educating them about the Lottery's beneficiary: K-12 public education in Virginia. Neighbors like the Virginia Department of Conservation and Recreation and the Department of Taxation soon found Lottery officials knocking on their door with Lottery-branded items, and participating in joint employee events.

A final, and possibly most important, strategy was developing interactive communications and activities to foster excitement about the move and acclimate employees to their new surroundings.

A big help for this was the "Move Survival Kit," which included resources to help before, during

and after the move. Once in the building, guided tours for employees were conducted to show off the new space and give employees the VIP treatment.

The Smoove Team gave out passports that encouraged employees to explore the new headquarters and collect stamps from each department they visited. More than just discovering the new space, employees connected with their colleagues in other Lottery departments. Everyone emerged with a better understanding of the whole organization.

All of the planning and hard work paid off. After the move, 93 percent of employees indicated that they were engaged throughout the move. Even better, 96 percent said they were excited about the opportunities the new headquarters offers for our workplace culture. And the neighbors? Not only did they welcome the Lottery, but they expressed interest in working together.

The planning, clear goals and objectives, and employee engagement was recognized with a Commonwealth Award of Excellence for Internal Communications at the 2017 Virginia PR Awards, hosted by the Richmond chapter of the Public Relations Society of America. It was also recognized with "Best in Show," the top honor in this annual awards program.

The bottom line: Moving need not be all that difficult, as long as it's a Smoove. ■

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Committee for Securing Gaming Integrity Recognizes Two Industry Standards for Central Repository

The Committee for Securing Gaming Integrity (CSGI) is pleased to announce it has recognized two industry standards for inclusion within its centralized repository.

The CSGI is comprised of organizational and corporate gaming leaders who together, share a common voice on the recognition of standards that serve to protect the fairness, integrity, security and honesty of gaming. This recognition provides confidence that the standards contained within the CSGI repository have undergone a peer review and are recognized by the industry they serve. Recently accepted submissions include:

Submitted by North American Association of State and Provincial Lotteries, in association with the National Council on Problem Gambling:
• Responsible Gambling Verification Best Practice

Submitted by Gaming Laboratories International, LLC:
• GLI-11 Version 3.0: Gaming Devices

The CSGI does not create standards or endorse the development of standards. The CSGI is currently accepting best practices and technical standards from around the global gaming industry. Interested entities should submit proposed standards electronically to CSGI at www.csgi.org. Once a standard, regulation or protocol is brought before the Committee, a call for recognition vote is taken. Upon recognition, the technical, regulatory standard or protocol will be placed into the CSGI repository.

COMMITTEE FOR SECURING
GAMING INTEGRITY

CSGI Members include – North American Association of State and Provincial Lotteries, North American Gaming Regulators Association, International Gaming Technology, The International Masters of Gaming Law, Central Account Management System, BMM Testlabs, Gaming Laboratories International, British Columbia Gaming Policy and Enforcement Branch, Pollard Banknote and Scientific Games.

Member Benefit – Participate on the CSGI and your organization will be part of a powerful voice on the recognition of standards used in the gaming industry. The CSGI is a standalone entity having no reporting obligation to any organization or industry association. As such, the CSGI is not an association, allowing neutrality for each participating entity to only represent its own association. CSGI is currently accepting new committee members and there is no cost to join. Charter agreement and member duties can be found at www.csgi.org. ■

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Celebrating 10 Years

Making Winners for 30 Years!

In June, the Montana Lottery officially marked its 30th anniversary, but the Lottery has been celebrating for months! From March through June, a series of three promotions offered players chances to win lots of extra cash and other prizes, culminating on June 23 when a drawing was held for three $10,000 cash prizes. In addition, a promotion surrounding the Lottery's Jeep scratch ticket runs through the end of August.

"We knew we wanted to celebrate our birthday with our players," said Angela Wong, Director of the Montana Lottery. "Our players, our retailers and the citizens of Montana are what the Lottery is all about. This is our year to celebrate."

Montana is calling its birthday party "Cheers to 30 Years," and those three decades have produced $236 million in net benefits to the State of Montana. Since the 1990s, those revenues have gone to the Montana General Fund to help support various government operations and state programs. More than $526 million in prizes has been paid to winners; on average the Lottery has paid out $48,036 every single day that it's been in business.

The Lottery was established by referendum in 1986 with a 69 percent favorable vote, passing in every single county. People wanted a lottery! The first ticket, a $1 scratch game called Pot of Gold, went on sale on June 24, 1987. Then governor Gov. Ted Schwinden bought the first two tickets ever sold.

That first year, total sales were $21.8 million; in fiscal 2016 sales were just shy of $60 million. "We have grown so much in the last 30 years, vastly increasing the revenue we generate for the state while maintaining the same staffing level we started with in 1987," said Communications Manager Jennifer McKee, who is clearly proud of the efficiency of lottery operations.

A Unique Environment

Maintaining that efficiency isn't always easy. Geographically, Montana is one of the largest U.S. states, but it has one of the smallest populations. There's a lot of ground to cover to ensure that everyone has access to lottery products. And there's plenty of gaming competition. "Certain kinds of gaming, keno and poker, are an historic part of our culture and a nod to our state's mining past," said McKee, adding that local legend says keno was invented in Butte, Mont. "Those games in their modern video form are popular and common here."

With a small population, games have to be designed to make sure Montana players experience plenty of winning opportunities. The Lottery's newest game, Big Sky Bonus, has some of the best odds of winning, offering modest but exciting progressive jackpots that are hit every nine days on average. "Our players have responded well to this approach, creating sales for Big Sky Bonus that far exceed the older game Big Sky Bonus replaced."

As one of the few states that allow legal sports betting, sports pools and sports tabs are popular throughout Montana. The Lottery joined the fun in 2008, launching Montana Sports Action, very unique games in the American lottery industry. They offer fantasy football and professional automobile racing wagering opportunities, and are run on behalf of the Montana Board of Horse Racing. "They appeal to a special, devoted player," explained McKee. "These games are a relatively small part of our overall business, but they introduced us to a new retail base and have resulted in increased placement of Lottery terminals. Approximately 33 percent of our retailers were introduced to Lottery through our fantasy line."

It has certainly been a great 30 years for Montana, and everyone has benefitted. "But we are also excited about where the next three decades will take us," said McKee. "Technology has changed so much in the way Americans communicate and seek entertainment. We are constantly positioning ourselves to be ready when for the next bend in the road!" ◼

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Don Feeney accepts his award.

Don Feeney and Four Lotteries Honored with NCPG Awards

The National Council on Problem Gambling honored its 2017 awards winners on July 21 at the 31st National Conference on Problem Gambling in Portland, OR. Lotteries or individuals working with lotteries were well represented, taking home eight of the 19 awards this year.

Leading the way was Don Feeney, who received the Monsignor Joseph Dunne Lifetime Award for Advocacy. An advisor to the Governor of Minnesota, Feeney began working for the Minnesota State Lottery and rose to Director of Research and Planning and became the leading lottery advocate for responsible gaming. He served on

the NCPG Board of Directors for 13 years, including a term as President. Through his calm, measured approach, he was able to literally move an entire industry forward.

"In 1993 George Andersen (Minnesota lottery director at the time) told me that problem gambling was going to be a big issue for lotteries, and that he wanted me

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> ## "ALL I CAN TELL THE LOTTERY WORLD IS 'GET INVOLVED. YOU'LL NEVER REGRET IT.'"
> - DON FEENEY

to learn everything I possibly could," said Feeney. "And when I did, I found that the field was really interesting and that the people working in it were some of the finest, most dedicated people I've ever met. After a few years, I started to realize that I might be able to make a little bit of a difference, but I never imagined that it could lead to something like this. I've been walking on air ever since I found out about the award. All I can tell the lottery world is 'Get involved. You'll never regret it.'"

The Lifetime Research Award was presented to Dr. Jeff Derevensky of McGill University. A pioneer in youth gambling research, Derevensky founded the International Center for Youth Gambling Problems and High Risk Behaviors at McGill University. He is well known around the world and co-founded the McGill/NCPG annual Lottery Holiday Responsible Gaming Campaign to discourage parents from giving lottery tickets to their children as gifts. A record 57 lotteries from around the world participated in the 2016 campaign.

One of those, the Oregon Lottery, picked up the NCPG's Holiday Responsible Gaming Campaign Award. The Connecticut Lottery took top honors in two categories: the Public

Awareness Award (Corporate) and the Newsletter Award (Corporate) for Chatter that Matters, a newsletter that raised awareness of problem gambling issues. The New Jersey Lottery won the Corporate Social Responsibility Award.

Among non-profit entities, Ohio for Responsible Gambling picked up two awards, the Public Awareness Award and the Website Award. The Ohio Lottery is one of four state agencies collaborating in the initiative.

A third lifetime achievement award, the Dr. Robert Custer Lifetime Award for Service, went to Dr. Linda Graves. The remaining award winners include national council affiliates and individuals working with those affiliates, researchers and other problem gambling programs.

A record number of award nominations were received this year. "I am pleased to recognize the outstanding work of all the nominees and especially the recipients," said NCPG Executive Director Keith Whyte. "In particular I have been fortunate enough to work alongside all three Lifetime Award winners and appreciate their considerable positive impacts on the problem gambling and responsible gaming fields through their advocacy, research and treatment." ■

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By Krista Brown, Senior Specialist, Enterprise Insights, British Columbia Lottery Corporation (BCLC)

Understanding the Lottery Player

BCLC explores the needs, behaviours and attitudes of the British Columbia lottery market

When you're writing an article and don't know your readers well enough, how do you connect with them? Well, the best you can do is take a guess based on what you can infer about the publication's readership. The end result? You end up lumping all readers together, making some broad assumptions and hoping the shot in the dark hits the bull's eye.

Up until recently, BCLC was doing something similar when it came to our lottery players. We knew the approximate age, gender and play frequency of a lottery player, but we had limited insights on why they played with us, what motivated them to keep playing or how best to engage with them through our marketing, player experience and product development efforts.

Relying on demographic and basic play behaviour was limited in its ability to meet the needs of our players and develop personalized, relevant relationships. From this, we developed the Connected Play strategy to provide additional value to our players (i.e. contests, second chance prizes, loyalty program) in exchange for a deeper, more personal understanding of their preferences and individual play behaviours. However, fully implementing Connected Play would take time, leaving a gap in between where we were and where we needed to be in understanding our players. As a result, BCLC undertook a large-scale research initiative – a market segmentation – to address this gap.

Segmenting the British Columbia market

First off, what is segmentation? A segmentation looks at a market and splits it into groups of people who have similarities based on particular criteria. For example, generations (baby boomers, Gen X, millennials, etc.) are types of segments based on birth year.

The criteria BCLC used were attitudes (towards social values, outlooks on life, risk, technology) and play behaviours (games played and motivations to play) to better understand the British Columbia (BC) age 19+ market on a needs basis. We leveraged a traditional tool in segmentation with a more modern approach.

BCLC lottery player segments

We collaborated with Ipsos' Lottery and Gaming Division to execute this research and the results were six segments and the most information we have ever had on our lottery players. The following is a brief description of some of the data we collected, a snippet really, on each segment, listed in order of growth potential (highest to lowest) for BCLC.

Spontaneous Dabblers

are the largest player segment, but significantly under index on spend, meaning their spend is not proportional to the size of the market they represent. What makes this segment unique is that they are highly spontaneous in their play, with more than half of them playing only a few times a year. They are likely to purchase lottery when a jackpot is high, on a whim, at the last minute, and playing quick pick. When they hear about someone having won the lottery, they dream about their chance to win and enjoy talking to family and friends about what they would do if they won. Spontaneous Dabblers prefer to deal with locally based companies, and feel that local neighbourhood stores should know them and their habits and support their communities. They like to be the first among their group of friends to try the latest technology and feel that tech helps them gain control over their lives.

Receptive Opportunists

represent about one fifth of all BC lottery players. What is unique about Receptive Opportunists is that they value the social aspects and escapism of gambling, and are driven more so by the entertainment and fun of playing lottery than by jackpots or the idea of financial freedom. This group is more likely than other segments to participate in lottery group play, and tends to dabble in a lot of BCLC's less popular lottery games. However, they don't really see lottery as being winnable.

Selective Skeptics

make up about one fifth of the BC 19+ population and about one quarter of all past year lottery players. They significantly under index on spend, representing only a small fraction of all past year spending on lottery in BC. This segment plays infrequently and, generally, when they are in the right mood. When they do play, they are most likely to play Canada's national lottery games like Lotto 6/49 and Lotto Max, and dabble in Scratch & Win now and then. What is interesting to note is that about half of their Scratch & Win purchases are for others, as gifts. Selective Skeptics are not strongly motivated or prompted to play lottery by anything (ads, promos, signage, jackpots, dreaming, etc.) and are generally quite skeptical about lottery being entertaining.

BCLC lottery player segments

Disinterested Doubters

are almost a quarter of the BC 19+ population and are essentially BCLC's non-player segment. Approximately one third of Disinterested Doubters have never played a BC lottery game. Most are lapsed lottery players, having played prior to 2012, but not having played since. This group tends to judge lottery: thinking British Columbians play too often, that they don't feel it's worth it, and that there is no guaranteed return. They don't like to take risks with their money and are more logical in how they approach life in general. Disinterested Doubters are also a fairly adventurous group, open to new experiences, and place importance on having a social life. They also feel a personal sense of responsibility to make the world a better place.

Fun fact: Only 40 percent of this segment are millennials, busting a myth in BC that the vast majority of non-players are millennials, and reinforcing the need to look beyond simply demographic differences.

Hopeful Enthusiasts

account for one in ten British Columbians 19+ and over index on spend, representing a quarter of all past year lottery spend. This group is enthusiastic about pretty much everything we asked when it came to lottery and life in general; they live for today and enjoy taking some risks. They tend to regularly play many different kinds of lottery, driven by jackpot levels, the possibility of financial freedom, the dream of winning and the anticipation in waiting to see if they won. A significant number of Hopeful Enthusiasts engage with BCLC's other products and experiences, such as PlayNow.com and casinos. This segment identifies with technology more strongly than most of the other segments; and believes they are more knowledgeable early adopters, that technology gives them more control over their lives and that it is a part of their self image.

Routine Traditionalists

are strongly represented by BCLC's weekly players. This group tends to have fairly regimented lifestyles and routine play behaviours: they tend to play weekly, with the same retailer, playing a special set of numbers, and will purposefully plan to buy a ticket on a regular basis. They view playing BC lottery games as an appropriate way to raise money for good causes, a chance to give something back, and consider playing lottery fun even if they don't win. This group uses technology but generally feels that it is having a negative impact on social interaction.

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Research corner

BCLC lottery player strategy

With all this new information, we engaged in a number of workshops and developed a strategy for engaging with these segments.

Spontaneous Dabblers and Receptive Opportunists were identified as high opportunity and growth potential strategic targets due to their attitudes and behaviours with regards to lottery.

Given the high level of engagement of Hopeful Enthusiasts and Routine Traditionalists with BC lottery products, there is limited potential for growth with these segments. As such, the strategy is to maintain their current experiences.

As Disinterested Doubters are not interested in what BCLC currently has to offer, the strategy is to learn more about their entertainment needs and seek to attract them to our business in the long run.

Thanks to the depth and breadth of insights that this needs-based segmentation provided about our market, BCLC has made significant changes to a number of key strategic initiatives, such as realigning our media spend according to our target segments and further informing the Connected Play strategy, among other things.

From the results of this research we learned how each segment engages with media, which highlighted the importance of online media to the key growth segments Spontaneous Dabblers and Receptive Opportunists. Understanding that these two segments spend a significant amount of their time each week in the online space, we put a greater focus on digital media in our media plans. Having a greater sense of what motivates each group to play BCLC lottery games, their behaviours and their general attitudes towards life, risk, technology, etc., we now also have the ability to better tailor content (advertising campaigns and messaging) to each segment.

This research was a significant undertaking in terms of stakeholder engagement, workshops, strategy meetings, research design and development, and culture integration.
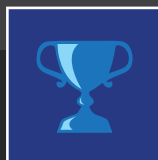
Instead of making broad assumptions and shots in the dark about our players, we can now zero in on six different segments and tailor our efforts to meet the real needs of our players. Segmentation 1. Shot in the Dark 0. ■

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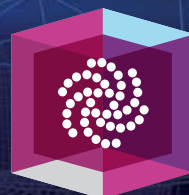
Kurt Geisreiter
New Business Development/Tribal Business Relations
Washington's Lottery

Kurt Geisreiter likely stands alone in the lottery industry. He serves as manager of New Business Development for Washington's Lottery, and while those specialists are starting to pop up in more and more lotteries, the second of his two roles is quite unique. You see, he also manages Tribal Business Relations, and with 29 tribes in the state, he keeps quite busy with both positions, which were created at the Lottery in late 2015.

"Kurt is the best man we could have found to help us develop new business channels and to advance our business relationships with the numerous tribes here – they are very important to our future growth," said Director Bill Hanson. "He has been around the Lottery for many years, is full of energy and lottery knowledge, and takes his job very seriously. Dealing with intergovernmental tribal issues can be challenging for both governments, and Kurt has adapted to it and enjoys the challenges."

Geisreiter has been with the Lottery since November 2008, first as a regional sales manager. He became Director of Sales in late 2009, and advanced to Director of Sales and Marketing in 2014. He has approached his latest roles with enthusiasm, understanding that they are critically important for future growth.

"Our state really wants to push government-to-government tribal relationships, and there's no better way to do that than through business," he said. "And I'm just so passionate about this. Not only has it opened up a new business channel for the Lottery, but I'm much more educated on tribal history, learning why tribes act the way that they do. It's been a real eye-opener, and I have a lot of respect for them."

Lottery tickets are sold by 21 of Washington's tribes, mostly in 37 convenience stores, but much progress is being made getting into some of the casinos. Last year, $5.1 million in sales came from licensed tribal locations. "It's substantial for us."

Geisreiter brought a background of sales to the Lottery, one that gave him a lot of insight into the very same types of retailers lotteries rely upon. He gained experience in the grocery business during college, and then was in sales positions first for a beer and wine distributor and next with a confections broker, representing some 20 national candy manufacturers. He then owned his own business, a snack and vending distributor called Honor Service.

He has a degree in communications from the University of Washington, although his first preference was atmospheric sciences – he always wanted a career in meteorology. Back then, though, it was more about mathematics than computers, and he quickly discovered that wasn't his forte.

Although his dual role at the Lottery takes up a lot of his time, he enjoys gardening at home with his wife Shelley, but his passion is boating. He's "between boats" right now, but doesn't expect that to last long. As empty-nesters with four adult children, they want to get back out on Puget Sound soon!

Why did you decide to join Washington's Lottery?

I really had no plans on working for the Lottery. I had sold my business and was planning on taking a little time off. However, an opportunity came up when a buyer I had worked with previously asked me if I'd be interested in working for the state, specifically the Lottery. He had already recommended me for a position as a regional sales manager. State employment is much different than the private sector, and the more I thought about it, the more I was intrigued. I saw a lot of similarities between my previous experience and what the Lottery needed, and it was the same customer base I was familiar with. I wanted to see what it was like, and one thing led to another and I was offered the position. I'm glad I did – and I'm coming up on ten years with the agency.

You worked in industries whose products essentially compete for attention with lottery products at many of the same retail outlets. What have you learned?

It is very surprising how similar they are. Lottery and the items I've sold at retail in the past are all discretionary items. Most people don't walk into a store just to get a lottery ticket or a chocolate bar – they are there for other reasons, so those sales are partly based on where they are placed in the store. And lottery really is in a good position – a customer could enjoy a candy bar for a couple of minutes, but a lottery ticket gives them a chance to dream.

Some people still think that lotteries are monopolies and therefore don't have competition. We certainly do have competition – I sure looked at lottery as competition when I sold confections. I went after the same retail space that lottery does; the more prominence you can get in the store regardless of what you are selling is going to make a huge difference.

When I came here, I started reemphasizing the importance of customers – identifying who they are and why they purchase what they purchase. I think lotteries in general have gotten much better at that. We've also proven that promotions and marketing increase sales, while at the same time help

you build relationships with retailers, especially corporate chains. Those in particular look at lottery like they do other vendors – and if you aren't out there promoting your product and identifying your customers, you aren't going to grow.

A challenge that lotteries face is how to get the retailers engaged, but I'm not sure that's where we want to put all our efforts. It's just the nature of retail – be it small shops or corporate accounts. When I sold confections, I could never get retailer involvement. They've got a lot of other things to focus on, and if they are going to get their clerks involved in selling something, it is probably not going to be a product that gets them five percent (here in Washington).

One thing that has helped us is the touch screen vending machine – we use IGT's Gemini Touch. We have always been a strong vending state, but a machine with a 42-inch screen grabs peoples' attention – it's what the customer wants when they walk into a store.

Are other consumer products companies doing anything at retail that lotteries aren't doing?

As much as we go after the same discretionary funds in peoples' pockets, we are in fact different because we are in a regulated business. We're not able to respond to technology like the private companies can, especially in the area of interacting with customers via mobile devices. It's really hard for us to do that, and that's the biggest advantage almost every other item in the store has, using the technology that is so important to the younger audience. Those vendors can, for example, use apps that can cross merchandise their products with other items in the store. Lotteries just can't keep up with the cutting edge because of our regulated nature.

We also have to figure out how we're going to integrate lotteries into new retail models. The Amazon Go store that will be opening here in Seattle, for example, has no clerks, no checkout counters – customers go in and pick up items from a shelf; payment is automatic via their mobile

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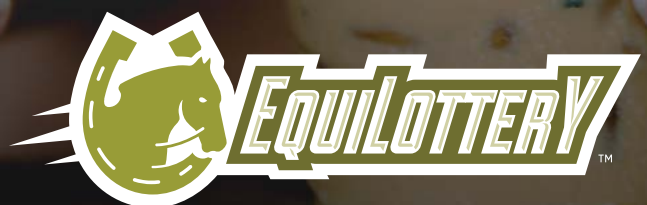
The Millennial Draw Game

app as the customer leaves the store. It's going to be a challenge for lottery to be in that world.

What is the "new business development" part of your role today?

There are really two components to business development for us. The first is looking for completely different trade classes. Tribal relationships blend a little into that, but there are other opportunities as well. I know we're not the only lottery to sell in airports, but SeaTac is probably our top sales location if you count several vending machines and our kiosk. I'm also identifying other opportunities that have tremendous foot traffic – if you can be where there is foot traffic, you will sell your products. I've had conversations with Boeing, which has a huge break room/lunch room with thousands of people flowing through it each day. Other companies here, like Amazon and Microsoft, have similar potential. These conversations are very slow, but I figure after hearing a lot of "no, no no," one of these days I hope to hear a "yes" somewhere.

The other part of new business development really looks towards the future. The world is changing so fast that by the time we identify something that's coming, it passes us by and is no longer relevant, because the world has moved on.

Every business – lotteries included – should be looking ahead 20 years, 10 years, and even three years. We're not allowed to use phones to purchase lottery tickets, and hopefully that will change. But my fear is that by the time we get it changed, it will no longer be relevant and there will be something else. So we will always continuously play catch-up.

What's it like working with tribal governments and how important are those relationships to lottery operations?

This is my child. In all fairness, not every state has the same opportunities with the tribes as we do; it has to do with the way we license them and other factors that may be different from state to state. One advantage in Washington is that most of the tribes have a business side and a tribal council side, and my focus is on the business side. As I started to meet tribal business leaders and understand how they did business, I saw opportunities with tribal casinos and even at the convenience stores we weren't yet working with.

Certainly there are benefits in doing promotions with the casinos. As I said earlier, I'm a firm believer in promoting our products – it benefits the customers as well as the lotteries. We've done second chance promotions such as poker

tournaments – in one, the related scratch ticket was sold throughout the state and helped drive people to the participating casino. More of the tribes want to hear about these promotions, but it becomes a challenge when they realize that they first have to sell lottery tickets. But with each successful promotion – and we've done them with two tribes to date and we should be selling our products in five casinos before long – we get more interest from others. We are building relationships with them, and as we move forward the sky's the limit on what we can do.

It's a new relationship, but it's been a really good one as far as we are concerned. I was surprised the first time I went to the NIGA (National Indian Gaming Association) conference. We're the only lottery that attends these national events and their regional counterparts, and I didn't know what to expect. As it turned out, they were really happy to see me take an interest in things that were important to them. I'd much rather have them think of us as the good guys, rather than have them thinking we are their adversary. It will help us down the road in certain endeavors. And really, a lot of their concerns are our concerns, such as the future of bricks and mortar locations when everyone can play online.

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ADVERTISING EFFECTS ON SALES:

WINS AND DRAWS BOTH COUNT

STEPHEN WADE, PRINCIPAL, LOTTERY MANAGEMENT CONSULTING, LLC.

Recently I had the pleasure of consulting again with that lottery whose advertising agency employs my young friend Jade. It was at that place in the budget cycle where people talk about return on investment from advertising. My role as a specialist in measuring things gets attention at such times. I sat down with Jade to review how we go about trying to make measurements of the impact of advertising on sales.

We recalled how years ago, when we first met, my basic method had sounded sort of negative to Jade (*Insights*, May/June 2014). But she now accepted that my basic approach was "test whether something has changed," rather than "prove that advertising is adding value." I develop a picture of what "nothing has changed" would look like, and then compare that to what really happened. We are all glad when the pictures don't match.

Jade had challenged me to tell about the most clear-cut effect of lottery advertising I had seen recently.

I was explaining a test that had been done in Washington in a supermarket chain. Someone had come up with a way to make a colorful cover for the little conveyor belt that you put your groceries on. You could put advertising on this cover and install it in a matter of minutes. Some Lottery folks had worked up a design featuring an image of the lottery vending machine that stood within sight of the checkout, on the way out the door.

I was taking care to explain my evaluation method, because the results had shocked me.

"We used a 'different-stores, same-time' design," I said. "All the stores belonged to the same chain, and had the same equipment, in the same part of the state. At some high level, they had the same management. Of course, the people involved day-to-day were different in every store. Some of the stores got the special treatment, and some didn't."

"How did you decide who got the new stuff?"

"I didn't. Someone else did. That could be a problem… you don't want to give the special treatment to the ones who are poised to improve on some other basis. I would have just picked at random from the whole set of stores. But as it happened, the eight best-performing stores out of a set of 20 got the advertising. "

"But that was already done," I continued. "And so in a different-stores, same time analysis, the first question is "how predictable are sales in the test set from sales in the other stores - call them the controls. And of course, by sales I mean what the players buy, not what the retailers do."

"Not activations," Jade said, confirming that she understood the importance of the difference.

"Right. And so I went back a year, week by week, and found that consumption in the test stores followed the same pattern as in the control stores. As in this chart, here. And of course, there's a number that describes how tight the correspondence."

"The correlation coefficient?"

"Yeah, it was high, over point-nine. So, I can make a prediction of what sales are going to be in the test stores if I

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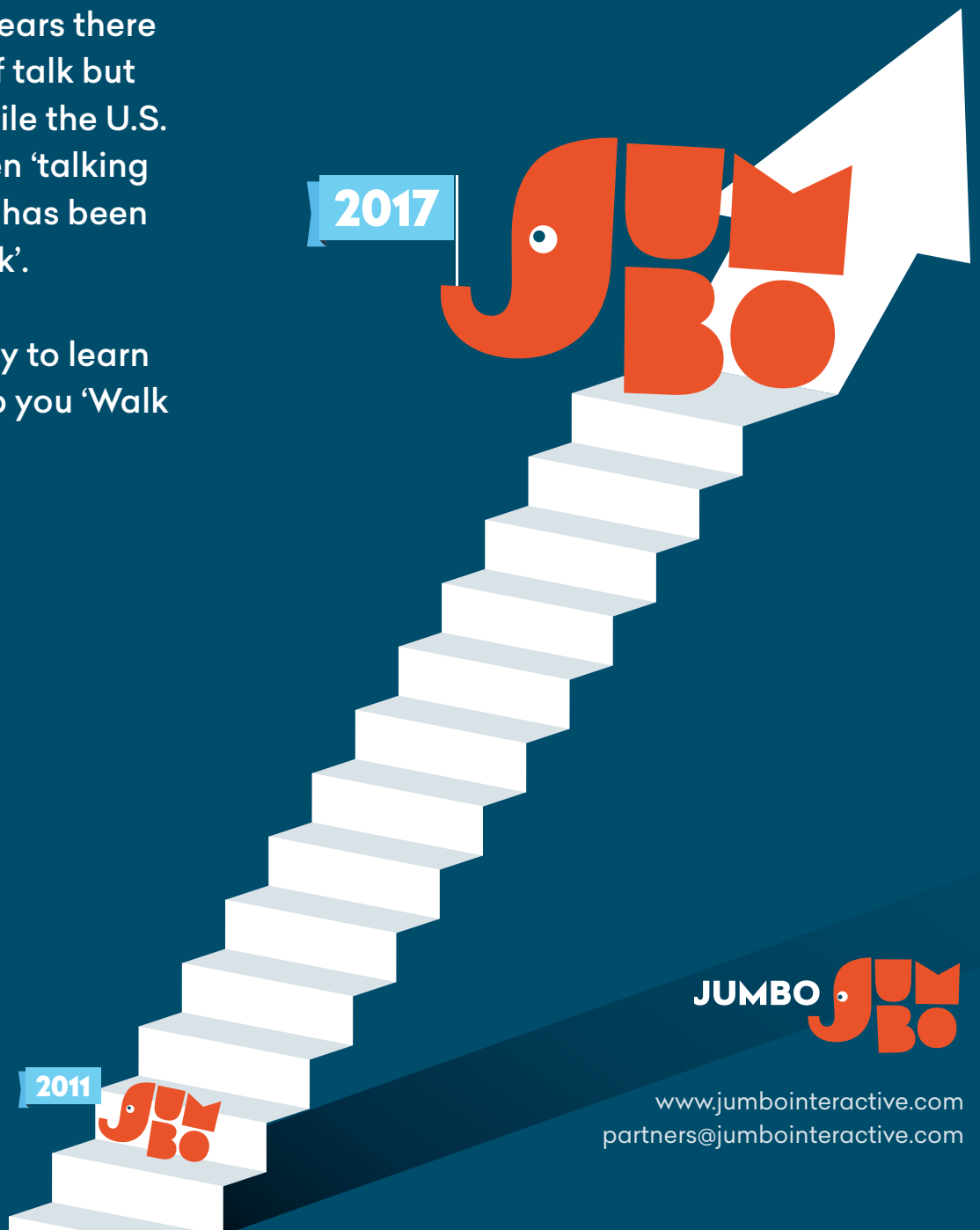
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know what sales are that week in the control stores, and it's a pretty good prediction. That is, it's never exactly right, but it's high about as often as it's low, and it's usually close."

"And so you, the skeptic, use that same predictor going forward with the assumption that nothing will change."

"And in this case I am proven wrong in a big way." And I showed her the chart below, documenting a big lift in consumption after the advertising was installed, while little changed in the control stores.

"Is that a big change?"

"Big as anything I've seen – about 25 percent!"

"Are they going to install these things everywhere?"

about that? But because it's only once in a few stores, we don't know if it's repeatable. Replication is important, because it helps to control for all those details of this test that may have been important to the result, but that I did not recognize. Like the selection of the test stores, for instance. We'll do it randomly next time. Maybe it was important, maybe not, but if this way of advertising is worth investing in, I should be able to do several small-scale trials and see consistent results. "

"And if the results are not consistent?"

"I may never know why. Or, I might be able to look closer and find something. Sometimes having inconsistent results is a key to

needed to go.

"But then, suppose I get a consistent lift in several small-scale trials. The next question is, 'is it incremental?' That is, I might buy here, now, what I was going to buy tomorrow, somewhere else. And that might be good for the store, but it's neutral for the Lottery. And a bigger test might give the same result. But what I really want to know is: over the whole region, will I sell more this week if I have these things in place? I am seeing evidence that we can change when and where people buy, but does that change how much they buy?"

"If that's the important question, why do you bother with these little tests?"

"Because I know how to do them well, I suppose. I want to do good work, like everyone. I have a powerful method for small tests, where I can find a good control group. But the bigger my test group gets, the bigger the control group I need, and the more expensive the test gets. And I am still nowhere near affecting the whole region. By the time I am doing tests big enough to expect measurable incremental sales over the whole region, I am pretty much just going to market with it. So, if you're looking for positive proof of incremental sales, you're not going to find it without making a big commitment."

"It sounds like you are saying that you are good at measuring improvements that may not matter."

I hope I have mentioned that I value Jade's bluntness.

"There is some truth in that. But consider: what if I make a good, tight test and see no effect at all? I think I can identify things that don't work, or don't do much. So maybe I can't promise that the positive effects will scale up, but at least I can identify, early on, the things that don't bring a return worth pursuing."

"Now, it sounds like you are good at identifying things that don't work."

"OK, that's hard to market, maybe, but it's a valuable service. Everybody likes it when they try something and it looks like a big win. The nice thing about the research and testing gig is, you win either way: maybe you identify something that works and ought to be tried again,

Weekly Scratch Consumption in Chain with and without Belt Ads
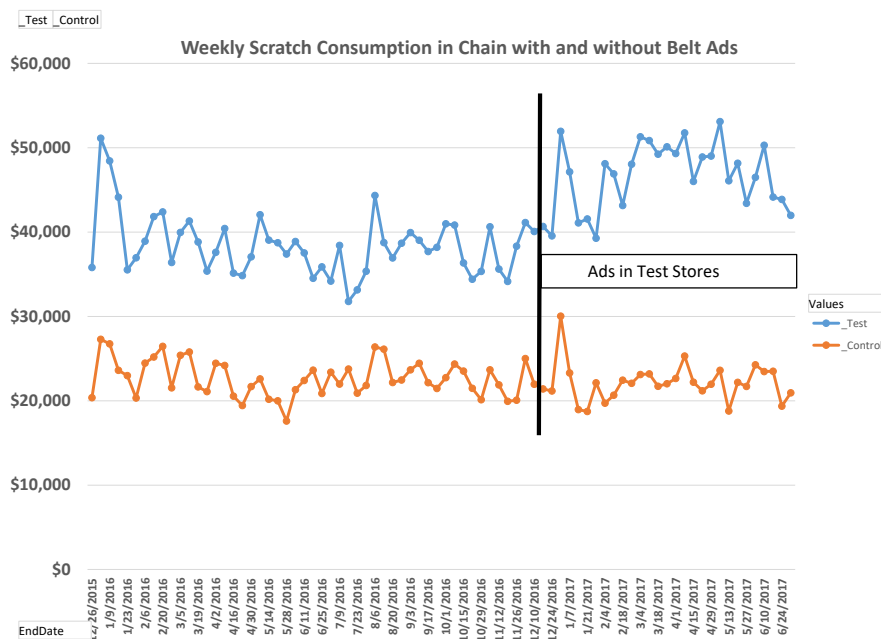
"Well, they're going to do a bigger test. And I'm trying to manage expectations."

"You don't think it will repeat?"

"It might, and that would be cool, but it's sort of like this: this was a small, pretty tight test that gave a clear result, and what's not to like

getting a better understanding of what is happening. Inconsistency is opportunity, if you have patience enough to pursue it."

Jade fidgeted with her rings a little, and I realized that while I would gladly have nattered on telling stories from past jobs, that was not where we

and maybe you identify something that is better left alone. There is nothing wrong with confirming that resources are being used well, and there is nothing wrong with keeping resources from being wasted. As long as there is something to test and you test it fairly, you are adding value."

"But I'll bet you don't gloat over the ones that get abandoned."

"No, of course not. And I'll tell you, I am as glad as anyone to see a big positive lift now and then. Helps to maintain my credibility. It is too easy for people to think that I am just a spoilsport skeptic, if nothing seems to work."

"So now where do you come in, on the big question about grand-scale advertising? It seems to be just the opposite end of the pool from where you are most comfortable. Millions of dollars being spent on a statewide scale – we think it works or we wouldn't do it. But what can you add to that discussion?"

"What I always try to add is some analytical rigor. And that is hard enough to bring to the discussion, even when it seems pretty clear-cut to me. When you're talking about statewide campaigns, it becomes very hard to find a control group. Where are the people who can buy the product, but don't get the advertising? It does happen sometimes. Back when media buys were all broadcast, you might see a state lottery neglect to advertise in a border town because it was served by broadcasters in a bigger city across the state line…"

"Yeah, when mismatch between the real market area and the Designated Market Area makes the ads too expensive."

"In those cases, maybe you've got a different-stores, same-time comparison. And you would need to follow the same method we talked about earlier – show predictability in the absence of ads, that degenerates in the presence of ads."

"So you still need a baseline period without ads? Good luck with that!"

"You're right. In the case of a big, expensive effort that is thought to have a major impact, it becomes very hard to change anything. It's like agricultural research."

Jade gave me a blank look. "What does lottery advertising have to do with farms?"

"I mean, consider back in the day when a farmer had to live from one year to the next on what he could grow. Maybe he grew up doing things a certain way – what business does he have trying something different? No one is going to fault him for keeping with tradition, but if he tries something different and fails, his family is going to be hungry. There wasn't any agricultural research until someone cared, who would not suffer if he tried something different and failed."

"So you mean, no lottery director is going to voluntarily do something radically different with advertising? Like cut back the budget severely, even for a while?"

"Especially not when there may be negative consequences that come slowly. Who wants that responsibility?"

"That could be a very expensive experiment, in the long run."

"On the other hand, your state legislatures may put a lot more value on cash they can grab this year, than on cash some future legislature might miss in some future year. They are reckless enough to drive some interesting experiments."

"But that's state-by-state, and the whole state."

"Right. So, your comparison is strongest in the multistate games that have the same value proposition everywhere. Even though it changes from day to day, on any day the jackpot's the same everywhere. But the advertising content and effort will differ. So you have a many-fold different-stores, same-time comparison."

"Sounds complicated. Can't you just do a before-and-after, within a state that gets its advertising cut involuntarily?"

"I can do that, but the question might become 'before and after what?' I've seen sales in those games change radically just due to things that happen within the games themselves."

"The billion-dollar jackpot…"

"And things have been different ever since. But that's OK, it's not much trouble to build a model for a base period and run it into the future. Then you'd have a same-stores, different-time comparison. It seems to me that those are generally weaker."

"But you'll probably build them anyway, because you seem to get into that sort of thing."

"Well, yes, I may as well confess to that. Maybe we'll see what trouble comes out of the legislative sessions, and then try to learn something from it." ◼

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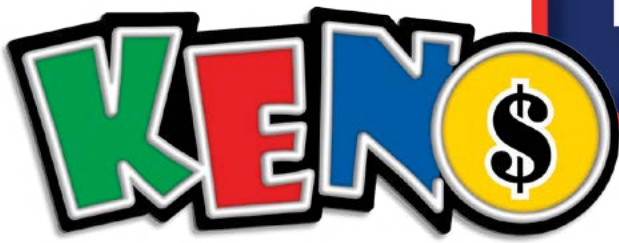
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Spreading the Word

Lotteries continue to shift their meager advertising dollars to keep pace with changing media consumption, while at the same time responsibly working to broaden the player base.

By Patricia McQueen
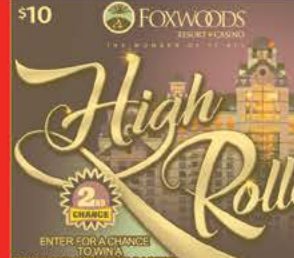
For a consumer product to be successful, consumers need to know about it. For many products and services, brands compete for attention with similar offerings – Coke vs. Pepsi, for example. Companies trying to establish or expand their products may pour money into advertising like there's no tomorrow – it wasn't that long ago that daily fantasy sports operators conducted an advertising blitz like few others.

According to the most recent (February 2017) CMO Survey, sponsored by the Fuqua School of Business at Duke University, Deloitte LLP, and the American Marketing Association, companies spend an average of 8.1 percent of revenue on marketing; for business-to-consumer (B2C) products companies, that number is 12.4 percent.

What do lotteries spend? It's hard to compare directly, because budget classifications vary among lotteries – advertising, marketing and promotions expenditures may be combined or reported separately, or some items may be included in other budget categories. Social media spend is sometimes included in communications budgets, for example. But one thing is clear, lotteries spend a fraction of what consumer products companies spend, and yet they were responsible for a combined total of $80 billion in revenues and nearly $23 billion in returns to their beneficiaries in fiscal 2016. Most U.S. lotteries spend less than two percent of sales on advertising; about half of them spend less than one percent. Outliers exist, but they are typically due to special circumstances such as market conditions or market size.

Even if you look at advertising spend as a percent of gross gaming revenues (GGR; sales less prizes), since that metric is what makes them unique compared to other consumer goods companies, many lotteries still spend less than one percent; most of the rest spend between one and four percent of GGR.

Unlike other B2C companies, which typically compete with like-kind products, lotteries don't compete with other lotteries – their competition is considerably broader. They compete with other forms of gaming, other forms of entertainment and other impulse products that vie for a consumer's discretionary income. That lotteries have been able to grow sales, and therefore revenues to their beneficiaries, in

this environment, with minimal advertising and marketing budgets, is a testament to widespread acceptance and popularity of the games, game design, product development and (for jackpot games) the luck of the draw.

Lotteries are clearly popular, but the limited advertising and marketing spend dictated by meager budgets takes its toll – it is more difficult for lotteries to broaden the customer base, introduce new products and reach young adults whose attentions are focused on an ever-expanding universe of social media platforms and digital channels. Those things are all desirable ways of ensuring long-term responsible, sustainable growth.

Consider what other consumer products companies are planning, according to the CMO Survey:

- B2C products companies are expected to increase their total marketing budgets by 8.8 percent over the next 12 months. Their digital marketing spend was expected to increase by 12.1 percent over the same time period compared to just 3.1 percent for traditional advertising (defined as media advertising not using the internet.)
- Social media spend is expected to increase from 14.6 percent of marketing budgets to 25.5 percent over the next five years.
- B2C products companies expect to increase marketing spend on mobile from 7.1 percent of marketing budgets to 17.2 percent over the next three years.
- Spend on marketing analytics is expected to increase from 3.5 percent of marketing budgets to 26.9 percent over the next three years.

Although lotteries rarely have the luxury of increased advertising and marketing budgets, they are certainly trying to keep up with changes in spending categories by stepping up their use of digital advertising and social media. Some use these channels to narrow the focus of a campaign, to drill down to specific consumers most likely to be interested in a certain game. Others do the opposite, relying on social media to cast a wider net to reach the most people possible. Or sometimes it's a combination of both strategies.

Lotteries try to attract a broad range of players and often don't specifically tailor their advertising programs to catch the attention of certain age groups or audiences. However, many of digital strategies lotteries are using – as showcased in the roundup beginning on page 44 – are by their very nature more likely to reach young adult players. Associating lottery games with events and experiences also helps expand the player base.

"As consumer habits shift away from traditional broadcast media, streaming content and mobile platforms are able to reach new players in much more efficient ways," said Texas Lottery Brand Strategy Coordinator Andrew Leeper. "Experiential activations, like the Texas Lottery's Sound & Cinema summer concert/movie series, create buzz and excitement surrounding the lottery brand and lead to more product trial and word of mouth."

The Millennial Connection

These types of efforts seem key to strategies designed to attract the attention of emerging markets. Currently the millennials present the biggest challenges – and opportunities – for lotteries.

The West Virginia Lottery uses proceeds ads and a strong social media presence to build goodwill and engage players of various ages, but millennials are quite different. Deputy Director of Marketing Tommy Young noted that trying to market to millennials is "truly like marketing to a group of people that is spread out like a spider web. We have attempted to reach millennials through special promotions on social media and by sponsoring events that appeal to that demographic, such as road races, concerts and comic-con events."

Illinois also reaches the audience through participation in events, such as music festivals and concerts that target millennials. "We look to provide engaging activations at those events, such as providing 'lucky lockers,' which are both useful and a way to surprise the audience with special prizes and fun concert upgrades inside the lockers," said Illinois Lottery Communications Director Jason Schaumburg.

The Illinois Lottery has also had a lot of success reaching millennials through social

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THURSDAY $1,000
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media platforms, especially Instagram. That provides opportunities to share fun content such as pictures and short videos, particularly in connection with a sports team or other popular entity, helping to give the lottery brand a fun personality.

Social media is also a key to Maryland's engagement with millennials. Many of the Lottery's social posts and contests ask questions of followers and fans, and they encourage players to share their experiences and photos. "We pull research and find areas of interest to this age group, and utilize this information in content and posts," said Maryland Lottery Director of Communications Carole Bober Gentry.

In its research, the British Columbia Lottery Corp. has determined that the best strategy to attract millennials is to launch new games and content which directly appeals to them, rather than try to shoehorn the current product offering to them. A fairly new product category in the United States is one which may fit that bill – the "for life" category of draw games. These games, primarily Lucky for Life and Cash4Life, are more likely to appeal to the young adult age group, according to research and feedback in many jurisdictions. Digital campaigns may be especially effective with these games.

"Millennials are a challenge because they view what they can do with a large amount of money differently than older generations do," said Kelly Thompson, who just recently left her position as South Dakota Lottery Director of Advertising and Public Relations. "While they want to eventually have what their parents have (a nice house, nest egg for retirement, etc.), they're not wanting it NOW. Now they're more interested in life experiences and how they could use the money for that."

South Dakota's Lucky for Life campaign is aimed primarily at millennials, with a message that winning $1,000 a day life gives financial security to be in control of how you live your life, starting right now, she explained. And because millennials want to have fun, the campaign has a "Good or Fun" landing page that lets players decide how they want to spend their $1,000 a day – give it to charity or take a trip, for example. "There are no wrong choices because tomorrow you get another $1,000 to spend."

More and more lotteries are engaging in segment research rather than relying simply on demographics to help them define their audience. Campaigns are then developed and geared toward each segment, groups of people with specific

attributes and characteristics. Some of these segments are likely to include millennials, and when they do, lotteries make sure they use messaging channels frequented by that age group – Facebook, Twitter, YouTube, connected TV (Hulu and others) and digital radio (Pandora, Spotify, etc.).

For example, Washington's Lottery uses brand campaigns to focus on its core audience, what it calls the "In It to Win It" group. "[This group] has the most potential for us to grow a broad and healthy player base within the state," said Assistant Director of Marketing Randy Warick. "They are well-connected, social optimists who like to dream about the possibility of winning." Since this group likely includes millennials, creative materials are crafted that are relevant to them – leaning into the optimistic and social aspects of their attitudes, such as how you might share your win with others, rather than what you would do for yourself. They care about making the world a better place, and doing good for others. In Washington, these campaigns tend to use broader reach strategies in television, out-of-home and digital.

Making the world a better place is a rallying cry for today's millennials, and that

should play right into lotteries' strong suit – the revenue they raise for good causes. As lotteries build direct communications with players through social media, players clubs and other avenues, they have increasing opportunities to get the message out.

That good cause connection is critically important for lotteries going forward. One other interesting insight from the February 2017 CMO Survey is the rising importance of "trusting relationships" as a top customer priority. Twenty-four percent of companies listed that as their top customer priority, up from 17 percent the year before and virtually equaling superior product quality and excellent services as top priorities. That lotteries raise money for good causes can only help build the trust today's consumers, especially young adult consumers, need.

The Jackpot Message

Lotteries of course hope giant jackpots will also help attract a broad audience that includes millennials and other casual players. Certainly more players than ever before jumped into the $1.6 billion Powerball jackpot in January 2016, but that prize also forever changed consumer expectations about lottery jackpots. How lotteries have responded in their advertising strategies have been all over the map. For some, the threshhold for starting jackpot alert messaging has been increased – from $100 million to $200 million, for example, or even higher. That's partly due to a lack of media interest until it gets to those higher levels, so the thinking is that jackpot alerts won't gain any traction at earlier levels.

"It changed significantly where we use traditional media of TV/radio for jackpot alerts, and those alerts are at a much higher dollar value than before," said New Hampshire Lottery Marketing Director Maura McCann. Basically, where jackpot alerts usually came in at around $200 million, New Hampshire now jumps in at $300 million for traditional media.

Others are doing just the opposite – providing more support at the lower jackpot levels to help boost sales at those low levels. Maryland, for example, started advertising earlier than they had before, at lower jackpot levels (approximately $175 million).

And as the jackpot approached the magic billion, frequent increases in estimated jackpots between drawings also took their toll. South Dakota, for example, previously used digital billboards and radio for jackpot alerts at the $250 million level. But as Powerball grew, "those became more difficult to manage once increased sales prompted frequent increases in the jackpot amount between drawings," said South Dakota's Thompson. As a result, the Lottery ended up using more public relations than advertising – players club emails, social media, website postings and press releases. "They're easier to manage on the fly than traditional advertising."

The Louisiana Lottery is converting many of its traditional jackpot outdoor static boards to dual jackpot vinyl. "Where we may have only had Powerball or Mega Millions, we are now placing dual message vinyl up with two LED boxes that have the ability to convert from millions to billions," said Director of Communications Kimberly Chopin. "These plans were underway even before the record jackpot, but it is now moving at a faster pace for conversion."

Billboards aside, like South Dakota, Louisiana is one of an increasing number of lotteries relying more on digital advertising and social media for jackpot games. "We are using more digital mobile jackpot alerts, sending notifications of jackpot amounts geo-targeted with a list of retailers" in the user's immediate area, added Chopin.

While the Connecticut Lottery doesn't think it has changed its jackpot advertising strategy that much, it is trying to 'move the needle' on lower, but still significant, jackpots. "We recently have started studying the effectiveness of our jackpot impact radio advertising," said Director of Portfolio Strategy and Analysis Tom Trella. For the $447.8 million Powerball jackpot in June, advertising was purchased at the $302 million, $337 million and $375 million jackpot levels. An analysis of the sales data determined there were additional sales above the average for like-jackpot levels – a 13 percent increase over typical sales at those jackpot levels. "Our return on investment for these impact ads was 7.5-to-1, which pleasantly surprised us." Trella noted that the Lottery would continue to experiment with impact advertising.

Jackpot games will always be a tough sell at low levels, but that won't keep lotteries from trying. When Powerball

relaunched as a $2 game, a campaign promoting its starting jackpot of $40 million was developed and utilized by several lotteries. Similarly, when Mega Millions moves to $2 in October, also with a $40 million starting jackpot, a campaign created the Georgia Lottery (and offered to all lotteries) will focus on that base jackpot. (See story on page 80.)

Challenges Ahead

The Mega Millions change is just one of several new initiatives in the coming months that will challenge lotteries' advertising and marketing budgets. To get the word out on the game's changes, some lotteries are planning fully integrated advertising campaigns including broadcast, digital and social media. Others are choosing to rely more on social media and point of sale, preserving the rest of their budgets for the critical holiday advertising period. The unique Just the Jackpot option for Mega Millions will require even more support from those lotteries choosing to offer that feature at launch.

Right on the heels of Mega Millions changes, Lotto*America will make its debut in mid-November. The brand new game, with an old name for those with long memories, replaces Hot Lotto for participating lotteries. And next spring, Powerball introduces its own game enhancements, including an option that will also be a first of its kind for American lotteries and will require marketing efforts.

These changes, all coming in fiscal 2018 for most lotteries, will push already strained advertising budgets to the limit, but of course they are also designed to increase sales – and revenues to beneficiaries. At the same time, lotteries often use part of their advertising budgets to run responsible gambling campaigns. Lottery marketers typically coordinate their product advertising messages with their responsible gambling specialists, and lotteries also adhere to industry advertising guidelines.

All of this means that advertising and marketing departments will have to prioritize and allocate like never before, something their competition in the marketplace doesn't have to think twice about. ∎

An Expanding
Digital
Presence

Lotteries are really upping the ante with digital media placements and programs.

The digital realm has opened up a whole new wave of advertising, marketing and promotional opportunities, and lotteries are doing their best to navigate through the waters. They are using digital programs to communicate effectively with their existing players, and to reach new and lapsed players in efforts to broaden the player base and responsibly grow revenues.

We asked our members about their digital advertising and marketing strategies, and their edited responses follow. We thank the lotteries that participated in this roundup, especially those that have gone into great detail. It should be noted that while references to digital spend percentages are made throughout this roundup, it is likely that lotteries are defining these shares differently and they may not be directly comparable. In addition, some include digital billboards in their digital spend, while for others those boards are part of the out-of-home budget.

Digital advertising has spawned a whole new world of acronyms. For reference, the following roundup includes such things as cost per action (CPA), cost per click (CPC), cost per impression (CPI), cost per thousand (CPM), click through rate (CTR), data management platform (DMP), key performance indicators (KPI), over-the-top (OTT) and video completion rate (VCR). Be prepared to immerse yourself in advertising-speak as you read through the next few pages!

Arizona Lottery

Online channels represent about 12 percent of our advertising budget. We buy digital advertising across all platforms including desktop, mobile, pre-roll, social media channels and OTT (however, our budget for OTT comes out of the traditional media line item). We measure our results looking at a multitude of different metrics, including impressions delivered against target audiences, traffic to our website particularly to specific products we are promoting, and social media engagement.

A new initiative the Arizona Lottery explored and implemented this year was influencer marketing. To support our outreach to the millennial audience with the Concert Cash Bash Scratchers, we also hired an online influencer marketing platform called Find Your Influence (FYI). This platform helped us target local social media influencers who helped generate buzz around our new Concert Cash Bash Scratchers and upcoming concert ticket giveaways. The influencers created their own original content. The following points are the major highlights from the campaign:

- Achieved an estimated 9.9MM total impressions via content across Facebook, Twitter and Instagram
- FYI influencers created 61 social posts, organically incorporating #iHeartAZL
- 3,686 total clicks to Arizona Lottery's iHeartRadio Concert Cash Bash landing page
- 5,091 total engagements across Twitter, Facebook and Instagram
- Total campaign valued at $122,026.13
- Cost Per Impression: $0.001
- ROI: 23:1
- Earned vs. Paid Media: 16 percent / 84 percent
- Increased awareness and Scratchers affinity with the hashtag #iHeartAZL

Overall, we found success with this campaign and plan on implementing another one with our upcoming Arizona Cardinals Scratchers!

Atlantic Lottery

We have different advertising strategies for our iLottery platform and for our traditional retail business.

On the iLottery side, our ad budget is focused largely towards driving action. This predisposes much of our dollars towards digital, given 1) the sheer proximity of the ads to the user being able to register/buy at alc.ca (i.e., one click and they are on our site); 2) the ability to better target potential customers than other mediums; and 3) we coordinate with the draw lottery retail side of marketing and know that they spend much more heavily on awareness media, which allows us to fill in more of the "bottom end of the funnel." The split for our iLottery spend was about 95 percent digital to five percent television last year. We have dabbled in a bit of out-of-home in the past, but only in locations where viewers could
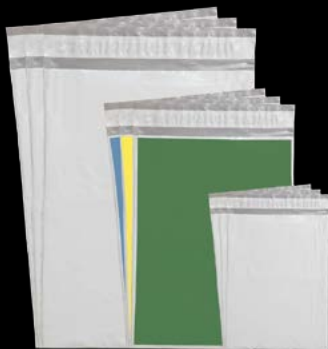
process the message and possibly access their smartphones – as in a chain of coffee shops on their digital screens.

Our iLottery spend includes SEM (Google and Bing) text ads, banner ads, social media ads (Facebook and Instagram) and video (YouTube) – all of our media buys are purchased programmatically. Results are generally tracked, and our media buys tweaked, based on CPA (we look at the cost per registration or transaction on a view-through basis), CPC and CPM. We reallocate based upon performance across these primary measures, but try to keep a mindset of having balance between these three as over-focus on any one of them can lead to sub-optimal performance given that none of them are 100 percent reliable indicators of true advertising value and impact.

We are pleased with the information we have gleaned from some tests we have conducted the past couple of years. One test was a "Does Facebook advertising work?" test, which was prompted by the increasing budget we were allocating. While metrics Facebook provides looked good, we wanted to know whether a real difference was being made in customer behavior. To perform a test we 1) split our player list into equal size and value "test" and "control" groups based on recent spend levels; 2) did a (partial) match within Facebook; and 3) cut off all advertising to the control group for one month. When we compared the change in dollar purchases between the two groups, we saw a demonstrable difference in how much more the test group spent – this led us to conclude that indeed Facebook advertising was working and providing good value, and we should continue to invest towards it.

Another study was a placebo test with our programmatic banner ad buy for our ongoing big lotto jackpot alert campaign. We wondered if our ads were actually making a difference in driving view-through actions, or is the buy just good

at finding those already likely to convert and flash ads in front of them. To compare, we ran half of our campaign with PSA ads in place of what would normally be our jackpot alert creative. Results of the study showed that while the jackpot alert creative did deliver a positive difference vs. the PSA creative in most programmatic tactics, the delta was nowhere near 100 percent, which thus showed the real CPA (i.e. driven by the creative) of the buy to be multiples higher than the reported figures.

For our retail business, we work with our media agency to optimize our media mix; we believe having a strong media mix rather than focus on one specific media is key for jackpot awareness. For the retail side of the business our target for jackpot brands is mass awareness focused on core/regular players. We have three new jackpots each week so we work hard to get those numbers in front of players. Our digital has been increasing year

over year, but our mix is still 25 percent each for TV, radio, OOH and digital. Within our market TV and radio is still a highly effective and efficient media.

In recent years our digital buy has moved away from direct buys to programmatic buying. Video has become increasingly important and has a larger impact with players. Our mix includes Facebook video and programmatic video (skippable pre-roll) and mobile/display banners; at higher jackpots we also add high impact banners, road blocks and non-skippable video. Beyond standard ad units we have added several new formats this year, including YouTube six second bumper ads (the short format is enough to communicate the required jackpot message and it is un-skippable), Snapchat ads and Instagram influencers.

Since our digital objective is awareness it is more challenging to measure. Our KPIs include valuable impressions – viewable, in-geo, on-target. Our digital campaign is continuously optimized for viewability, with a goal of 70 percent viewable impressions. We also receive reporting on media quality (viewability, fraud, etc.); impressions by age, gender, publisher, placement and device; on-target reach by campaign groups, de-duplicated; and website traffic, clicks and CTR as secondary measures

The fact is, you may have already lost the game

if you're trying to reach peripheral players
at retail through traditional means.

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British Columbia Lottery Corporation

We brief our media agency on our business objectives and target audience by brand; they then work with us to optimize our media mix to help achieve our objectives. In F18 we changed up our media mix and significantly increased our digital media spend based on a lottery segmentation study we completed (see story on page 20). Our target audience for Lotto 6/49 and LOTTO MAX were more heavily engaged in digital media and we were over-indexing in reaching our core players through traditional media, so we shifted our media dollars accordingly. We are now working closely with our media agency to track the performance of our new media buy.

We buy online display ads, online video, social media ads and SEM. We have identified our digital KPI metrics and measure results through Google Analytics. We also measure the results of these ads through new player acquisition and revenue to our PlayNow.com online gambling site, to which all our creative drives.

Colorado Lottery

In a typical buy that includes TV, radio, OOH and digital, digital spend averages 20 to 25 percent of the total; that percentage will be higher if we don't have radio and OOH in a particular buy.

Most recently, we have been focusing on cross-platform digital display and video units running cross-patform with a mobile upweight, as that has been a top performing placement on recent campaigns. For video we will use pre-roll of our TV spots across both desktop and mobile, to increase the reach, frequency and overall awareness for our campaign, especially with light TV watchers. We
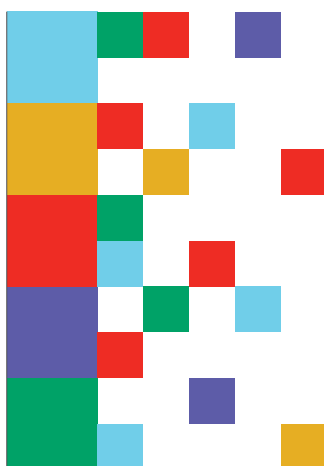
invest with top-performing programmatic partners to drive optimal results for display. We also dedicate a portion of the digital spend to paid social.

Measurement is quite robust, with reports that include delivered impressions, budget and clicks, as well as CTR and eCPC. For our video partners, we also report on video views, completed views and VCR.

Additionally, we look at results such as performance by site, by creative unit and even by day.

Connecticut Lottery

Our digital media is now about eight percent of our advertising budget. The primary goals of our digital advertising campaigns are to ensure targeted placement and flexibility to promote specific scratch games and jackpots, while easily letting users know where the closest retailer is for purchase. One of the most successful placements that has been able to accomplish all three of these goals is a rich media interstitial for mobile/tablet placements through AdTheorent.

AdTheorent uses proprietary "predictive targeting" learning to send ads to users more likely to engage with our message.

For example, if a user has a poker app on their phone, recently searched flights to Las Vegas, looked up jackpot winning numbers, and/or visited a Connecticut casino, they'd be more likely to receive a CT Lottery message. Users are geo-targeted within the state of Connecticut, and AdTheorent demographically targets to adults 18-54. We chose a mobile placement specifically to skew younger towards players who consume the majority of media content through their smartphones.

AdTheorent is dynamic in that it promotes multiple games at once; however, we

select the default tab pending which game or jackpot is our priority to promote, and we also easily switch the header video and image. The jackpots within the unit are pulled from RSS feeds so they are always up to date. In addition, if users are interested in buying a ticket, they can locate the closest retailer to their current location through their phone's GPS and maps directions.

We have seen great success with this, averaging a 0.95 percent click through rate and a 0.86 percent engagement rate, with over 5,500 users clicking through to find the nearest retailer.

Florida Lottery

We develop our media plans by starting with a media brief, which outlines clearly defined goals, budgets, audiences, markets, etc. Our media objectives and strategies are rooted in consumer insights. To ensure we reach the right person at the right time and in the right place, we select media based on market consumption habits (including TV, radio, print, OOH and digital) and select networks and programs that align with the audience's actual viewing habits. We use media planning tools that weigh all mediums against costs and reach to determine the optimal media mix.

We use the following types of digital advertising: :15 online video, display banner ads, native ads, rich media units (i.e. interactive banner ads), gamification units and mobile ads.

Our success metrics and key performance indicators for our awareness campaigns are as follows. For banners and display units, a CTR greater than 0.10 percent; for :15 online video, a VCR of 80+ percent.

We have had many successful digital campaigns. Our last campaign for 1-OFF Pick Games exceeded our benchmark goals for both CTR and VCR, delivering 0.38 percent and 83 percent, respectively.

Georgia Lottery

For the last fiscal year, we allocated about one percent of our media budget to digital media. That does not include social media costs, which fall under another budget category. We have used display, mobile, video, social and custom sponsorships over the years. Our key measurements are click-through rates, cost per click, video completion rates, time spent, app downloads and online play.

We are one of a few lotteries to offer online lottery sales. Last year we did a four week campaign to drive online sales of KENO! We produced a social campaign that included videos, social posts and GIFS, all to drive KENO! play on galottery.com. The campaign helped drive over 33,000 clicks to the landing page for an overall CTR of .17 percent, which is seven points above the industry benchmark.

Idaho Lottery

For FY2018, our media allocation includes 11 percent to digital display and video and six percent to social. That said, our TV and radio buys include streaming services.

Our advertising budget evolves as the media landscape changes. Our budgets for FY2018 include an increase in digital display and video, streaming television and radio, and social media content and advertising. We do not use print advertising in our media mix. Our metrics are determined based on the purpose of the media, but can range from measuring impressions, cost efficiencies, engagement, time spent and conversion opportunities like second chance games. Typical measurement standards include cost per click, cost per impression, cost per viewthrough and cost per engagement. We deploy omni-channel strategies that include owned, earned and paid media elements.

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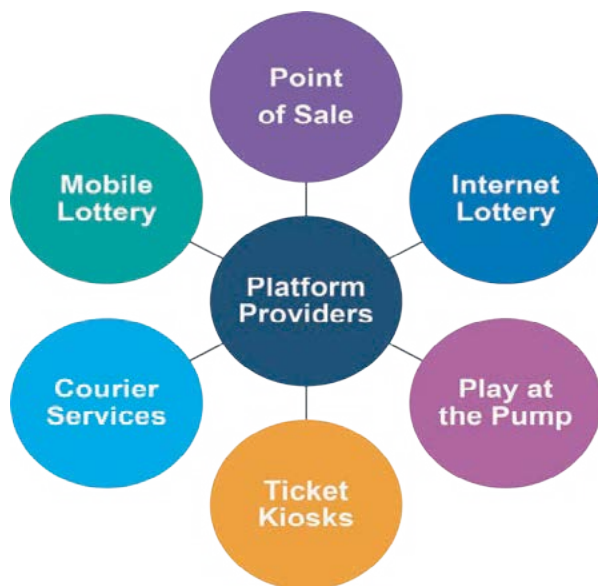
Vantiv Entertainment Solutions

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W: vantiventertainment.com

P: 877.277.6026

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Illinois Lottery

To determine the media budget allocation for the Illinois Lottery, we consider a number of strategic factors. We start with the overall goal of each specific campaign and then layer on past media performance as well as which players to whom we are trying to communicate our message.

Delivering statewide awareness of a new game is often the centerpiece of our campaign objectives. To drive strong awareness, the Illinois Lottery examines the media usage habits of our prime prospects and ensure we align our plans with them. In many cases, we look to broadcast media (i.e. TV and radio) to achieve our awareness goals. Digital can drive awareness, but we also look to digital for more precise targeting and the location-based capabilities it offers. We leverage behavioral and contextual targeting to minimize wasted impressions and location-based targeting to drive players to their nearest retail store to find the new tickets.

Using the Illinois Lottery's FY17 holiday instant ticket campaign as an example, we implemented a mix of 60 percent broadcast, 20 percent OOH and 20 percent digital. Three-quarters of the digital media was placed on mobile devices mirroring our players' digital usage.

Today's digital marketplace is a complex mix of partners, platforms and tactics. We lean on data as a guide for developing our digital plans. We use online video to extend our TV plans and help reach younger adult players and cord-cutters while also aligning to the consumer trend toward increasing digital video consumption. Similarly, we make heavy use of streaming audio. Partners such as Pandora do an excellent job of delivering reach and advanced targeting for the Illinois Lottery. Speaking of advanced targeting, we leverage programmatic buying to efficiently reach and engage players wherever they are on the internet.

Measurement is a critical component of the Illinois Lottery's digital efforts. As mentioned above, we use past performance to help define the media mix and partners used for future campaigns. We measure our campaigns against metrics such as in-geography delivery, engagement rates, video completion rates and click-through rates. All of our campaigns also feed into a DMP that gives us insights into the players who are engaging with our digital advertising.

Iowa Lottery

In the past two years, we have been using our advertising and marketing budget more efficiently by being more strategic with our media placement.

In Iowa we experience heavy political advertising in each presidential election year and are prone to high levels of preemptions in broadcast advertising. Our ad agency media strategists proposed bold changes to normal media tactics to be used throughout 2016. We increased our overall spending for programmatic digital display, pre-roll video, Hulu, Facebook desktop and mobile, and Pandora by 40 percent.

We began using connected TV in 2016 to reach users accessing broadcast/cable content through digital platforms. Users were served unskippable ad units during commercial breaks in brand-safe content on various streaming devices. Data from the digital display campaigns is used to refine the target audience via cross-device targeting to ensure accuracy and message frequency. Examples of targeted TV centric digital platforms are SlingTV, Crackle and ESPN. Our digital and interactive placements were evaluated weekly to ensure campaigns were optimized and on track.

We've also incorporated paid social media into our programmatic campaigns in recent years, first with Facebook and then with Instagram on both desktop and mobile. In addition, we began boosting Facebook posts periodically in 2016. We see significant results with small budget investments as little as $500 to $1,000 per boosted post. In addition, to provide Iowa social media users the chance to have a winning experience with us – with no purchase necessary! – we offer an opportunity to enter a social media contest each month for scratch tickets and/or lottery merchandise. The contests are promoted for a two-day period using Facebook, Twitter, Instagram and Pinterest. UTM (Urchin Tracking Module) codes have been used for all Iowa Lottery campaigns since August 2015. These codes enhance the data found in Google Analytics, allowing us to track the source of any paid online advertising traffic. We meet with representatives of our ad agency and programmatic partner each quarter to review our analytics for each campaign, paying close attention to engagement by age, gender, impressions, activities and of course reach, frequency and cost per action. It would be difficult to keep up with the constant evolution of the digital environment without quarterly assessments.

At the conclusion of each major promotion we review analytics provided by our internal web team. This provides us a look into how many unique entrants participated in the promotion, age and gender of entrants, number of daily entries, and which counties and zip codes provided us the most active users. At a monthly meeting of our marketing, external
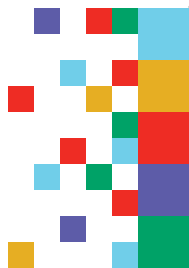
relations and information technology teams, we analyze audience overviews of our website, our VIP Club webpage visits and coupon redemption, and participation rates for our pop-up contests.

During the past two fiscal years the Iowa Lottery increased digital outdoor expenditures by approximately 15 percent. We now have annual leases on digital boards in twelve Iowa cities. We change messages frequently to create awareness of lotto jackpot amounts, product introductions, feature games and our promotions.

To accommodate the expanded use of digital marketing assets in the past year, traditional print advertising buys were reduced by 25 percent and broadcast media by 10 percent.

We haven't experienced as much stress on broadcast inventory in 2017, but opted to continue with much of the same media mix strategy outlined for 2016. This includes reduced broadcast television weight and more emphasis on video message delivery via alternate sources. We also added more streaming radio to reach light terrestrial radio listeners with the addition of Spotify.

Kansas Lottery

We allocate five percent of our of the budget to preload videos, banner ads, Facebook, Pandora and Twitter. We focus our advertising efforts on different audiences and demographics to cover a diverse audience. Our overall demographic specifications cover 18-54 as our core audience.

Specifically we drive impressions through Facebook, Pandora, etc., and we leverage digital advertising channels to target the millennial segment.

Kentucky Lottery

About 20 to 25 percent of our total advertising budget is now focused toward digital media marketing.

In November 2016 we started a new partnership with a digital advertising agency, The Buntin Group. They plan and place programmatic buys for us to optimize our reach, frequency and goals set out at the beginning of the campaign. They work closely with our lead creative agency in Louisville, Bandy Carroll Hellige (BCH) and with our own interactive, social, media and marketing team members. It has been a great learning experience so far – we have

an in-house media group that places our advertising, but by going to an agency for our digital buys it has opened up a whole new world for us. Help from the experts really makes a difference. It was a big shift – we had to redirect money to make it work, but media will continue to move away from broadcast because of people cutting the cord.

With programmatic buys, finding efficiencies and being able to test rapidly-changing networks and platforms, The Buntin Group has really been able to improve on the impressions delivered.

They brought us some cool new Facebook promotions – we are still pretty new in promotions there but we are gaining steam. We had a Scratch-off Mania promotion, where people could vote on their favorite games, and prizes were given away throughout the promotion. We also had a Week of Winning promotion, with some great prizes like gift certificates from our retail partners and an iPad Mini. Yet there was much more engagement for the scratch-off prizes, which surprised us. People like to pick their own games as prizes and potentially win even more.

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Team Lottery is already setting the highest standard for the entire games-of-chance industry and is bracing to raise the bar higher. It has all the tools to make it happen, and the visionary leadership to show us the way.

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Louisiana Lottery
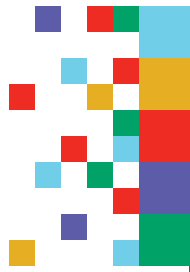
For a couple of years now, we have been chipping away more and more at our traditional media budget to allocate more for digital media. This past year we purchased blocks of digital media on streaming services such as Hulu, while we also purchased flights of internet advertising utilizing banner ads and b-roll. Our outdoor contracts also incorporate digital boards which make up about one-fifth of our inventory. We also purchase digital boards in blocks for specific highlighted campaigns. Additionally, we have been experimenting with mobile jackpot alerts through local providers. Combine all of that with our other social media expenditures, and we conservatively spend about 15 percent of our advertising media placement budget on non-traditional media.

We measure the impacts of these digital buys with increased sales, click-thru rates, site visits and ratings information received from buys.

Maryland Lottery

Over the past year, the Maryland Lottery has executed several digital campaigns using multiple channels, including display, video, social and SEM. In a recent launch of the Frenzy family of scratch-off games, we used short lifts (gifs) from the campaign's television commercial on digital and social media as a way to extend the reach to a digital audience. We optimize this kind of video advertising for viewability and completion rate. Mobile advertising is also important, as it allows us to use various targeting criteria and improve the viewability rates for our ads. Of course, social media is a key channel that allows us to target our message to either a broad or narrow audience based on the product or campaign goals.

Finally, while we have tested SEM several times, we are still finding our footprint in this space. Our jackpot games rank very high when measuring searched topics; however, most people clicking on our ads are return visitors. Although SEM is very cost effective, we haven't yet found it to be effective in broadening reach. Moving forward, we are considering SEM for cross-selling products while also increasing awareness of higher jackpots.

We have utilized most of the newer ad platforms available on social media and have found that we get the most engagement from carousel ads on Facebook and from video posts of any kind. Although they are not ads per se, we have also implemented live voting, live video and several interactive "games for fun" tied to a current Lottery initiative.

Massachusetts Lottery
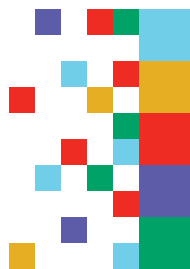
Our digital spend has certainly been growing over the last two or three years, and has now surpassed television in our market. Digital accounts for 21 percent of our media expenditures, although our total budget is still pretty small. The reach on digital is more cost efficient, especially when compared to television with its high production costs.

Most of our campaigns are surrounding instant ticket launches or draw game promotions, especially around the holidays. Our agency does use third party companies that specialize in placement on mobile and digital platforms – we are using Tapad, for example. We are definitely reaching a wide variety of mobile devices including tablets.

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Missouri Lottery

Our average promotion includes a media mix that includes 20 to 25 percent spent on digital displays, audio and video, and five to 10 percent on paid social media. We have an "always on" approach for out- of-home advertising, utilizing digital billboards which give us the ability to change messaging at any given time.

In a recent digital campaign for our "Second Chance of a Lifetime: Summer

Parks Sensation" promotion, in addition to traditional TV and radio broadcast, we used Facebook, Snapchat, digital audio, video, and display, partnering with Hulu, Pandora and Spotify to target lottery players across Missouri.

We measure results in many different ways, including impressions, reach, engagement and the amount of display ads that are actually viewed on a page.

Nebraska Lottery

For fiscal year 2018, we are allocating 16 percent of our advertising budget to digital channels. We buy our digital advertising programmatically, which means that we are targeting people and certain behaviors rather than purchasing individual websites. Campaign elements usually include digital audio (Pandora/Spotify/etc.), digital video (pre-roll/connected TV/etc.), and mobile/display units of various sizes.

Results are measured on a variety of points that depend on the goals of each campaign. If we're planning an awareness campaign, we may measure performance based on viewability. If we're optimizing for high engagement, we may look at clicks as a KPI. For digital video, we measure results based on video completions.

A successful recent digital campaign is our current Summer Jackpot campaign. We're seeing great click-through numbers (.17 CTR vs. the industry standard of .14) as well as high video completion rates (78 percent completed over a goal of 65 percent). A fun, "out of the box" element we've added to this campaign is a mobile expandable unit that is seeing the highest CTR (.22) of all individual campaign components. This unit is seeing great engagement, as most unique elements do.

New Hampshire Lottery

Our channel allocation strategy depends upon our target audience and their consumption habits, how niche that target audience is, and the goal of the campaign (awareness vs. conversion or a mix of both). Traditional channels (TV, radio, out of home) provide a broader, mass reach which is great for awareness campaigns. Digital channels such as display, online video, social and search engine marketing allow us to get more granular with the audiences we can reach based on tracked behavioral data, for example, that is largely unavailable from traditional channels.

Digital channels also allow us to measure and link paid media directly back to online conversions where it allows.

We use a mix of digital channels to ensure multiple touchpoints down the conversion funnel. We use retargeting and CRM targeted display, online video (to extend reach/frequency of traditional buys and/or to reach the younger "cord cutter" demos), social media (Facebook and Instagram primarily) and paid search (to capture demand generated by all other efforts in market). We

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use an ad server and the user interfaces of Facebook and Google to track deliveries, engagement and efficiency metrics. We also couple this with Google analytics and custom coded URLs to tie website actions back to paid media.

A great recent campaign, which is currently still in market, is our CRM targeted display buy. We've leveraged the data collected from our loyalty program database and matched those users to users we find online and serve them an ad. We've segmented the users into two groups – light/lapsed players and moderate players (determined by how many tickets they play in a given time period). Since we know more about these users such as what tickets they play, what price point they buy, etc., we can tailor the messages we serve them to be more relevant to them. For example, we serve ads containing tickets at a lower price point to users in the "light/lapsed" audience segment to encourage them to get back in the game. In the first six months of this campaign, we saw 10 percent of the light/lapsed audience move up to the "moderate" audience segment, which signifies that serving these relevant ads to them is bringing them in store to play more often.

North Carolina Education Lottery

Our digital advertising represents about 2.5 percent of our advertising budget, and that includes social media. Generally, our digital efforts are focused on video and audio extension opportunities. For video, that is OTT content that consumers can view through internet-connected devices such as mobile phones, desktops, tablets and other OTT devices like Roku or Smart TV. They provide a way to reach light TV viewers with our existing content. We have utilized Pandora for audio as well. These extensions are purchased/measured either as impressions or gross rating points (GRPs).

Ohio Lottery

When we review our advertising strategy, we tend to focus holistically on specific campaigns, rather than by type of media. We're currently at about a 70/30 budget split between traditional advertising and digital media.

Video itself is starting to morph into a singular category that encompasses traditional TV, connected TV and digital video distribution hubs like You Tube, Facebook etc. Soon, we believe the traditional/digital split will be pretty even.

We use static banner ads, dynamic banner ads, digital video pre-roll video, Facebook and Twitter video and GIFs, just to name a few. The metrics we use include impressions, click throughs, views, shares, likes, comments, retweets and cost per completed view.

Pennsylvania Lottery

Our advertising budget includes 13 percent for online video and 12 percent for new media. In Pennsylvania, we utilize digital OOH, online ad banners, mobile banners and advertising through the app. We measure OOH with impressions and the online/mobile banners are measured with click-through rates.

Loto Québec

We continue to invest quite heavily in mass media like TV and outdoor media to reach the general public. This also affords us excellent media rates. However, we do complement our media plans with online media to target specific segments, in a variety of situations. Our web presence gives us top-of-mind for our online games offering. One tool we use is retargeting to speak directly to our customers. Online investments stand currently at approximately seven percent of our global media buy.

We used to use a variety of formats online (traditional banners, etc.), but have realized that video always outperforms all others, generating the best conversion rates and doing so for the lowest cost. Our strategy is now moving more toward social media and online ads using pre-roll video. Our agencies supply us with detailed monthly performance reports enabling us to optimize our campaigns and adjust our strategy to produce better results.

South Dakota Lottery

We've largely gotten away from traditional print advertising. The budget for a major advertising campaign includes 15 percent to digital, five percent to social media and five percent to web. Some of our 10 percent spend on radio goes to online radio buys. We use search retargeting, display/full-screen takeover and video pre-roll, and measure results by clicks, impressions and view rates.

Texas Lottery

Media allocation is determined using media touchpoint rankers and a geographic three-tiered market cluster approach. The Texas Lottery has shifted its advertising media allocation over time focusing more on digital and experiential media vehicles and less on TV and radio.

We utilize the following types of digital support: 1) streaming video (e.g. Hulu, TubeMogul), 2) streaming music (e.g. Pandora, Spotify) and 3) mobile focused (e.g. AdTheorent, Verve Mobile). AdTheorent recently recognized the Texas Lottery as the first in the category to utilize dynamic data within rich media units to communicate jackpots via mobile. The ad units can switch between different games – it's a way to provide more jackpot information than you can with just a banner with an RSS feed connection. They also can use geo-location to find the closest lottery retailer, which helps drive customers to those retailers. These ad units are almost like a micro site appearing on players' mobile devices, as opposed to just a banner ad. It's pretty amazing what you are able to do now through rich media and dynamic data, and the results have been pretty positive so far.

RICH MEDIA LARGE SCALE DYNAMIC CREATIVE

AdTheorent will create a large scale dynamic rich media experience pulling from external feeds for 100+ variations

DYNAMIC CORE SIGNALS

LOCATION

TIME

DYNAMIC LOTTERY FEED
The unit includes tabs for 3 different jackpots, Powerball, Lotto! And Win For Life. The unit will dynamically open to the tab with the highest current jackpot

DYNAMIC DISTANCE TO THE NEAREST RETAILER
Drive store traffic by dynamically showcasing the exact distance a user is to the nearest location

DYNAMIC CLICK THROUGH URL
The unit dynamically changed the click through URL based on a user's location

ADTHEORENT

As part of these rich media ad units, we have also developed engaging mobile games with AdTheorent. Our campaign for the Instant Millionaire scratch ticket was the most recent one, with a mobile game on the theme of "why wait?" We have one coming up for our Wheel of Fortune ticket that will include a mobile word puzzle. We can create new games based on whatever the campaign is. The execution may vary in how the user sees the ad, but these are all things we are working on. These have definitely become a steady part of our digital media mix.

PORTLAND, OREGON...

YOU MAY HAVE HEARD ABOUT IT.

If you're lucky and adventurous, you might have visited this Pacific Northwest beauty before and you know...**IT'S ALL TRUE.**

The laid-back metropolis that works with an appealingly off-kilter vibe, an almost unfair abundance of natural splendor, eclectic nightlife, tax-free shopping, famous food carts, fine micro-breweries, and of course a pioneer spirit that stays with you.

NASPL AND THE OREGON LOTTERY WELCOME YOU TO A CITY THAT WELCOMES ALL.
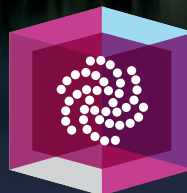
SHIFT
YOUR GAME

HOSTED BY THE OREGON LOTTERY

Washington's Lottery

The allocation of our media budget is driven by target audience insights, their media consumption habits, and the business objective behind the advertising. Our overall current allocation includes six percent for digital programs and nine percent for social media. Depending on the business objective, our digital advertising ranges from Pandora sponsored listening units, to traditional digital banners, social media and interactive digital games. We measure results according to the business objectives through impressions and engagement (likes, shares, comments), as well as click-through rates.

Western Canada Lottery Corporation
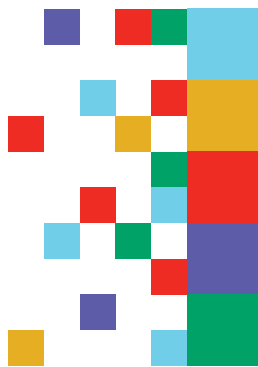
Our media allocation has been evolving over the past several years. While TV is still king, digital/social has totally replaced print, which is no longer used.

This is always in flux as the medium is constantly changing. We use tactics such as programmatic, social listening, sequential messaging, pre-roll, sponsorship tags, home page takeovers (HPTOs), social video retargeting, mobile video, and others across a variety of platforms for both web and mobile.

West Virginia Lottery

We have used our most recent research to help us determine when and how advertising funds are spent. We have eliminated print advertising and switched to digital ads with our state's larger media sites. The majority of our digital, radio and television spots focus on jackpot alerts. We normally do one new commercial television production a year.

Along with the help from our ad agency, Digital Relativity, we have implemented a complete new digital strategy. As jackpot amounts with Powerball and Mega Millions grow, so do our ads. We start with a digital budget and the number of impressions we are hoping to receive from a particular campaign. Once a campaign is completed we evaluate its impact and effectiveness by the final CPM, the CPC and finally the CTR. We believe that we reach more people through this type of spend than any other.

2017 NASPL
PORTLAND, OR
SEPT. 13-16, 2017

SHIFT YOUR GAME!

KEYNOTE SESSIONS

The **KEYNOTE SESSIONS** are designed to offer concepts on how to keep up with our constantly moving market. Keynote speakers from outside enterprises will explore shifts in...

• Your thinking for what the future holds
• New products and markets
• Your customer base
• Security for the digital age
• Your branding

INSIGHT SESSIONS

Our unique **INSIGHT SESSIONS** will go inside our industry to share best practices on key subjects germane to every lottery and include:

• Corporate social responsibility
• Working in a political environment
• Multicultural marketing
• Data and analytics

KEYNOTE SPEAKERS

DEBRA RINGOLD
Dean and JELD-WEN Professor of Free Enterprise, Atkinson Graduate School of Management

STEVE BROWN
The Bald Futurist, and CEO of Possibility & Purpose

GERRY O'BRION
Professional Speaker and Strategy Consultant

JOHN SILEO
Privacy, Identity & Reputation Protection
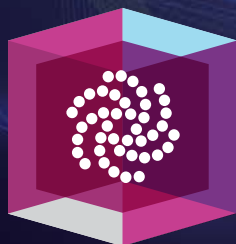
SHIFT
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REGISTER NOW! www.NASPL17.com

HOSTED BY THE OREGON LOTTERY

A Sampling of Campaigns

We asked lotteries to showcase some of their recent advertising and marketing campaigns, some of which are exclusively or extensively digital, that really hit their mark. Many are around game launches, but there are some special and creative campaigns involving other messaging as well. Their edited responses follow.

Arizona Lottery

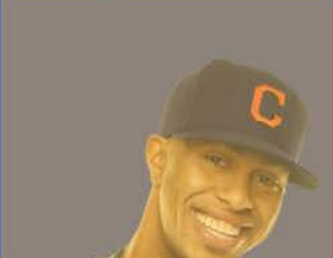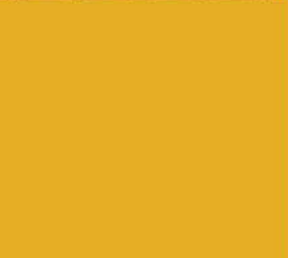**W**e recently completed a promotional campaign that we are very proud of surrounding our new $30 Ultimate Millions Scratchers ticket. The $30 price point is a brand new price point that Arizona Lottery players have not seen before. We launched this new price point to help close our sales gap from the $1.6 billion FY16 Powerball jackpot. Even with the new ticket, our projections showed we would be short on closing that gap. So we created a 45-day giveaway where we offered players the chance to win $500 a day with the opportunity to win a top prize of $25,000 during a drawing at the end of the giveaway. The entries required a non-winning $30 ticket. The introduction of this ticket and the supporting promotion helped us close a $70 million dollar sales gap, and we're proud to report that as of June 30, 2017, we were down only 2.19 percent, meaning we closed $50 million of that $70 million gap.

Colorado Lottery

The biggest news from the Colorado Lottery involves the development of a virtual reality beneficiary campaign – details are in a separate story beginning on page 76.

Another fun project was creating true art out of scratch tickets – a first for Colorado. The art was displayed at the Cherry Creek Arts Festival, which is a major four-day art show in Denver, with juried artists from across the U.S.

Connecticut Lottery

We are extremely excited about our new $10 scratch ticket, Foxwoods High Roller. It's our first time partnering on a ticket with our neighbor, Foxwoods Resort Casino, one of the largest resort casinos in the United States. Foxwoods is celebrating its 25th anniversary, so it seemed like a perfect opportunity to join in their party. We developed the ticket art in-house – it features a beautiful design showcasing their casino, 25 chances to win (the players scratch over Foxwoods casino chips), and four top prizes of $125,000.

The real partnership behind the ticket, though, is the experiential second-chance prizes. Each week for 25 weeks we're giving away a "Wonder of it All" weekend experience, where a lucky winner and their guest receive a two-night stay at a Foxwoods property, round-trip limo transportation, $2,000 spending money from the CT Lottery and a $1,000 gift card from Foxwoods for non-gambling amenities

(spa, food and beverage, etc.). We are also giving away 25 similar packages to retailers for closing packs of the Foxwoods tickets. The ticket has been a huge success. After the first three weeks of sales, Foxwoods High Roller ranked sixth in total sales out of all 168 $10 games that the CT Lottery has launched, and also has the most second chance drawing internet entries of any second chance game we have offered.

We shared in advertising costs, produced a commercial on-site at Foxwoods, and have both heavily advertised the ticket. Foxwoods is also CT Lottery retailer and has offered the ticket as promotional prizes to their players. We really enjoyed collaborating with another gaming entity in a unique way that highlights our shared goal of returning money to Connecticut's General Fund. In short, our marketing team did a great job of leveraging two iconic Connecticut gaming brands.

Georgia Lottery

To introduce one of our new Diggi Games (e-instant games), Star Match, we partnered with our NBA team, the Atlanta Hawks, to create an on-court interactive experience during halftime. Via a high-tech projection show, we were able to transform the court into a functional Star Match game play area. Four contestants, holding iPads, were able to manipulate the floor graphics and literally compete against each other, matching three-of-a-kind symbols to score points. Each player represented a quadrant of the arena. Audience members sitting in each quadrant were able to register to win cash prizes by texting. The contestant with the highest score won cash, and 50 fans sitting in the winner's quadrant were randomly chosen to win $50. The game drove visits and trial to a mobile-friendly Star Match page we had set up especially for the halftime show.

Illinois Lottery

One recent campaign we want to highlight is our FY17 holiday campaign. Our holiday campaigns are a yearly tentpole with an opportunity to reach consumers by inserting in a competitive retail time period. In FY17, we achieved this with sponsorships and custom executions to make our tickets an easy gift option by inserting around holiday content. Digital partners Vibrant, Zynga and Vevo were able to surround the Illinois holiday space.

With Vibrant, we collaborated to create a custom unit targeted off of holiday/gaming keywords and images with a scratch-off feature that revealed ticket offerings. With Zynga – owner of games including Words with Friends, Farmville and Daily Crossword – we built a custom holiday game for users to play between levels. Lastly, with Vevo, the Lottery sponsored holiday music videos within the state, following users by targeting viewers of these videos afterward.

These units and sponsorships achieved success seeing significant engagement and dwell time with the Vibrant unit, replay rates with our Zynga game and exceptional CTR for the Vevo sponsored music videos.

Kentucky Lottery

We made some strategic changes this year to our state game, Kentucky Cash Ball. The Commonwealth of Kentucky is celebrating its 225th anniversary this year, so we changed the top prize to $225,000. We want to reinforce that it's the third largest top prize in our draw game portfolio, so the game was rebranded Cash Ball 225. The sales level doesn't really warrant doing any big broadcast campaign, because that media is so expensive. So we selectively and strategically chose to do just a digital campaign launching the changes. Since the game is also available for sale online in our iLottery portal, not only were we able to deliver the appropriate amount of impressions and be where we wanted to be, we were even able to track conversions – people signing onto the portal and actually becoming players with a purchase. We feel like it was a really good, strong campaign. It helped both channels for the game – retail and iLottery. It was the first time we've ever done just a digital campaign for a major change like that.

Louisiana Lottery

On July 10, we launched a statewide branding campaign for "Powerball Millionaire's Club." Since Powerball came to Louisiana in 1995, we have awarded over 70 prizes of at least $1,000,000. To have created over 70 millionaires in the state is something we really want to highlight for our players. We created a campaign where we have a gathering place for all the Powerball millionaires – a social setting, or better yet, a country club, exclusive to the Powerball millionaires. These winners from all walks of life can gather and be as eccentric and quirky as they want to be. We produced six television spots that will be broadcast statewide from July to the end of November. Each spot features our Powerball mascot catering to our winners in some capacity, whether he is a golf caddy, lifeguard, a beverage server or dance instructor. Accompanying our television spots will be retailer POS, print ads, outdoor creative and a robust social media presence.

Maryland Lottery

In a recent campaign for our $2 Maryland scratch-off ticket, we wanted to reach the millennial population along with other groups. The ticket art featured the Maryland flag, a bright recognizable design that appeals to a broad cross-section of Marylanders. Research showed that millennials display their pride in the Maryland flag more than other segments of the population. We chose a popular song, "I Don't Care (I Love It!)" as the cornerstone of the ad campaign and carried it through multiple media channels, including social. In addition, the hashtag #FlagBrag was featured prominently in all media. Research indicated that digital and social media had the most impact in generating awareness of this new ticket.

Missouri Lottery

We recently introduced a new Scratchers ticket, Cats vs Dogs, that not only excited the players, but also allowed them to interact with a brand and game they love. Missouri Lottery players could submit pictures of their pets to be featured on a Missouri Lottery calendar and also be part of a bracket tournament with ultimately one winner. We learned that players were very passionate about their pets, and it compelled them to interact with the brand, building excitement. We also launched Facebook Live's first-ever puppy and kitten cam, where we partnered with local animal shelters to create a live feed of adoptable kittens and puppies! Viewers could type #MODogs or #MOCats to engage with the animals and prompting interaction in a variety of ways, like playing with a laser or tossing balls into the room. Our social media team not only fielded the influx of thousands of comments and reactions, but they also managed the realtime engagement of the pets. The digital event was a great success and went well beyond our communications objectives, since every featured puppy and kitten in the live event was successfully adopted!

Nebraska Lottery

The launch of the Truck$ & Buck$ Scratch game in January 2017 provided a great opportunity to promote an exciting change to our most popular Scratch game franchise. Ending the longstanding Truck$ & Buck$ second-chance contest allowed us to increase the number of Ford F-150 trucks available to win instantly in the game from three to five – an increase regular players were sure to get excited about. A comprehensive campaign was developed around the theme "5x the truck. 5x the excitement." The Truck$ & Buck$ television commercial showed one of the prize trucks driving around a darkened airplane hanger and ended with a shot of all five trucks driving in and parking side by side – a bit of digital magic created with several shots of the single truck.

Response to the improved Truck$ & Buck$ game was overwhelmingly positive. The pace of sales was so quick that the decision was made to extend the life of the game by adding two more trucks to win. Footage from the original television commercial was recut with new footage of a custom license plate that said "2 MORE." The "2 MORE" messaging was also used on point of sale, digital and social advertising.

New York Lottery

Our Holiday Scratch-Off campaign was all about feeling the holiday spirit instantly. We wanted to create an engaging and funny live stream to get New Yorkers excited to empathize with a man untangling a tremendous ball of holiday lights. We decided to take the worst parts of the holiday, and find some way to make them bearable… almost instantly.

Everyone knows that prepping for the holidays can be a tedious set of chores – but with holiday scratch-offs from the New York Lottery, you can feel the holiday spirit instantly. To show our fans how instant that feeling can be, we got some poor actor to untangle lights for five hours on Facebook Live, and gave our fans the chance to win scratch-offs just by answering simple questions. By choosing Live we gave our fans and people who stumbled onto the video something weird and funny to watch in the middle of the day at work or at home. They could keep the show on in the background, ready to win whenever they noticed a question pop into frame. Some people stayed tuned in because they wanted to watch a man untangle lights, and others just wanted to win. Either way, Live gave us free reign to respond in real time to our viewers, whether they had questions we needed to answer, suggestions for our actor, or if they wanted to know when Yolanda Vega, New York Lottery's spokesperson, would show up.
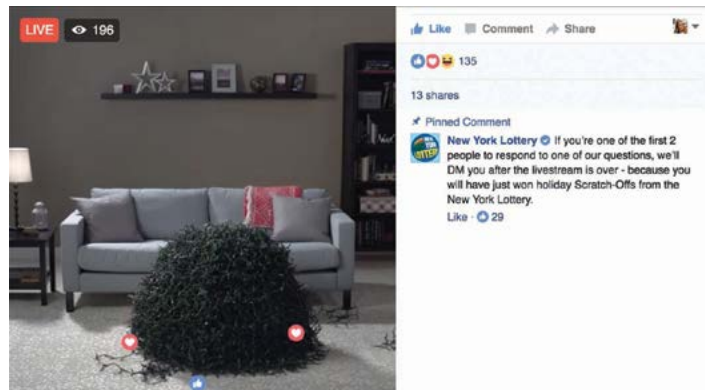
The responses for the holiday live stream were overwhelmingly positive – especially considering users were watching a guy untangle a ball of lights. Net sentiment on New York Lottery's Facebook page increased 16 percentage points from the average. In just over five hours, we had 77k video views and 42k video engagements. The New York Lottery awarded over 1,000 holiday scratch-offs to 106 winners across 70 towns and cities, satisfying a major goal of the NY Lottery: to engage the entire state of New York, not just New York City. The biggest accomplishment? Our actor untangled a giant ball of over 10,000 lights – now that's how you get in the holiday spirit!

North Carolina Education Lottery

Our Proud Moments campaign is a unique, fully integrated campaign we created in 2016 to spotlight the lottery's first decade of service. We recognized that there was an opportunity to create a stronger connection with North Carolinians and raise awareness of how the lottery benefits education in our state. The Proud Moments promotion became the lottery's most successful effort so far to show the benefits of the lottery in a meaningful and emotional way.

As a major source of money for education, the Lottery essentially provides the spark that creates moments to be proud of. From a good report card to winning the spelling bee to graduating with honors, it's the moments that parents get to cheer their kids on because of a better education. Those "Proud Moments" are where the dreams become real.

So we set out to collect Proud Moments in Education from across our state. Inspired by the tenth anniversary, we decided to pick 10 winners from folks who shared their proud moments and offered a prize of $20,000 so they could create more. The promotion

uniquely integrated all of the elements in brand management, advertising, marketing and communications. The campaign included:

* TV, radio, print and digital ads
* A Proud Moments website, optimized for mobile viewing
* Banners on the lottery's websites and its player's club website
* POS messaging at all retail locations
* Billboards across the state
* Social media posts
* Media releases

The website, an emotionally compelling and interactive hub, drove brand awareness and celebrated individuals' proudest education moments across our state. It also shared information about the positive impacts of the lottery on North Carolina communities. Visitors could see the benefits for the entire state and use a state map to see individual reports on all 100 counties.

The amazing personal stories gave us compelling content to share with others. From media releases, photographs and the video,

the stories got picked up by media across the state. Each winner also had some relationship with a community group, perhaps with a school, a volunteer group, or a nonprofit. Each of those groups have their own communication channels. So the stories traveled even further, shared on the websites and social media pages of high schools, universities, civic groups and nonprofits.

As the promotion concluded, the lottery tracked its performance and was pleased with how it performed. The study showed that it outperformed many of our other campaigns. For example, 62 percent of players and 39 percent of non-players said the promotion "made them feel better" about the lottery. Some said the messaging "has the potential to elevate the reputation of the lottery." Others said it would make them "feel like a hero for playing."

The Proud Moments campaign helped validate the lottery's importance to the state and provided a model to follow as the lottery continues to deliver its beneficiary message in a compelling and relevant way.

Ohio Lottery

In June, we released a ground-breaking content marketing campaign called InspiredOH. Partnering with Cleveland Indians shortstop Francisco Lindor, the campaign is an effort to shine a light on the stories of hope and perseverance across the state of Ohio. For the first time, Lindor will be giving a detailed personal account of how he has achieved his dreams, and will be asking fellow Ohioans to share their own inspirational stories for opportunities to win in big and small ways.

Each week in July, the Ohio Lottery hosted giveaways on its social media channels, awarding $50 gift cards for sharing stories of positivity using the hashtag #InspiredOH. During the month of August, we will roll out additional rewards to those who share their own stories of positivity, including a chance to have their story documented in a video by the Ohio Lottery.

Lindor's fans know him for his impressive skills on the field, but most are not familiar with his journey to reach his dreams, overcoming obstacles such as learning a new language and supporting his sister through her battle with cancer. Throughout the challenges he has faced, he's never lost his signature smile and has consequently become a role model to all around him.

Now fans will get an insider's look at Lindor's journey to the big leagues and learn more about those who have helped him achieve the impossible through a documentary produced by the Ohio Lottery. To support the initiative, the Lottery launched the website www.inspiredoh.org, which will feature Lindor's documentary and "Lindorisms" – fun pieces of advice and encouragement for daily life. The website also features a series of inspirational videos from across the state such as an Ohio-based horse ranch that raises funds for breast cancer, a small town thrift shop that supports animal rescue efforts and many more.

The Ohio Lottery has contributed more than $23 billion toward education. As a strong believer himself that education can open doors, and to kick off the initiative, Lindor made a personal donation to Minds Matter Cleveland. The 100 percent volunteer-led, nonprofit organization provides high-achieving high school students from low-income backgrounds with academic and mentoring services, along with access to summer college immersion programs, to assist them in navigating the path to college and career success.

Loto Québec

We continue to run a very popular Lotto 6/49 creative platform based on the notion of chance – #YouShouldPlay6/49. The ad's tagline has been adopted by the general public in everyday situations and has received several industry prizes. The campaign focuses on the idea that when you experience sudden good luck, you should buy a lottery ticket. For example, when the Montreal subway system introduced the brand new Azur train, Lotto 6/49 was the first and only authorized ad inside the lone prototype, showcasing how lucky you are to ride the train. Digital billboards tell drivers in realtime how lucky they are if there is no rush hour traffic. And any mother delivering the first baby of the year is also very lucky, and we are there with our tagline.

Washington's Lottery

We are very proud of the energy and engagement we have created through the "Department of Imagination" brand campaign that has been in-market for five years. The campaign has inspired audiences to imagine bigger, and to become a part of the Lottery. Our social community is now one of largest and most engaged in the country, and we continue to bring new people into the Lottery.

A Virtual World

The Colorado Lottery recently launched a beneficiary advertising campaign using virtual reality.

By Patricia McQueen

Imagine the exhilaration of riding a mountain bike on one of the world's best trails. Imagine jaw-dropping verticals while rock climbing at a destination known by rock climbers worldwide. Well, you no longer have to imagine these things – you can now experience them for yourself thanks to the Colorado Lottery's new beneficiary advertising campaign using virtual reality.

Viewers can see first hand what it's like to ride Horsethief Bench in Fruita, Colo., or climb the walls of Eldorado Canyon near Boulder. These are just two of the many locations that are supported by Colorado Lottery proceeds, which benefit parks, trails and open spaces throughout the state. "We are very blessed," said Advertising and Marketing Manager Christian Hawley, commenting on how beautiful Colorado is and how the Lottery's beneficiaries help people enjoy that beauty. "We have a very unique situation, and I think we need to take advantage of it as much as possible."

Every couple of years, the Lottery creates a proceeds campaign to remind people that revenues go to the great outdoors, helping to support the places where people enjoy life. "It's a reminder that when you play lottery games, it lets people throughout the state play," said Jim Morrissey, Creative Director of Cactus, the Lottery's advertising agency. But even with regular campaigns, he's still surprised how many people don't realize all the places that receive lottery funds.

So in January, while reviewing plans for this year's campaign, the agency wanted to do something different – something that would not only resonate with core players, but that would get the attention of millennials. "They are a very difficult market to get to in this cashless society that we live in," said Morrissey. It was an all hands on deck brainstorming session to figure out what they could do that "is disruptive and different, that's going to get their attention."

Millennials typically value experiences over things, research has shown. So for the 2017 beneficiary campaign, the Lottery and the Cactus team wanted to leverage that insight to create something that would really impress upon this group – and others – that lottery money goes to help support the things they love to do every day. "That's why we picked virtual reality," said Cactus Creative Technology Director Andrew Baker. "VR delivers more of an experience" than pretty pictures or even a traditional video, things that were regular components of previous campaigns.

It was also important to make it authentic, added Morrissey. If you build your brand, showing where your funds go, that adds authenticity "that changes not only the mind, but the heart as well." And it's that heart that makes people remember the next time they see lottery tickets.

Another factor in choosing VR is the continuing shift of advertising towards two-way messaging. Effective advertising is becoming less about pushing messages TO consumers and more about finding ways to engage consumers to become part of the advertising experience, explained Morrissey.

Needless to say, the campaign was a huge undertaking. "There were so many unknowns," said Hawley, noting that it was difficult to fully understand something that was not a traditional advertising process. "But I knew it was going to work out in the end." Added Morrissey, "It wouldn't have happened without the trust of the client. We were flying blind at times." But the Cactus team also knew it would all work out.

Turning The Idea Into Reality

To make that happen, an entire technology ecosystem needed to be developed. "VR is in its infancy," noted Baker, and generally only early adopters have the full capability to immerse themselves with the right headsets. 360-degree video, on the other hand, is

Millennials typically value experiences over things, research has shown.

much more widely supported with browsers and smartphones. "It became clear to us that we could use the technology and reach the core of our audience through a multi-channel approach." The hub of the campaign is www.playoncolorado.com, which showcases the 360-degree videos and any related digital games. Also being used is pre-roll, which only recently allowed for 360 video. Facebook – which owns Oculus Rift, a leading developer of VR headsets – has invested considerable resources to grow VR on its platform, so that's another channel for Colorado's ads.

For playoncolorado.com, Cactus used WebVR, which "allows this experience to go more to the masses," explained Baker. "The site can be viewed on mobile devices, large screen computers and WebVR-capable headsets like Oculus Rift and HTC Vive. We are trying to reach as many people as we can, and we think that we've built the ecosystem in a way that really facilitates getting this message out effectively." By using the $15 Google Cardboard, for example, users can get an experience on their mobile devices that, while not immersive VR, gives them a step up from a browser view. Other more

advanced options are also available, all the way up to full-blown VR headsets. So playoncolorado.com works on both mobile-based VR systems and more immersive computer-based headsets.

The whole production process took less than two months, from finding the locations and the subjects to building the website and completing the package including consumer feedback and the resulting revisions. The key to it all, perhaps, was finding the stories that would provide the connection that people are looking for – how lottery proceeds support locations that make someone a better rock climber, for example. Again, it goes back to finding that authenticity that resonates with everyone, especially millennials.

The site launched with a related play for fun digital game as well, the Lottery's fourth such game but the first using WebVR technology. "We really felt like it was important to have a game offering with this experience," said Hawley.

"At the end of the day, we know that these core players have gaming in their blood, so we really saw this opportunity as a way to give them this interactive experience,

and give them a break from their normal day, something that's memorable and ultimately drives traffic to the lottery website," said Baker.

Showing It Off

To give more people the real VR experience, the Lottery has set up a traveling technology package, complete with an Oculus Rift headset. They are taking it with them to the numerous events and locations around the state that the Lottery visits each year.

The setup made its debut as sort of a beta test at a river festival near the Lottery's office at the end of June. "The response was very positive," said Hawley. "They lived it – they were on that cliff! We were very pleased with the interaction and the feedback we got," which resulted in a round of tweaks getting it ready for future events.

"When you see someone wearing the goggles, it's such a novelty," said Morrissey. "Most people probably haven't experienced VR at that level yet. To have the Lottery be that touch point that drew them into that new world gives us a good feather in our cap, and we're kind of paving the way for a lot of people who would probably never touch this technology."

For Hawley, any initial trepidation quickly vanished. "I like my traditional consumer ads, so for me, this has been a huge stretch. But I think the end product is fantastic. It's a great tool, and our players really, really loved it." She noted that there's only so many wheel spins you can do at events, and trying to convey where the dollars go when someone buys a ticket "is a harder to story to tell than everyone thinks it is."

Other lotteries shouldn't dismiss the possibilities just because they don't have a similar type of beneficiary. Imagine the sense of actually participating in a college graduation ceremony, for example, in those jurisdictions where college scholarships are funded by lottery proceeds.

Hawley also sees potential in areas beyond beneficiary advertising. Working somehow with the Lottery's corporate partners, for example, or figuring out an application for retailers. Even weaving other types of advertising into it – what about game launches, like the upcoming

changes to Mega Millions? After all, the technology adds the element of direct interaction. "I think the sky's the limit with this technology."

And that technology is in a constant state of change. "It's clear that this technology is promising and has a lot of growth potential," said Baker. "People are still figuring it out, and we're going to adapt and grow with those trends." He likened it to the digital games the agency first developed for the Lottery. "We've been able to leverage those in unique ways that we didn't originally think of when we deployed them. We're very optimistic that there will be ways that we can leverage what we've done in new fresh ways that will reach new people." ■

> ## "I think the sky's the limit with this technology."
> ### - Christian Hawley

A Mega Campaign

The Georgia Lottery is sharing its fresh new advertising campaign for Mega Millions, which relaunches in late October with a new matrix, a $2 price point and a $40 million starting jackpot.

By Patricia McQueen

Mega Millions is getting a facelift, and the Georgia Lottery hopes that elements of the advertising and social media campaign it has developed will be picked up by lotteries across the country. After all, the game and its counterpart Powerball are considered national games – they could benefit from consistency in creative materials to better build the brands.

"It's so rare for us to speak in one unified voice that is outside of a big jackpot," said James Hutchinson, Senior Vice President, Marketing and Product Development, for the Georgia Lottery. He noted that once the jackpots get huge – remember that $1.6 billion Powerball prize – the industry truly comes together as a community. Until that point is reached, whatever that level is today, it would be nice to have a united message.

Hutchinson is leading the charge with a unique integrated campaign developed for Georgia, a campaign that will be offered to other lotteries. Of course, he recognizes that every lottery is different, in their tone and in their audience, and the Georgia campaign will not be for everyone, at least in its entirety. But he still thinks it will resonate with many lotteries across the country, and individual elements may be used without going all-in.

He describes the campaign as unique, current and relevant. He is confident that it will appeal to existing players in addition to attracting a younger adult audience – the prized millennials and those who are coming of age after them. The Golden Girls meets MTV.

It was developed by the Lottery's advertising agency BBDO, and was one of three concepts for Mega Millions presented by the agency. "They had a piece of POS in the presentation with this lady in pink, with a pink dog, in a pink Cadillac," Hutchinson said. He was hooked immediately, thinking "that is memorable, that is iconic. I thought if we built a campaign around that sort of imagery, it would give us a uniqueness and iconic imagery for years to come." That kind of sticky content is valuable to lotteries with budget constraints, or to those that get overwhelmed with the volume of work necessary to support numerous product

launches each year. So he asked the agency to build a campaign around this lady in pink, and she became known as Aunt Edith.

An 80-year-old grandmother promoting a lottery game to attract a younger audience?

Think Betty White. "She's so cool and so hip and so relevant," said Hutchinson. "People LOVE her. And not just those of us who grew up with her; the younger audience loves her and appreciates her." He thinks Aunt Edith has similar potential – appealing to the MTV audience, the social media audience and the television audience. She is very cool, an 80-year-old character who is very comfortable being 80. She's lived her whole life being responsible, and won't stop being responsible, but now thanks to winning a $40 million Mega Millions jackpot, she has an amazing opportunity to enjoy things she's always wanted to do, like being a DJ. "People will revere her because she never quits living."

Besides, research shows that millennials actually have great relationships with their grandparents, even as they can't relate to their own parents. "They connect to older people, they listen to them and trust them. This is just one of the many insights that helped me feel good about this campaign."

Aunt Edith Gets Social

So this 80-year-old grandmother is now able to live life to the fullest with a mere $40 million, the starting jackpot of the new Mega Millions. She's going to become a rapper – releasing her own extended play (EP) hip hop album with three or four songs. They will be fun songs about her friends, her grandchildren and other subjects that will make her smile, explained Hutchinson. "They lyrics will be very endearing, but the music and style will be authentic rap."

Partnering with Spotify to publish the EP album (called "40 mil"), it will be advertised in social media and promoted with press releases. By getting people listening to her music, "we've suddenly created a musician or a talent that is associated with Mega Millions. This is talent that we can brand over the years as a unique identifier for us." And over time, Aunt Edith may produce more albums.

The album will be linked to Genius, a website for rap music that effectively "translates" lyrics to help people understand what is being said. "It's actually quite hilarious."

Although television commercials will be produced and other traditional media used as well, the heart of the campaign will be social media, in an effort to maintain a conversation with Mega Millions players. "It gives us the ability to have a lot of

The New Mega Millions

The new game launching after the conclusion of the October 27 drawing is $2 game with a 5-of-70 plus 1-of-25 matrix. The starting jackpot increases from $15 million to $40 million. The odds of winning the jackpot will lengthen to about 1 in 302.5 million, compared to the 1 in 258.9 million odds of the current game. The $1 million second prize odds, however, improve to 1 in 12.6 million, compared to 1 in 18.5 million at present. The overall odds of winning any prize go from 1 in 14.7 to 1 in 24.0, but prizes in most categories increase. The third prize, for example, doubles from $5,000 to $10,000, and the fifth prizes goes from $50 to $200.

The game retains its Megaplier option of 2x up to 5x for an additional $1 purchase in most states.

Although Mega Millions will lose the ability to differentiate itself from Powerball by price point, James Hutchinson doesn't think that matters. "From my perspective, there will now be huge jackpots four days a week!" said the Georgia Lottery Senior Vice President, Marketing and Product Development. "The games will be working in tandem, and I honestly believe that we are giving players what they want. When we compare sales, we know that large jackpots drive sales."

Besides, lotteries can now offer both national games at $2, and position many of their own in-state games as value propositions for more price-sensitive consumers.

The unique Just the Jackpot option for Mega Millions, where players can purchase two chances to win the jackpot – and only the jackpot – for $3, is a big unknown. Some lotteries will launch with this option but not all will do so. If it catches on, those lotteries not offering it initially can use it as a way to boost sales later on.

One that is looking forward to offering the option is the New Mexico Lottery. "We are excited about the opportunity for our players to play for Just the Jackpot," said Chief Executive Officer David Barden. "That is what they want."

The challenge with Just the Jackpot is in communicating it effectively with players, and for that Hutchinson will rely on social media, POS material, and most importantly, retailers. "Retailers are such spokespeople for us. They are really able to communicate the concepts of games."

content, and hopefully we can make this live a lot longer than a typical four- to six-week campaign," said Hutchinson. "The primary key is to drive awareness of the new, enhanced game."

To that end, he hopes other lotteries will pick up the Aunt Edith character and adopt their own creative ways to use her to strengthen the brand. "This is just the kick-off campaign. I hope other lotteries have ways to evolve it with their own ideas, ideas that will help the brand in the long run. This is a character that could live in perpetuity, like the Maytag repairman, if we have the funds and the desire to maintain her."

Georgia is offering the campaign materials to other lotteries; they only need to add their own taglines to the spots and any logos and other content to the POS materials. However, talent and usage fees will apply for television and radio spots, and a small license fee is associated with POS materials.

Speaking of talent, it was expected that in early August a search would get underway in earnest to find Aunt Edith, with auditions held throughout Georgia. Hutchinson can't wait to find her.

"With this game, and with Powerball, I think we still have the ability to brand them on a more national scale. Strong brands provide value, and people migrate to something they feel has value." He also sees potential to attract promotional partners, other companies with strong brands. "Why couldn't we, in time, make Mercedes-Benz the official car of Mega Millions?" It's just a thought. ◼

Engaging with Mascots

Many lotteries use mascots or costumed characters to help establish special connections with consumers – and add extra fun in the process.

By Patricia McQueen
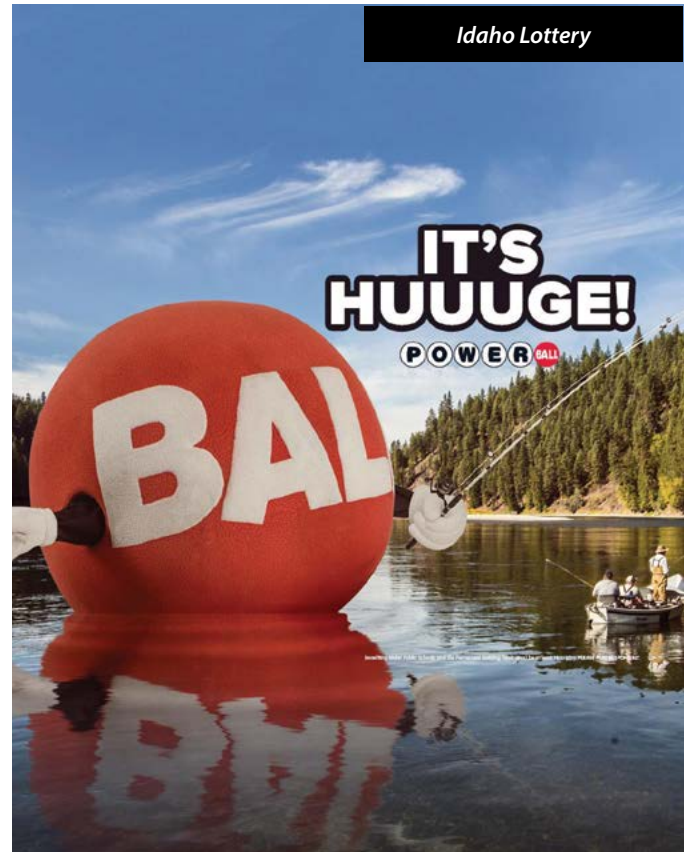
Colorado Lottery

Idaho Lottery

Lotteries strive to be fun. The games are fun, and winning is a lot of fun. For many lotteries, another way to have fun is through special characters, human or otherwise, that can help add personality to "the lottery." Younger adult consumers in particular are looking for ways to better connect with the organizations they choose to do business with. Mascots can help make that connection.

Mascots and costumed characters – lotto balls are common – are often used in traditional media advertising campaigns, but even more often show up in social media. They help celebrate lottery events and introduce consumers to lottery products in a fun and engaging way.

Many lotteries have embraced costumed mascots wearing giant lottery balls, including those in Colorado, Idaho, Kansas and Louisiana.

The Colorado Lottery brought its jackpot games to life in 2009 by creating ball costumes in three colors – red for Powerball, blue for Lotto and green for Cash 5. As part of a sponsorship with Kroenke Sports & Entertainment, competitive events were staged at Kroenke venues in which the three balls battled it out to be the last ball standing. These consisted of wrestling-style events or relay races, and were held on-ice for the Colorado Avalanche, on-court for Denver Nuggets and on-field for the Colorado Mammoth.

Kansas Lottery

Louisiana Lottery

Arizona Lottery
Fun Officer

Colorado Lottery

"These balls were so popular, they have continued to be incorporated in most of our events and sponsorships," said Advertising and Marketing Manager Christian Hawley, noting that new ball mascots have been added as new games have joined the product mix. Mega Millions and Powerball even starred in their own commercial when Mega Millions came to Colorado. The Lucky for Life ball was included in a fun video created at a Colorado Rockies baseball game; it was a hit on social media. For corporate account partners, the balls also show up at major store openings and interact with the crowds.

The Idaho Lottery's Powerball mascot, BALL, is always huge, like the game itself! The costumed character, introduced in 2004, is larger than life and represents huge jackpots. "He has become an iconic symbol for the game and for the Lottery," said Marketing Director Sherie Moody-St. Clair. Recently, new creative was introduced for television and outdoor billboard campaigns.

In Kansas, mascots wearing Powerball

and Mega Millions costumes help out at Kansas Lottery events where jackpots are being promoted for the two games, explained Advertising Coordinator Meg Roberson. They have posed for photo ops at the Kansas Speedway, and when jackpots are high, they go to retailers to help with awareness and give away free tickets. Their activities help provide content for the Lottery's social media efforts, and YouTube videos are also built around the characters.

The Louisiana Lottery just recently commissioned a brand new costume for its Powerball mascot. He is being featured prominently in the Lottery's new campaign, "Powerball Millionaire's Club," which launched in July. "We filmed some television commercials where he is the featured common link, and he will make appearances throughout the coming fiscal year at the various festivals, events and sports sponsorship venues we participate in annually," said Vice President of Marketing Quinn Dossett. In the six TV spots, Powerball is featured catering in some capacity to the game's big winners,

whether he is a golf caddy, lifeguard, a beverage server or dance instructor. "Going forward we will also utilize him for winner awareness campaigns and retailer events."

Personable Brand Ambassadors

Two lotteries recently reintroduced colorful characters that had been previously used as mascots.

In January 2016, the Pennsylvania Lottery brought back Gus the Groundhog as the spokesperson for its scratch games. Gus had gone into semi-retirement in 2012 after serving the Lottery since 2004; he was brought back by popular demand. He continues to be a winning brand ambassador, and research has shown that he is well-liked and considered a regular "guy." Gus is used in television, digital out-of-home and point of sale materials, and the Lottery plans to use him more in digital media going forward.

Windfall Willie came back to the

North Carolina Education Lottery

Georgia Lottery

Georgia Lottery

Pennsylvania Lottery

Arizona Lottery this year after being away since 2014. The Lottery created a whole back story for Willie, explaining that during his absence he was traveling around the world to find exciting new games to bring to lottery players. "Player research told us that lottery customers would welcome a return of the Willie character," said Director of Products & Marketing Chris Rogers. "He came back as a real person," helping to launch several new games. The Lottery leverages his character to put fun, excitement and humor into its products and campaigns. "Above all, we want the Arizona Lottery brand to be approachable and fun to its players, and we're able to achieve this through Windfall Willie."

More Mascot Fun

The North Carolina Education Lottery uses a costumed character to help with its First Tuesday campaign. Beginning in fiscal 2014, a new monthly instant ticket launch strategy was implemented to help grow sales; previously, new games were introduced about every three weeks. "Success depended on effectively communicating the switch to a monthly launch on the first Tuesday of the month," explained Deputy Executive Director for Brand Management and Communications Frank Suarez. "We developed the 'Mr. First Tuesday' character to spread the word."

Mr. First Tuesday wears a calendar costume with "First Tuesday" and "1" on the front. He is hip, cool and witty, and sings and plays his own catchy theme tune. For the first year, broadcast media was used extensively, airing for two weeks before each First Tuesday. In subsequent years, the advertising buys have lessened, but Mr. First Tuesday has remained on air; currently messaging runs for five days before each month's game launch. The character has also been included in the Lottery's social media efforts and in point of sale materials. "A clear sign of success is that lottery fans call out 'Mr. First Tuesday' at lottery events and begin singing his theme song," said Suarez.

The Georgia Lottery does something completely different, using two created mascots primarily in social media. Its KENO! brand has been supported with Kevin the fire-breathing goat and his sidekick James (a human). For the past seven years, the two have been living out their dreams in a series of high-impact pop culture ads. These have included 1970s-style buddy cop concepts and fighter pilots in a Top Gun parody (called Top Goat, of course); they have also saved the day in a James Bond-esque action adventure. Most recently, the duo saved their kingdom from an evil king, in an ad reminiscent of Game of Thrones.

Georgia has brought in humor in a big way to a new campaign for jackpot and scratcher games. People often say "I'll win the lottery when pigs fly!" Well, they had better start playing the lottery, because Wilson the Flying Pig has made Georgia his home. He's flying over Georgia with a message that over 10,000 people win the lottery every day.

No matter the implementation, lotteries using mascots and characters have found they help them interact with their players and bring smiles to their faces. ■

Oklahoma's Chance to Shine

With profit relief, the Oklahoma Lottery is poised to deliver significant new revenues to the state through instant ticket sales growth. The following two articles provide a detailed look at the decisions made by the Lottery and its partner Scientific Games to make the most of the opportunity.
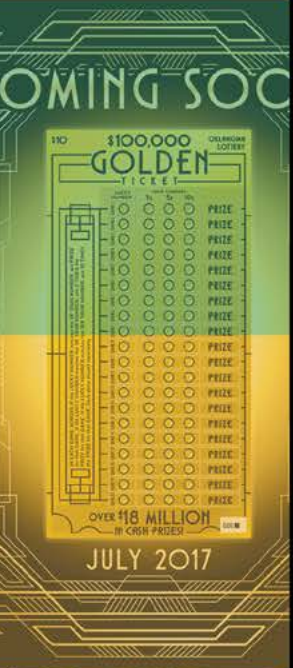
Ready for a Big Growth Spurt

With profit relief, one of the youngest lotteries in the U.S. is on the brink of a major re-branding campaign – and a commitment to deliver an additional $110 million to state education in Oklahoma with increased instant product sales

In lottery years, the Oklahoma Lottery is one of the youngest in the U.S. Authorized in 2004 through a vote of the people of Oklahoma, the Lottery's initial scratcher sales began in October 2005, several decades after its predecessors in other states. Now, the Lottery is poised for a growth spurt following legislative relief from a state law that mandated a minimum of 35 percent profit.

On September 1, 2017, the new law goes into effect and opens the door to the Oklahoma Lottery's next big instant product growth phase. The bill impacts all of FY 2018, allowing the Lottery to begin this new phase as soon as possible.

Officials are optimistic. There's a commitment to contribute an additional $110 million to education in the Sooner State over the next five years – and players can look forward to some pretty cool new instant games.

From the Lottery's headquarters in Oklahoma City, the state's capital, there's a spirit of excitement in the air as a major rebranding campaign hyping "new games, more winning experiences" takes shape. Originally an Indian Territory, Oklahoma's roots are steeped in Native American history and there's a strong gaming market that provides plenty of competition for entertainment dollars in this state of nearly four million people.

"With profit relief, we no longer have this arbitrary and restrictive limitation on our game development and prize payouts. With our new strategy, we anticipate that instant game retail sales will increase, and most importantly profits that benefit the state's educational programs will increase," said Rollo Redburn, Executive Director for the Oklahoma Lottery. "What this means for players is more exciting games and more winning experiences."

Behind the scenes Redburn and his marketing staff, led by Director of Marketing and Administration Jay Finks and Marketing Manager Brandie Reisman, have created a marketing campaign that rebrands the Oklahoma Lottery, featuring a brand new line of Scratcher products in new point-of-sale, TV and radio advertising supported by social media. Director of Sales and Operations Mary Martha Ford and Sales Manager Scott Moulton participated in the marketing strategy, then developed and launched the necessary training for sales staff. (See related story on page 92.)

With the re-branding, Redburn and the Oklahoma Lottery's sales and marketing teams are in close collaboration with Scientific Games, as the company provides both instant and draw games through its instant game and lottery systems contract. The Lottery office is in the same Oklahoma City facility as Scientific Games, its business partner since lottery games first went on sale in the south central U.S. state. The company has a 50+ member staff in the building where the data center is currently located, as well as another smaller technology center in Tulsa.

Oklahoma Lottery and Scientific Games staff

"Mary Martha and Scott have established appropriate measures to ensure our goals are being met, while working with Scientific Games' teams to replace the original back-office and gaming system technology, which is a separate project to be completed by the end of July," said Redburn. "Their teams and the Scientific Games' sales and CSP teams completely changed out our entire instant product line the first two weeks of July."

The end goal: keep the Lottery a relevant part of the state's culture.

The Oklahoma Lottery participates in Scientific Games' Cooperative Services Program (CSP), which includes instant game design, inside sales (known as Tel-Sell), warehousing and retail distribution.

"The marketing philosophy behind the CSP program is based on our 15 Determinants of Demand, which begins with prize structure and payout, and ends with advertising and promotion. It complements our full category management approach to the business," said Sam Wakasugi, Vice President, Global CSP Services at Scientific Games.

As part of the program, Scientific Games also provides field sales reps that service the Lottery's 1,900 retailers. Approximately 54 percent of the

retailers are chains including Walmart Neighborhood Markets, and 46 percent are smaller, local retailers spread across the nearly 70,000 square-mile state.

"The Oklahoma Lottery is increasing prize payout in all of its games, improving the variety of game themes and play styles, and optimizing the prize structure. The Lottery is also adding a $10 instant game to the portfolio for the very first time," Wakasugi said.

He explained that the number of instant games on sale at any given time will eventually increase from 16 to 20, with a total of more than 40 different games sold at retail in 2017. Lucky 7, the Lottery's first instant game and a top-seller, has

been redesigned and relaunched in July when the entire instant product line was completely changed out. Crossword and Bingo extended play games are perennial favorites of Oklahomans and will remain staples of the portfolio; these games are also being redesigned to add to the excitement.

The 16 new games launching this summer include:
- $1 games: Money Mania, CA$HTASTIC, Match 3 Tripler, Golden Goose, Lucky 7 (redesign of the only remaining game from the initial Lucky 7 launch in October of 2005)
- $2 games: $50 Frenzy, Royal 7s, 10X, Pink Diamond Neon Green
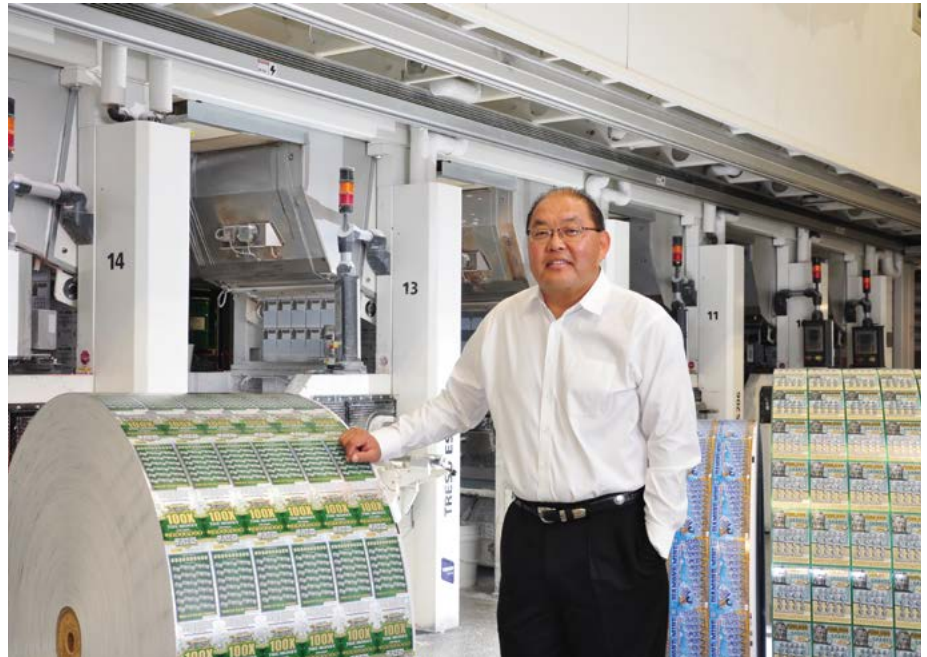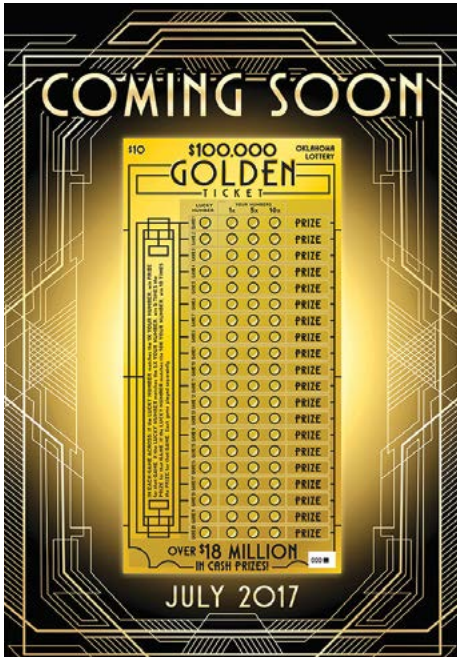
A teaser for Oklahoma's first $10 ticket; Scientific Games' Sam Wakasugi

- $3 games: Crossword (redesign) and Bingo (redesign)
- $5 games: Mega Money, Lucky Red 7s, Casino Cash
- $10 game: $100,000 Golden Ticket (new price point in Oklahoma)

At retail, the focus will be on winner awareness and adding more bins to display more games — ultimately improving merchandising and exposure to consumers.

"We've spent the last three years preparing for this day," Redburn said. "Our joint organization is ready for the rebranding, and ready to take on the challenge of increasing revenue and our returns to education in Oklahoma."

As for Wakasugi and his Oklahoma team, he said the Lottery and Scientific Games take a 'good old-fashioned approach' to sales, and it works.

"Our inside and field sales teams are integrated with the Lottery's sales force; they are all well-trained, highly experienced and motivated. Most have been doing their jobs more than eight years," Wakasugi shared. "It's the integration of the teams that make for a very special relationship with the Lottery."

As the Oklahoma Lottery looks forward to its next era of growth, it's also a time of reflection.

"We've partnered with Scientific Games from the beginning, and with the relaunch we're going to continue our work together building relationships with retailers and connections with our players," Redburn said.

It sounds like big things are happening in Oklahoma City. ∎

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15 Determinants Of Demand

1. Payout
2. Prize Structure
3. Product Ingredients
4. Price Point Planning
5. High Impact Product Positioning (Callouts)
6. Number of Games in Market
7. Size of Games
8. Introduction Cycles
9. Retailer Density
10. Retail Mix
11. Retailer Incentive
12. Quality of Systems
13. Payment Terms
14. Selling Force
15. Advertising and Promotion

Eight Days, 16 New Games

More details about how the Oklahoma Lottery planned its instant game relaunch.

By Patricia McQueen

In recent years, the Oklahoma Lottery has struggled. Hampered by a 35 percent profit requirement, the Lottery's instant product sales have steadily fallen, worsening to a double-digit decline in fiscal 2017. That's in sharp contrast to the rest of the American lottery industry, where instant sales have typically provided stable (and in some cases spectacular) sales growth in a world where jackpot games are unpredictable.

"We felt like our instant players were just tired of playing and not winning," said Marketing Manager Brandie Reisman. "And we were starting to see that in sales." Fiscal 2016 results were buoyed by the record $1.6 billion Powerball jackpot, but otherwise the Lottery was forecasting net revenues to education to continue falling.

Legislative relief was finally granted this year (see related story on page 89). New instant games were designed with industry-standard higher payouts made possible in Oklahoma for the first time – increasing the average payout by about eight percent at each price point and allowing the Lottery to launch its first-ever $10 game, $100,000 Golden Ticket. And Lottery officials quickly put into motion a very unusual plan to make the most of the opportunity.

"From a strategic standpoint, we wanted to make the quickest and greatest impacts we could, so we knew that switching the product out all at once, instead of phasing it in, was the way we could do that," said Director of Sales and Operations Mary Martha Ford. There had been a discussion of gradually introducing the new games, but Director of Marketing and Administration Jay Finks likened that path to "putting good fruit on the stand with the rotten fruit" – no one will buy the rotten fruit.

Wheels in Motion

So the game plan was to prepare 16 new games, and over eight ambitious days in early July, collect all the old games from all 1,900 retailers and put all the

NEW GAMES MORE PRIZES

OKLAHOMA LOTTERY

"From a strategic standpoint, we wanted to make the quickest and greatest impacts we could..."

- Mary Martha Ford

new games in place. Leading up to that whirlwind swap, the marketing team wasted no time preparing the public, starting with Facebook teaser campaigns that changes were coming and also placing messages on the Lottery InMotion retail advertising displays. "We really spent months messaging to our players that our product would be better and to give us a try," said Reisman.

Meanwhile, the sales team was talking up the changes with retailers, providing details about the all-new product that was coming and how all the old product would be collected. Teaser POS materials were placed in stores, double-sided signage that could

be turned around when the new games actually arrived.

There was a fear that with the teaser campaigns, players would curtail their purchases of existing products, but that wasn't the case. Despite having no new games since March, sales actually went up slightly before the July switchover. "The only thing we can equate that to really is just chatter in the field about instant games and about lottery products," explained Reisman. "That maybe it was bringing lottery to the front of peoples' minds, making it relevant again."

"We had our sales reps in the field talking about the $14 million in prizes

> ## "We want everyone to know that it's a better lottery with more prizes and winners."
>
> ### - Brandi Reisman

still remaining on our existing games," added Sales Manager Scott Moulton. They were encouraging players to not miss out on those available prizes while waiting for the new games.

In advance of the switchover, the new games were packaged in boxes ready to ship out to each retailer. Retailers were reminded not to open the boxes once they received them – and there was a big "STOP" message inside if they did. Field sales reps, Scientific Games' personnel, and a few folks from headquarters – 23 in total – planned their visits: 159 route days to be completed in eight business days beginning in the new fiscal year.

New plan-o-grams were designed – this time placing the higher price points, including the new $10 game, at the top of the dispensers. Historically, tickets were loaded with $1 games on top, to encourage sales of those games to help meet the profit requirement.

The Big Swap

On Monday, July 3, the big swap began – retailers received reminders of their day in the schedule, which would be no later than July 13. Every effort was made to make the transition quickly, as old games were collected and the new games were placed. "We really tried making this as efficient and unintrusive as possible to the retailer," said Moulton. "We all know that retailers are busy at different times of the day."

By July 13, all the old tickets were gone and the new ones placed. Only about 40 retailers just couldn't wait for the lottery rep to make the visit and jumped the gun to display the new games – a number Reisman thought was lower than it could have been. Lottery players knew when the changes were going to be made at the favorite stores, and were standing in wait for the new games to be activated. "Every time we walked into a retailer, hands were in the air and they were celebrating – it was really exciting how all that went down," she said.

The Lottery also received considerable earned media from the launch, with stories in small town papers across the state. "There has been a LOT of buzz about this. We've been very, very happy with the results."

A major advertising campaign launched on July 17, including the Lottery's first television spot in several years. Digital billboards were purchased that allow immediate messaging changes – each of the 16 new games will get time on the boards, which will also be used for winner awareness.

Meeting the Commitment

In fact, winner awareness is key to building the launch momentum going forward, and it wasn't long before the first $100,000 winner of the $10 game came in to claim. "We want everyone to know that it's a better lottery with more prizes and winners," said Reisman, and that means getting winner images placed on Facebook, on the retail advertising displays and on digital billboards.

In addition to the overall increase in prize payout, a key distinction of the new games is the elimination of "free ticket" prizes. Previously, about 12 percent of the prize structure was free tickets. "Our players hated them," said Reisman. "In this particular jurisdiction, because our payouts were so low, a free ticket was not really an opportunity to have another winning experience – more often than not, it was the opposite of that."

The new prize structures for the first round of games are heavily weighted towards lower prizes, $25 and below. "We want to make sure that we live up to the messaging that we are sending about more winners. As we increase sales, we'll start adding more money to the mid- and high tier levels."

All these things will hopefully work together to make the Lottery meet the commitment it promised when legislators granted relief.

Without relief, Lottery officials were projecting revenues to education to fall below $50 million annually and keep dropping. Using that $50 million as a base, they proposed an innovative solution. If the 35 percent profit requirement was eliminated, the Lottery would not only guarantee $50 million each year to the Education Trust Fund, but an additional amount over that would be earmarked for K-12 reading and STEM (science, technology, engineering and math) programs. In total, Finks expects an

additional $110 million to be raised over the next five years. "We hope it's sizably more than that, and case studies in other states do bear that out," he said.

By earmarking extra revenues to those K-12 programs, the Lottery got full support of education leaders throughout the state – in fact, they were the ones that actually chose those programs. "We wanted something unfunded, something that we could make more tangible," explained Finks. And in the final stages of getting legislative approval to lift the profit requirement, the inevitable question was whether education was on board. "I was able to say, 'every major education group in Oklahoma has signed off on this and is supporting this.' That was something we never had in years past."

While everyone is sure there is considerable upside, Finks noted there is one big unknown – intense competition from some 100 tribal casinos. Oklahoma has the third largest number of slot machines in the country. Still, California's recent experience going through a similar easing of payout restrictions, where sales exploded and revenues grew significantly, bodes well, since that state has the second highest number of slot machines in the marketplace.

"We now can be a 'real lottery,'" joked Ford. "I'm proud of our team, which has worked under the restraints that we've had for almost 12 years, and now has completed all the strategic planning, executions and advertising, all the way through to winner awareness and how we can be prepared for bigger things in the future. We can give more prizes to our players and increase revenues to our beneficiary. So we are excited. It's early, but we ARE excited." ■

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McCormick Place
Chicago, IL

October 25-27, 2017
PGRI Lottery Expo
Grand Hyatt Buckhead
Atlanta, GA

November 12-16, 2017
La Fleur's 2017 Lottery Conclave
Intercontinental Stephen F. Austin
Austin, TX

December 2017
*NCPG/McGill University RG Lottery
Holiday Campaign*

2018 CALENDAR

March 2018
*NCPG Problem Gambling
Awareness Month*

April 9-12, 2018
NASPL Lottery Leadership
Embassy Suites Downtown
Des Moines, IA
Hosted by the Iowa Lottery

June 11-14, 2018
NASPL Directors Meeting & Dialogue
Westin Portland Harborview
Portland, ME
Hosted by the Maine Lottery

July 23-26, 2018
*NASPL Professional Development
Seminar*
Swan Hotel
Orlando, FL
Hosted by the Florida Lottery

September 25-28, 2018
NASPL 2018 Annual Conference
Hilton Cleveland Downtown Hotel
Cleveland, OH
Hosted by the Ohio Lottery

November 18-22, 2018
World Lottery Summit 2018
Buenos Aires, Argentina

December 2018
*NCPG/McGill University RG Lottery
Holiday Campaign*

2019 CALENDAR

March 2019
*NCPG Problem Gambling
Awareness Month*

April 15-18, 2019
NASPL Lottery Leadership
Hyatt Regency Cleveland
Cleveland, OH
Hosted by the Ohio Lottery

June 17-20, 2019
*NASPL Directors Meeting
& Dialogue*
KingsMill Resort
Williamsburg, VA
Hosted by the Virginia Lottery

July 29 – August 1, 2019
*NASPL Professional Development
Seminar*
Arizona Grand Resort
Phoenix, AZ
Hosted by the Arizona Lottery

December 2019
*NCPG/McGill University RG Lottery
Holiday Campaign*

2020 CALENDAR

March 2020
*NCPG Problem Gambling
Awareness Month*

April 20-23, 2020
NASPL Lottery Leadership
Drury Plaza Hotel
Pittsburgh, PA
Hosted by the Pennsylvania Lottery

June 15-18, 2020
*NASPL Directors Meeting
& Dialogue*
Westin San Diego
San Diego, CA
Hosted by the California Lottery

July 20-24, 2020
*NASPL Professional Development
Seminar*
Grand Hyatt Denver
Denver, CO
Hosted by the Colorado Lottery

December 2020
*NCPG/McGill University RG Lottery
Holiday Campaign*

It's about time

40% of lottery purchases are made on impulse.
47% of lottery players dislike paying in cash.

These are two of the key facts you need to understand your players' true needs and desires, and grow your lottery business. Discover them all in the new whitepaper from IGT's Insights360 team "Achieving Relevance: Modernizing the Lottery Experience."

Download at www.IGT.com/LotteryBlog

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