INSIGHTS

The Holiday Experience
A Recap of Holiday Instant Tickets

Focus On:

Interactive and Online Games

One way or another, lotteries are building an online presence to remain relevant to today's consumer.

To remain relevant, every brand must evolve to meet consumers' changing needs, preferences and lifestyles, especially considering the fast pace of technological, generational and cultural shifts -- lotteries are no exception. In this month's issue are leading-edge examples of lotteries delivering prizes, game play action, sales and marketing through the internet to address consumer's desire for fun, interactive, mobile and social entertainment.

Ecommerce in the U.S. has exploded from $72 billion in 2002 to more than $396 billion in 2016. Consumers are accustomed to purchasing e-tickets and playing digital games online. Most successful retail business models today involve a complement of both internet and brick-and-mortar sales. Data demonstrates that internet gaming provides a new player base, especially among the emerging market, with no cannibalization of retail store sales.

Time-tested technology employed by lottery vendors ensures play is successfully age-gated and geo-gated in jurisdictions that allow internet gaming. Because individuals' play can be tracked, internet gaming can promote responsible play as well as compliance with legal restrictions.

Clearly, the lottery industry has the creativity and technological know-how to execute games that meet consumer demands, while also promoting player education, ensuring responsible play and complying with statutory boundaries.

The biggest challenges at the individual lottery level is the regulatory environment. For example, my home state of Louisiana has a statute that prohibits any gaming by computer. While I would jump at the chance to follow my colleagues' foray into the opportunity-rich internet, I also respect that this decision under the Tenth Amendment of the U.S. Constitution rightfully belongs to my state legislators who are best equipped and uniquely positioned to represent our citizens' interests.

This too is NASPL's position: that the use, regulation, and ultimate beneficiaries of the internet for gaming are best left to the legislative determination of each state. This stance is supported by historical and legal precedence as well as financial good sense, as the revenue generated by lotteries – $22.5 billion last fiscal year alone – supports state services. Our industry is therefore opposed to federal legislation that would encroach on this traditional state prerogative.

Governments have a millennia-long history of offering gaming with more than 200 publicly operated lotteries in more than 100 countries in existence today. In the U.S., lotteries are an ubiquitous, popular form of entertainment, as 95 percent of U.S. citizens live in states with lotteries, and roughly half of American adults report purchasing a state lottery ticket within the last year according to Gallup.

Over the last 50+ years, U.S. lotteries have successfully expanded their product offerings along with technology to enhance security and meet this consumer demand. With a proven track record of efficiently and effectively regulating gaming while providing a product welcomed by constituents, states should remain free to exercise their right to expand their lotteries over the internet should they so choose.

This was the ultimate affirmation of the U.S. Department of Justice's 2011 opinion on the Wire Act of 1961 (enacted prior to modern lotteries) excluding internet lottery sales from the activities prohibited by the Act, noting a 2002 Fifth Circuit U.S. Court of Appeals ruling as precedent. Since then, nine lotteries now offer either single ticket and/or subscriptions sales over the internet, and Delaware casinos offer internet gaming regulated by the state's lottery. But this right for state sovereignty is being threatened by efforts to federalize internet wagering which would create a costly, duplicative federal gaming-licensing regime.

In the 114th Congress, Rep. Chaffetz and Sen. Graham introduced the Restoration of America's Wire Act (RAWA) intended to federally ban internet wagering. While it did not pass, bills introduced by Sen. Cotton (Sept. 2016), and outgoing Rep. Fitzgerald (Dec. 2016) also attempt to negate the 2011 DOJ opinion. In mid-November, the Attorneys General from several states wrote to then VP-Elect Mike Pence urging the rolling back of the 2011 DOJ opinion. It should be noted that millions in monetary support for the proposed federal ban have come from a narrow segment of the gaming industry.

Attempts to federally ban or regulate internet gaming undermine states' ability to competitively regulate and administer lotteries thereby jeopardizing funding for critical public programs, the sole reason for lotteries' existence. Just as important, such interferences cripple states in their duty to represent the citizens to whom they are accountable.

You can trust that NASPL will continue to monitor activities that threaten our collective missions of raising revenue for our states, not only uniting us with a common voice but also mobilizing us with a steadfast strategy.

Rose Hudson
NASPL President
President and CEO,
Louisiana Lottery Corporation

Pam helps create promotions that consistently engage your players.

SG
SCIENTIFIC GAMES

Today's lottery players have come to expect more fun, more excitement and more ways to win. At Scientific Games, **Pam Lee** puts together creative concepts, licensed properties and prize packages that offer second chances to win cash and once-in-a-lifetime experiences. Promotions can drive player loyalty and engagement with the Lottery's brand – and best of all, retail sales for both instant and draw games.

Let us show you how our promotions can get results.

THE WORLD'S BEST LOTTERY EXPERIENCES
Visit scientificgames.com/lottery

March/April 2017

Focus On:
Interactive and Online Games

New Responsible Gambling Award to Honor Arch Gleason

The Gleason Award will honor someone not only for that commitment to responsible gambling, but also who has demonstrated the ability to successfully manage a gaming enterprise in a socially responsible manner. While ideally the recipient will be at the senior management level, nominees can be anywhere on the corporate ladder of a gaming entity. They will embody the concept of being able to profitably operate a gambling company while incorporating responsible gambling principles across all aspects of the business.

> **"He was one of the first lottery directors to step up and say, 'this is an issue and we need to address it.'"**

"What a wonderful way to honor Arch," said Alice Garland, Executive Director of the North Carolina Education Lottery and Chair of the NASPL Responsible Gambling Committee. "He was instrumental in getting U.S. lotteries interested in the WLA certification program." She added that she hopes NASPL members will embrace the award and the application process.

Applications for the first Gleason Award will be accepted by the Kentucky Council from June 1 until August 1. Applicants must provide descriptions of the responsible gambling practices they have implemented or supported, along with a statement of personal philosophy on industry responsible gambling practices. Also required are two letters of support – one from an industry colleague and one from a problem gambling awareness advocate. Individuals must also agree to attend the Kentucky Council's Annual Educational and Awareness Conference and present keynote remarks.

The Kentucky Council's awards committee will judge the applications and potentially announce its first recipient in September. The Gleason Award will not necessarily be an annual award – while submissions will be sought every year, it will only be given when an applicant is deemed a worthy recipient.

"Arch was a strong supporter of responsible gambling long before it was a widely accepted practice," said Chip Polston, Kentucky Lottery Senior Vice President of Communications, Public Relations and Social Responsibility. "He was one of the first lottery directors to step up and say, 'this is an issue and we need to address it.' The great thing about the Gleason Award is that it's going to allow us to recognize others who are equally as committed to providing help to players who are adversely affected by our products."

The Kentucky Council on Problem Gambling has established the Arch L. Gleason Industry Award for Responsible Gambling Leadership. Long-time CEO of the Kentucky Lottery, Gleason was one of the first lottery directors in North America to recognize the need to help players struggling with gambling problems. For many years, problem gambling was the elephant in the room for gaming operations – no one wanted to talk about it, let alone acknowledge it.

Gleason worked to establish the Kentucky Council on Problem Gambling, the state's National Council on Problem Gambling affiliate, and championed many initiatives for NASPL. Not satisfied to limit his efforts to North America, he was the driving force behind the establishment of the World Lottery Association's Responsible Gaming Framework, the industry standard for lottery responsible gaming certification.

"Our board of directors realized there was little recognition given to individuals in gambling administration who grasped the importance and social responsibility like Arch," said Mike Stone, Executive Director of the Kentucky Council. "It felt like establishing the Arch L. Gleason Industry Award for Responsible Gambling Leadership was the right thing to do, giving us an opportunity to recognize industry leaders who shared his commitment."

Jim Lightbody (left) and Alan Feldman announce the landmark agreement.

BCLC and MGM Resorts join forces with GameSense

What happens in Vegas may stay in Vegas, but when it comes to responsible gambling, what happens in British Columbia travels well beyond the province's borders.

GameSense

ameSense, a made-in-B.C. program, is now making its debut in Las Vegas thanks to a strong desire by MGM to encourage responsible gambling in the gambling mecca and other cities in the United States. BCLC has announced it is entering into a licensing agreement with MGM Resorts International (MGM) for the use of its GameSense responsible gambling brand.

The landmark agreement, the first of its kind for any U.S. casino operator, was announced at the fifth annual New Horizons in Responsible Gambling conference in Vancouver, B.C. on Feb. 22. In partnership with BCLC, MGM will become the first private gambling company to license the award-winning responsible gambling program in its resorts.

As part of the agreement, MGM has also committed to funding $1 million over five years, towards a research partnership between BCLC, MGM, and the International Gaming Institute at the University of Nevada Las Vegas (UNLV) to further research in the field of responsible gambling. UNLV will assemble a team of internationally renowned experts in responsible gambling, and will also work closely with the University of British Columbia's Centre for Gambling Research.

BCLC Chief Executive Officer Jim Lightbody and MGM Executive Vice President of Global Industry Affairs Alan Feldman discussed their views on the announcement and the impacts it can have on their organizations.

What is GameSense and how is it different from other RG programs?

JL: At BCLC we wanted to create a program that helps players make responsible choices and provides information that allows players to balance the fun aspects of gambling with mindfulness. GameSense presents responsible gambling information to players in a non-judgmental, engaging manner to promote responsible play, remove the stigma around problem gambling and connect those who recognize they have a problem to the resources they need.

GameSense is a multi-faceted program that includes GameSense Info Centres that are located on or near casino floors, and GameSense Advisors (GSAs) who are trained to answer questions about how games work, odds and myths about gambling. These advisors can also offer confidential support and refer players to treatment.

A key component of GameSense training includes mandatory Appropriate Response Training for all front-line gaming staff, not just GSAs, to assist those that may be experiencing a problem with gambling.

Over the years BCLC has been successful in raising awareness of responsible gambling practices through GameSense. Going forward we want to focus on better understanding how we can change behaviors and outcomes for the at-risk population.

What attracted MGM resorts to GameSense?

AF: A couple of years ago we did an internal evaluation of our RG program, and while we reinforced that we offer our guests a strong program, we also felt there was something missing. We recognized that we wanted to improve the program and transition responsible gambling away from compliance policy, and into more of a customer service enhancement.

At this same time, we were granted a license to develop a resort in Springfield, Mass. As a licensee we were informed that the Massachusetts Gaming Commission had licensed GameSense and that MGM Springfield would be required to adopt the program. When we looked at GameSense for Springfield, we saw a proactive program that is rooted in enhancing the overall customer experience. GameSense promotes positive play and gives players the tools to make informed decisions when gambling. The more we learned, the more it became clear that GameSense embodied all of the elements that we are looking for in developing a new responsible gambling program. Discussion began in 2015 with BCLC and here we are!

What will this partnership do for your organization?

JL: This partnership is going to produce great results, not only for BCLC, but for the entire responsible gambling community. GameSense has been a successful program and we are always trying to improve it. We are excited to see what we can learn from MGM Resorts when GameSense is implemented into an integrated resort model.

In addition to generating a small annual revenue for BCLC, a partnership with MGM will also allow us to continually improve the GameSense experience and tailor programming to players, staff, gambling workers and the public. This will come from our ability to leverage MGM's vast network of diverse resorts across the U.S. to

enhance metrics and evaluation of GameSense products and programming. There is also a large research component to our partnership that will provide us new, data-driven, scientifically-based information to measure GameSense.

AF: I think this partnership will be incredibly beneficial to MGM, but will also provide benefit to the broader gambling industry. I fundamentally believe that as an industry we need to change the way that we view responsible gambling. We need to shift focus away from discussing responsible gambling as compliance policy, and transition it to a discussion about enhancing customer service. If this partnership is able to facilitate that change, then I will view it as a success.

For MGM the benefit will be for our guests and employees. We are going to provide both with a program that has a strong brand recognition that educates and encourages RG best practices. This includes an enterprise-wide adoption of modern educational and marketing materials, player-engagement strategies, and RG training for gambling workers and corporate staff. Research shows that guests expect companies to offer robust RG programs. I believe that the GameSense partnership will allow MGM to exceed those customer expectations.

Can you describe the research component of the partnership?

JL: We are delighted that as part of the partnership MGM has provided a $1 million research partnership between BCLC, MGM, and the International Gaming Institute at the University of Nevada Las Vegas (UNLV). UNLV will assemble a team of internationally renowned experts in responsible gambling, and work closely with the University of British Columbia's Centre for Gambling Research.

This will include a multi-faceted research project to enhance GameSense and all responsible gambling products based on new, data-driven, scientifically-based expertise in responsible gambling.

Building responsible gambling research and awareness is a key focus for both our organizations so we can continually enhance support for gamblers across North America and around the world.

AF: Including a significant research component in our partnership with BCLC was critical to MGM. As founding members of the National Center for Responsible Gaming, we know how valuable scientific research can be in helping our industry understand gambling disorders. Combining MGM's gambling footprint with the leading academics and public sector programs provides a new dynamic approach to responsible gambling research. This new approach will include consistent monitoring, evaluation and feedback loops that share the common goal of continually improving the GameSense experience and in so doing, increasing the opportunity for customers to make responsible choices. The results from this historic research partnership will foster future enhancements that will improve how the industry deals with problem gambling long into the future. ■

The NexPlay™ in Self-Service

Introducing the next step in player-activated terminals;
NexPlay™ is a suite of products combining traditional self-service sales and ticket checking with more engaging animations and player interaction.

- Draw and keno game sales
- Instant ticket sales with result display
- Animated ticket checking
- Robust responsible gaming options

We've only scratched the surface...

Our products have been growing retailers and revenues in six jurisdictions, and that's just scratching the surface.

DiamondGame
AN INNOVA COMPANY

Warehouse Dash:
The Ultimate 90-Second Player Experience

CONGRATULATIONS DASH WINNERS!

MARYLAND LOTTERY®

My LOTTERY REWARDS™

SHOP 'TIL YOU DROP

"Prizes such as a trip to take part in a Warehouse Dash offer a thrill beyond just winning. They help generate excitement about the lottery, and give players unforgettable experiences connected to our brand."

*— Alice Garland, Executive Director
North Carolina Education Lottery*
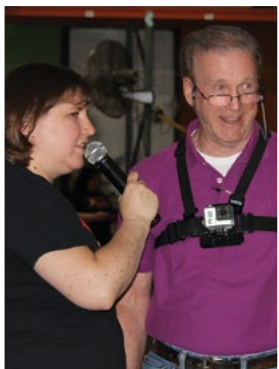
The Shopping Spree of a Lifetime

The Buzz! The buzzer slices through the silent anticipation signaling the start of the Warehouse Dash. Lottery winners leap off the starting line among the raucous cheers and shouts. They race their carts up and down the aisles of the merchandise-filled warehouse with only 90 seconds on the clock. Whatever they can grab, they get to keep.

Their one challenge? They have only a minute and a half to make sure they pile everything they want to take home in their cart. Hearts race and adrenaline pumps as the timer ticks down. It's the player experience of a lifetime.

Warehouse Dash is a high-energy promotion developed by Scientific Games that has been offered by lotteries in Arkansas, Kentucky, Maryland, New Jersey, North Carolina and Tennessee. Several, including Maryland and North Carolina, have offered Warehouse Dash a second time after successful first-time events with their players.

Lotteries can offer Warehouse Dash as a second-chance promotion where players enter their non-winning instant and/or draw game tickets into a second-chance drawing for the opportunity to participate in a Dash event. Or Warehouse Dash can be offered as a stand-alone, Warehouse Dash-themed instant game.

Winners receive a two-night, three-day trip to Chicago (each gets to bring a guest), including roundtrip airfare, deluxe hotel accommodations, $500 spending money, ground transportation, group dinner and the opportunity to participate in 90-seconds of pure shopping fantasy in the Warehouse Dash.

"Prizes such as a trip to take part in a Warehouse Dash offer a thrill beyond just winning. They help generate excitement about the lottery and give players unforgettable experiences connected to our brand," said Alice Garland, Executive Director, North Carolina Education Lottery. "We get a great response from our players whenever we offer a chance to win once-in-a-lifetime experiences, and plan to keep doing so in the future."

The VIP Treatment

Scientific Games rolls out the red carpet for these lottery winners. The company manages the entire event from start to finish.

"We have more than 10 years of experience producing large-scale prize events. Our teams know what the players like, and we love to over deliver on their expectations," said Pam Lee, Vice President, Linked Games for Scientific Games.

On the day of the Warehouse Dash, the winners are chauffeured to a magnificent warehouse piled floor to ceiling with best-in-class consumer products. As they enter the warehouse, they become the stars of their own pep rally, celebrated with music, balloons, cheering, and pre-game excitement to rival any sports event. Each two-person team enjoys a special moment in the spotlight as they are introduced.

"Our Maryland Lottery winners had such a great time last year at the Warehouse Dash in Chicago," said Carole Gentry, Communications Director, Maryland Lottery and Gaming. "The VIP treatment they received made them feel like celebrities and created memories that will last a lifetime."

The participants have 30 minutes prior to the start of the dash to walk the aisles, preview items, and plan their strategy. The warehouse offers players access to the hottest items on the market across 18 product categories. Available merchandise includes drones, designer handbags, TVs, tool sets, barbecue grills, headphones, mobile tablets, gaming consoles and more.

Scalable, Flexible and Adaptable

Lotteries have the flexibility to scale Warehouse Dash to fit the unique needs of their budget, their players and their brand. Each Warehouse Dash contest can award from six to 50 winners. It's simple to implement and appeals to all players.

"We find great value in offering prizes that extend the playing experience," explained Garland.

The Warehouse Dash serves as a unique promotional vehicle for lotteries to tailor a once-in-a-lifetime winner experience for their players. It can also leverage lottery loyalty programs.

Up the Ante

With the ongoing success of Warehouse Dash, Scientific Games is introducing an all-new version of the game, Million Dollar Warehouse Dash, for both lottery and gaming customers. Players have the thrilling experience of the Warehouse Dash – and the opportunity to win a whopping $1 million.

Which lottery will be first to introduce the Million Dollar Warehouse Dash? ∎

Windfall Willie is back at the Arizona Lottery!

In February, the Arizona Lottery brought back an iconic mascot, Windfall Willie, as its Chief Fun Officer. With the help of award-winning director Alex Grossman, best known for his work with brands like Gatorade, GoToMeeting, Homewood Suites and Lady Speed Stick Deodorant, Willie has been given a whole new life. The new campaign includes a 30-second teaser commercial, social media accounts, custom press kits and giant, 12-foot pickaxes scattered across Arizona that teased his return.

Willie disappeared when the Lottery underwent a rebrand a few years ago, but he is back from his travels and just helped launch the Lottery's first $30 instant game, Ultimate Millions.

"Arizona Lottery players and staff really missed Willie when he left us three years ago," said Gregg Edgar, Executive Director of the Arizona Lottery. "When he completed his travels and returned this year with a ticket that our lottery has never seen before, we were so excited to bring it to market for our players to enjoy. We created a robust campaign featuring the return of Willie and our new $30 ticket, and it was a sizable production that we were able to execute locally with the partnerships of amazing Arizona businesses. We can't wait to show players what other products Willie will bring to the Arizona Lottery this year!"

Q: Who is Windfall Willie?
A: Windfall Willie (but you can call him Willie) was the adorable prospector miner you've seen on the Arizona Lottery logo. He was also livin' large as the friendly mascot. Now, he's the newly appointed CFO – Chief Fun Officer.

Q: Why did Willie leave?
A: Willie had a travel itch he just couldn't seem to scratch. The folks at the Arizona Lottery thought it would be a good idea to finally let him loose for a few years in hopes that he would come back refreshed and revitalized. Some would call it a sabbatical, but he refers to it as an adventure.

Q: Where did Willie go?
A: Willie spent the last three years traveling all around the world in search of fun new games, new ways to play and more ways to help Lottery players strike it rich.

Q: What did Willie bring back from his travels?
A: Willie came back with something big. Really big. For his grand return, Willie brought with him the all-new $30 Ultimate Millions Scratchers ticket. With four top prizes of $3.5 million and over $16 million in prizes of $500 each, it's the first of its kind in Arizona.

**Q: What does Willie have in store for Lottery players?**
A: As the new Chief Fun Officer, Willie and the Arizona Lottery are getting ready to launch games based on some of people's favorite movies and TV shows, and even some games that will get players face to face with their favorite musical acts. Willie has some big events planned all around the Valley, so make sure you look for him online and on the air! ■
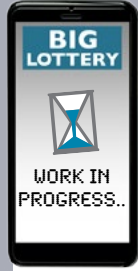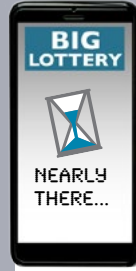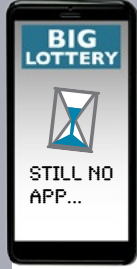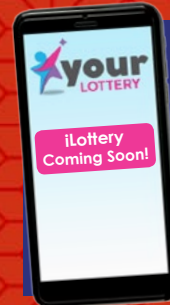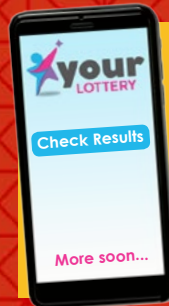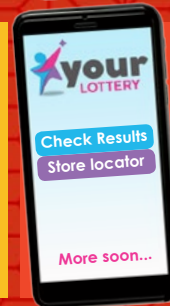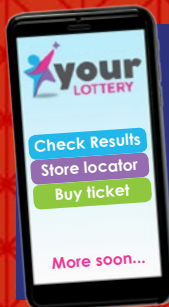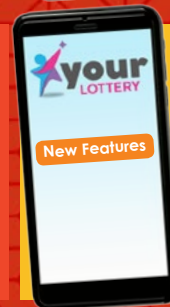
FLORIDA'S FOCUS ON FOCUS GROUPS

By Justin Rock, Director of Product and Research, Florida Lottery

Focus group research is not new to the Florida Lottery but an increased frequency is new this year. We've begun conducting quarterly focus groups due to the value gained for our business. Focus group findings can be highly subjective but, when used in concert with other research methods, they provide in-depth insight that's extremely valuable.

Our goal with focus group testing is to understand player and non-player opinions on certain topics or strategies. We rely on our on-going quantitative research, such as monthly tracking studies, to measure impact and provide numbers and variable data in market. To supplement that data, focus groups allow us to elaborate by filling in the why or why not about performing or under-performing components.

Higher Price Point Scratch-Off Focus Groups

In fall 2016, we conducted focus group testing regarding higher price point Scratch-Off games. We have a successful strategy in place for our prize structures and product mix but sought input on other specifics for future product creation. Considerations like ticket artwork, game callout relevance, callout placement, etc. We tested two groups (one comprised of $20/$25 Scratch players, the other comprised of $5/$10 players) in three vastly different cities: Pensacola, Orlando and Miami. We found surprising uniformity in the responses statewide. The $20/$25 players play more strategically, with the expectation to win money, whereas the $5/$10 players play for fun with the hope of winning.

Players from $20/$25 price point were far less influenced by the looks of ticket art than players from the $5/$10 groups. Though the aesthetics of a game may influence $20/$25 players' decisions when choosing between tickets, it does not ultimately impact whether or not they purchase Scratch-Offs. The $20/$25 player participants seemed far more intrigued by seeing the fundamental aspects of the game on the ticket (odds, prize arrangements, chances to win, etc.) than the $5/$10 participants. On the other hand, the $5/$10 players' intent to purchase lottery can be heavily influenced by the aesthetics of a ticket, and thus actually prefer less information on a ticket, as they perceive this makes a ticket appear cluttered.

Research corner

Second Chance Focus Groups

Our most recent focus group derived from plateaued participation occurring in our second chance promotions. One of the main goals associated with a second chance is to encourage new or additional play by offering something unique which may not translate into a broad appeal game prize structure. Or, it may be as simple as creating a "cherry on top," where players receive an added value with the promotion that increases their likelihood of purchase. After changing various aspects including products and prizes didn't make a difference, we decided to ask players what influenced decision making the most. What types of prizes are considered the most appealing? Do they care about non-cash prizes if offered a cash alternative offer? Would players prefer that we forego the second chance altogether and just feed the dollars spent back into the prize structure of the game? Most importantly, we wanted to understand if the second chance component was enough to encourage incremental spending or if players admit to just reallocating a portion of their total lottery budget towards a particular game that carries a second chance element.

This winter, we met with two groups (previous second chance players in one group and the other non-second chance players) in Orlando, Tampa and Miami to ask about second chance promotions. Were they aware of specific promotions? Did it motivate their purchase? Would an exciting promotion increase their overall spend or just shift it from another lottery product? Some of the feedback surprised us. Two main themes emerged from our groups: awareness and convenience were major points of contention from our players. Awareness of specific promotions was low, despite heavy media support behind the product pushing the added incentive. In fact, we even included questions about an active second chance promotion that showed very little player recognition. Participants also complained about the cumbersome entry process associated with most of our promotions. Players are still required to enter their tickets manually on the Florida Lottery website for most of our promotions. With that, we've known for some time that the process is a priority and Florida will introduce a new platform sometime around November of 2017 to alleviate the headache for players. We also gathered interesting insight about player purchase behavior and the effect a second chance promotion has on their purchase decision. The detailed results of the Second Chance Focus Groups are forthcoming, but you will definitely see the findings implemented in future Florida Lottery second chance offers. ■

Florida's recent focus groups have looked at higher price point games and second-chance drawings.

DASHING THROUGH THE STORE!

Empty Cart. Two Minutes. Endless Possibilities.

$100,000 HOLIDAY DASH!

STATE LOTTERY

ENTER TO WIN A HOLIDAY SHOPPING SPREE AT SEARS®!

Find a "❄" symbol, win prize shown for that symbol. Find a "🎁" symbol, win $25 instantly. Find 3 "*DASH*" symbols, enter to win a Holiday Dash!

WIN UP TO 15 TIMES!

Scratch 'n Win

HOLIDAY DASH COLLECT 'N WIN

Card 2

Collect 'n Win
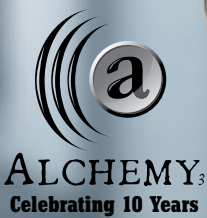
REVIEW OF THE LITERATURE ON RESPONSIBLE GAMBLING

By David Wilkinson, Research Coordinator, Texas Lottery

As socially responsible organizations, lotteries endeavor to provide entertaining products while ensuring the integrity and security of their games, and at the same time supporting and promoting strategies that protect the very small percentage of players who cannot gamble safely from the adverse consequences of their gambling. To that end, lotteries need to implement and sustain a responsible gambling (RG) program. Whether a lottery is developing or enhancing its program, the research literature on RG provides useful guidance.

The Review

The Research section of the Texas Lottery recently undertook a review of the research literature regarding responsible gambling to: (1) document some of the research that helped inform the Texas Lottery's successful Level 3 submission to the World Lottery Association for RG certification; (2) provide a ready reference regarding some of the issues around responsible gambling; and (3) to assist the Texas Lottery with its ongoing efforts to enhance its RG program and to promote a culture of responsible gambling both within and outside the agency.

The review was organized around three questions, and excerpts from the findings are included in this summary.

Review Question 1:
What is Responsible Gambling?

There are varying definitions of responsible gambling found in the research literature. Most definitions include one or more of these elements: consumer protection, with an emphasis on informed choice/consent, harm minimization, harm reduction and prevention. Some definitions also include community awareness, education and treatment.

Review Question 2:
How Can Responsible Gambling Be Provided?

Building on those definitions, the responsible provision of gambling involves the prevention and reduction of problem gambling. Harm minimization and harm reduction are seen as key strategies for the responsible provision of gambling. Providing sufficient information such that gamblers can make an informed choice is emphasized repeatedly as a component of responsible gambling practices.

Williams, West, and Simpson (2008, 2012) made a comprehensive review of the strategies for preventing problem gambling and the evidence of their efficacy. Williams et al. (2012) divided problem gambling prevention initiatives into two classes: educational initiatives and policy initiatives.

Educational Initiatives

Among the education initiatives, they discuss information/awareness campaigns targeted at gambling, which they state are directed at the general public and usually contain information consisting of one or more of the following elements:

- Encouragement to 'know your limits' or 'gamble responsibly;'
- Warnings about the potential addictive nature of gambling;
- Identification of the signs/symptoms of problem gambling;
- Information about where people can go for help or more information on problem gambling (i.e., treatment agencies; 24 hour telephone help-lines);
- Provision of the true mathematical odds of various gambling activities;
- Efforts to dispel common gambling fallacies and erroneous cognitions; and
- Provision of guidelines and suggestions for problem-free gambling.

It will be noted that the Texas Lottery provides nearly all of these pieces of information, as do many other lotteries.

Policy Initiatives

Williams et al. (2012) assigned policy initiatives to three major categories:

1) Restrictions on the general availability of gambling,
2) Restrictions on who can gamble, and
3) Restrictions on how gambling is provided.

Among the three categories, those initiatives that seem most applicable to lottery gambling are:

- Restrictions on where and how lottery tickets are sold (initiative #1);
- The prohibition on gambling by youth (#2);
- Problem gambling training for employees (#3); and
- Restricting advertising (#3).

Best Practices for Lotteries

Although many of the responsible gambling measures published in the research literature have more to do with casino-type gambling than lottery gambling, some best practices for lotteries are emerging.

Canada's Responsible Gambling Council (RGC) has identified emerging RG best practices for lotteries in five core areas: responsible gambling policies; advertising and promotion; informed decision making; assisting customers; and staff training (RGC, 2012). Emerging best practices in each of these areas are listed in Table 1.

Review Question 3:
What Outcomes Have Been Attained Through Implementation of Responsible Gambling Programs?

In the strategies identified by Williams et al. (2008, 2012), none grouped under education initiatives and policy initiatives were rated "high" in effectiveness. Among the strategies that have some application for lotteries, information/awareness campaigns and "problem gambling training for employees of gambling venues," were rated as "moderately low" in effectiveness, as was restricting advertising.

Other studies came to similar conclusions. Information/awareness campaigns are not seen as effective in preventing problem gambling, perhaps because, as with anti-smoking campaigns, knowing something and having that knowledge alter your behavior are often two different things. However, much of the limited available research is not applicable to lotteries.

Conclusions and Recommendations

- Despite the shortage of research evidence on the effectiveness of RG prevention efforts, responsible gambling programs are important to the lottery industry, government, individuals and the wider community, and interaction with stakeholders should continue and be expanded.
- Research to support and promote evidence-based policies and practices on responsible gaming, particularly from a lottery perspective, should continue.
- If providing information to encourage responsible gambling is not sufficient by itself to change player behavior, lotteries will need to pursue additional avenues to help prevent gambling-related harm.
- To build on the RG progress that lotteries have made, evaluation of their RG programs should focus on measuring effectiveness, which would help improve understanding of what works and help identify improvement opportunities. ■

References:

Responsible Gambling Council. (2012). Insight 2012: Responsible gambling for lotteries.

Williams, R. J., West, B. L., & Simpson, R. I. (2008). Prevention of problem/pathological gambling: A comprehensive review of the evidence.

Williams, R. J., West, B. L., & Simpson, R. I. (2012). Prevention of problem gambling: A comprehensive review of the evidence and identified best practices.

For a copy of the full literature review and complete list of references, contact **David Wilkinson at the Texas Lottery (512-344-5279, david.wilkinson@lottery.state.tx.us).**

Research corner

Table 1.
Emerging RG Best Practices for Lotteries

RESPONSIBLE GAMBLING POLICIES:
RG policies are critical to demonstrating an organization's commitment to RG and problem gambling prevention.

- Corporate policy statements make a clear commitment to promote RG and prevent problem gambling. They also make explicit corporate expectations for performing RG actions.
- Selling lottery products to minors is prohibited. Mystery shopper programs, which are fairly common, can help assess non-compliance issues.
- Lottery corporations have a clearly articulated commitment to advertise their products in a way that does not mislead or target players with gambling-related problems, or target minors.
- Lottery corporations have a comprehensive and publicly available policy committed to helping players make informed decisions about gambling on lottery products.
- Lottery corporations have a policy for responding to customers who may be experiencing gambling-related problems.
- There is a maximum spend on lottery products at any one time at a given store. While customers could certainly go to other stores to buy tickets, this policy creates a forced break in play.
- There are penalties for non-compliance with corporate RG policies and retailers are made aware of these penalties.
- Regular reminders about RG policies are given to corporate and retail staff. Updates to these policies are communicated in a timely manner.
- Lotteries have a policy that all new games and technologies are reviewed from an RG perspective.

ADVERTISING AND PROMOTION:
Policies should be in place to restrict how lottery games can be advertised.

- A screening process is in place for all advertising to ensure adherence to established RG policies.
- Advertising is not misleading about gambling outcomes and does not misrepresent the odds of winning or losing.
- Advertising does not target at-risk populations or minors. Nor does it use images or themes that appeal to children.
- RG messaging appears for a minimum amount of time on all television and radio advertisements that promote the lottery.

INFORMED DECISION MAKING:
Lotteries should ensure that people are making informed decisions.

- Clear information is made readily available to players in order to help them make informed decisions about their gambling. This includes information about the odds of winning, the truth about common myths, the risks associated with play, and how to keep gambling safer.
- Information provided to players about lottery games does not reinforce common myths.

- Responsible and problem gambling information is made available at lottery ticket outlets in languages that are culturally appropriate for the customer base.
- In addition to traditional methods of providing information to players (e.g., brochures), non-traditional methods are used in order to engage customers and increase uptake/interest in the information. Some examples include digital signage, RG quizzes/contests, ticket wallets with RG information, and messages on the front of tickets or receipts.
- RG messaging speaks to different ethno-cultural groups by ensuring that the information is culturally appropriate and relevant.
- Partnerships between lottery corporations and retailers are in place to develop and promote RG initiatives. This helps enhance awareness of the initiatives among retailers and frontline staff.
- Periodic audits are conducted in order to ensure that RG information is readily available to lottery customers.

ASSISTING CUSTOMERS:
People with problems related to playing the lottery require the lottery's assistance.

- In order to be able to respond to customer requests for problem gambling information, all staff members are knowledgeable about the problem gambling helpline and where to get information about local resources should a customer want formal assistance.
- On an informal basis, retailers can help support customers who want to manage their play. The "know your customer" approach has real advantages. Where the retailer is comfortable, they can give customers information such as the odds of winning or the problem gambling helpline. This can help promote RG, prevent problem gambling, and support those who may already be experiencing gambling-related problems.
- All lottery retailers have brochures available on site with information about responsible play, the odds of winning, and the problem gambling helpline. In cases where a customer appears to be struggling with gambling, frontline staff members have takeaway information available to give the customer should the opportunity arise.
- Retailers do not up-sell lottery products to customers who are showing potential signs of a gambling problem.

STAFF TRAINING:
Lotteries should provide an in-person and/or online training program on RG.
- All staff members are trained in RG upon hiring and informed of any subsequent changes to policies and procedures. Training is a condition of contract (or license) for lottery retailers.
- RG training addresses the different types of lottery gambling (e.g., traditional, scratch/instant, sports, Keno).
- Training reflects the ethnic and linguistic composition of staff as well as the customer base.
- "One and done" training is not sufficient. Training is refreshed on a periodic basis and regular bulletins specific to RG are circulated to all retailers.
- Staff receive training that is appropriate for their level of seniority and responsibility.
- Enough time is allocated to allow staff to learn about problem gambling, its impacts, and key RG information.
- Staff members are taught skills and procedures required for assisting customers who may be experiencing problems with gambling. Training focuses on how to assist customers in a way that is comfortable for staff.
- Staff members are trained to avoid messaging that reinforces misleading or false beliefs. They are also trained not to up-sell to customers who are showing potential signs of a gambling problem.
- A formal evaluation process is in place to measure the extent to which training objectives are met.

Source: Responsible Gambling Council, Insight 2012: Responsible gambling for lotteries, pp. 40-43

Ron Cave
Director, Division of Security, Florida Lottery

Lotteries are all about entertainment, but the fun and games are held to the highest standards – security and integrity are crucial to public trust. No one knows that more than Ron Cave, who has applied his lifelong experience in the law enforcement industry to his current role as Director of the Florida Lottery's Division of Security. In this key role, he is responsible for administering, planning, organizing and directing all activities of the Division, from motivation and training to the resolution of management, investigative, law enforcement, security and operational issues.

"Ron's successful career in law enforcement has been instrumental in upgrading Security at the Florida Lottery," said Secretary Tom Delacenserie. "Ron emulates my expectation that every department within the Florida Lottery will constantly strive to improve performance as evidenced by the accreditation status Security achieved for the first time last year under his leadership."

In fact, that's Cave's proudest achievement to date at the Lottery – helping to achieve that accreditation as a law enforcement agency in record time. The process involves the adoption of

hundreds of standards and procedures, and the accreditation indicates the Lottery's commitment to security and integrity at the highest level.

He is also proud of a new comprehensive annual report now produced by the Lottery's Division of Security, documenting all the activities of the Division each year, from compliance checks to investigations to drawing security. "It's all about accountability," said Cave, adding that there's also an integrity section of the Lottery's main website, which includes news releases every time an arrest is made and other security-related

news. "When we began ramping up our compliance efforts we were looking at a violation rate of nine percent. Two short years later, after more than doubling our compliance efforts, we are at a violation rate of just one percent. I'm very proud of that – it says that what we are doing is working."

Despite keeping busy producing results for the Florida Lottery, Cave also shares his knowledge with others as a criminal justice instructor at both North Florida Community College and Tallahassee Community College. He spends whatever time he has left with his wife and daughter – they love to travel together and typically take two or three cruises each year. Their favorite cruise destination is Mexico and they know it well.

Cave's background includes positions as a corrections officer, police officer, deputy sheriff, and various security and law enforcement roles with a number of Florida state agencies, including Fish and Wildlife Conservation Commission, Department of Environmental Protection, Department of Business and Professional Regulation, Department of Revenue and Department of Agriculture and Consumer Services. Among his degrees and continuing education certificates is a Master of Criminal Justice from the University of West Florida and a Master of Political Science, American Politics and Public Policy, from Florida State University.

You have such a diversified background – what brought you to the lottery in 2015?

When I began working in the criminal justice field 22 years ago I never imagined the career diversification that lay before me. In my first law enforcement position, the sheriff told me not to limit myself to one agency but to seize upon opportunities as they presented themselves and I have tried to live up to his recommendation. This has led me to incredible employment opportunities within a multitude of primarily state law enforcement agencies in Florida. As I reflect on each of my previous employers, I realize how much I have learned and grown in each agency.

In 2015, I found out about an upcoming vacancy within the Florida Lottery for the Director of Security. I thought my skill set, background, education and experience were robust enough to provide a benefit in that role. I knew the Florida Lottery had been both scrutinized and criticized for their integrity and security, and the agency was looking hard at ways to improve efficiencies. I also knew the Florida Lottery Security Division was eager to develop standardized policies and practices along with elevating their law enforcement standing by becoming an accredited law enforcement agency. Since much of my law enforcement career had been spent in management with an emphasis in process improvements, policy and accreditation, I was certain Director of Security was a perfect fit for me. I guess my ideas have been well received, since I am still here after two years.

What do like most about the job? The least?

My most favorite aspects of this job are the people I work with on a daily basis. I am fortunate to work with and around some truly amazing and skilled professionals in the industry. Their knowledge and insight allows Security to excel in so many areas. Additionally, I enjoy the sheer diversity of the work in which we are asked to participate. We never have a day that is the same or routine. Each day brings about challenges and issues, which in turn presents great opportunity for everyone. Simply put, I love the diversity of my job and the ability to help those in need.

Middle: *Ron presenting a retirement plaque to retiring Special Agent Roger Day.*
Bottom: *With New Jersey Lottery officials while visiting the Cash4Life draw facility in New Jersey.*

Working in law enforcement, whether it be local, state or federal, provides you an opportunity to help others, which I have always enjoyed doing. When placed within the context of the Florida Lottery, the opportunity to help others becomes magnified. Not only do we get to help the agency by protecting our product, but we are also provided the opportunity to assist retailers who may have been victimized by a burglary or robbery. We also help our customers who may have been victimized by a lottery scam or other criminal act, and we assist local law enforcement agencies with cases that may have a lottery connection.

In addition to our external clients, we are always eager to provide assistance to our internal customers at the Florida Lottery. We do this by conducting background checks for our Retail Contracting and Human Resources units. This allows Security the ability to assist in ensuring the Florida Lottery only contracts with the best retailers and hires only the best employees.

While I love almost everything about my job, there's no doubt that my least favorite aspect is the pain and distress I see on the faces of the unsuspecting victims of lottery fraud. I am always deeply pained when a player contacts the Division of Security with a problem and they discover they have been defrauded. The sense of anguish they feel as they understand their situation is heartbreaking. I am deeply passionate for our unsuspecting citizens and we work very hard to bring the perpetrators to justice.

People will always try to beat the system – what are the biggest security issues all lotteries face today and how do you address the challenges they present?

It is unfortunate that people attempt to perpetrate fraud and thefts against the lottery, our retailers and our customers. Everyone in the lottery industry wants to ensure our systems perform without flaws and are not easily compromised to allow for fraud. However, we must prepare for and recognize that people will try to jeopardize our integrity efforts. In my opinion, some of the biggest security issues impacting the lottery industry are keeping up with technological advances, being prepared to react and respond to advanced alterations of tickets or counterfeit tickets, ensuring ticket printing has increased features to thwart fraud attempts and maintaining trained staff who have a history or want to stay long-term in the lottery industry.

The Florida Lottery addresses these challenges by utilizing a multifaceted approach to combat fraud and theft. These approaches include education of the retailers and players, rigorous background and vetting processes for everyone involved in lottery operations, voluntary compliance, proactive compliance measures and as a last resort, enforcement. And you can't just wait around until someone brings a complaint to you – it is absolutely imperative that you be visible in the retail communities you serve. I believe for the Florida Lottery the expectation placed upon us by our internal and external stakeholders is for us to be proactive and visible much like a local law enforcement agency. If you never saw local law enforcement in your communities, how do you believe the crime rate would be impacted?

I'll put my college professor hat on momentarily and outline a criminal justice theory called Rational Choice Theory. This theory essentially states that people will weigh the cost and benefits associated with doing something illegal. This can easily be applied in the lottery industry – if people believe there is a chance they may be punished for an illegal action, they may not do it. Proactive compliance measures generally will equate to reduced crime, coupled of course with positive reinforcements.

Top: *With Gov. Rick Scott and First Lady Ann Scott at the Governor's Mansion.*
Bottom: *With Cathy, his wife of 18 years.*

ELEVATE YOUR GAME
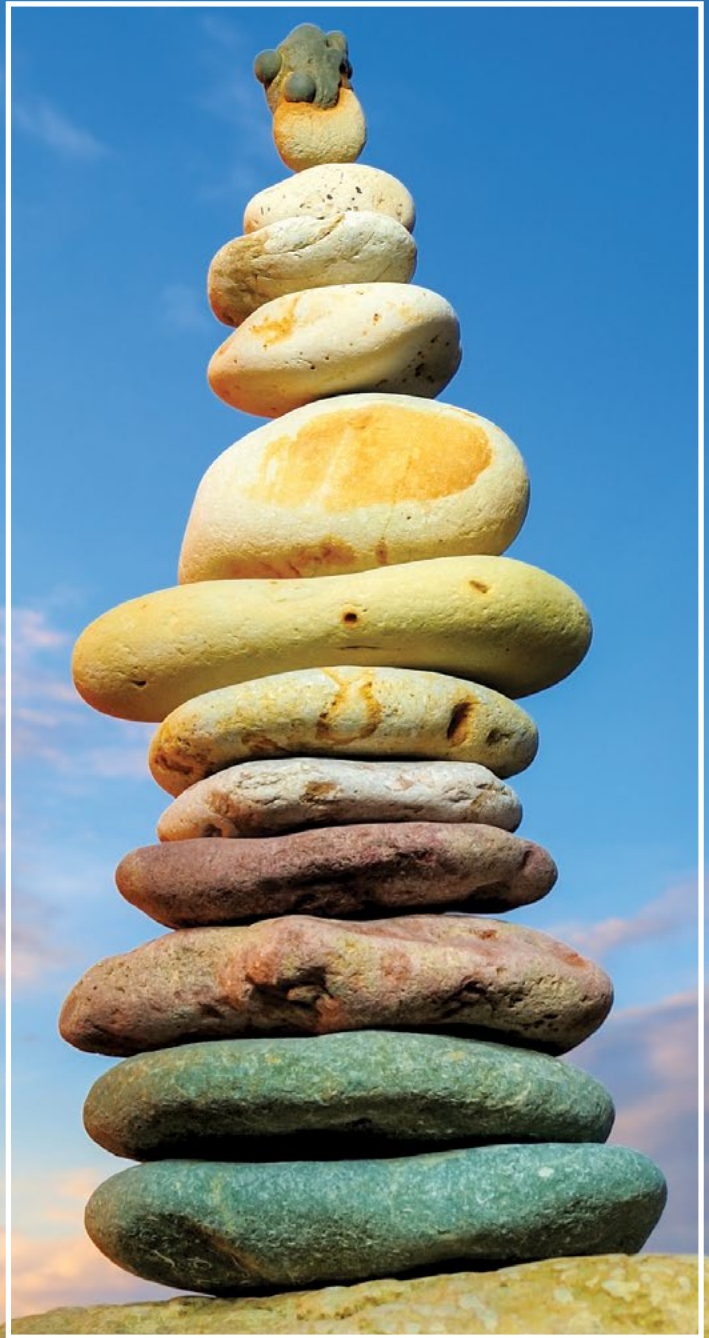
Lotteries provide entertainment and most employees would say they have fun in their jobs. How do you have fun in your critical role?

As I said earlier, my greatest enjoyment is in working with a highly dedicated and enthusiastic group of people, along with people who are passionate about the mission of the Florida Lottery and in contributing as much money as possible to the Florida Education Enhancement Trust Fund. Education is absolutely the future of our state and country, and the Lottery plays our part in making education even better for the Sunshine State.

Working with and dealing with winners is also a great experience. When we have a large winner in Florida, I am generally involved in ensuring everything from a safety and security standpoint goes smoothly. Additionally, watching history being made last year with the $1.58 billion Powerball drawing was an incredible experience for everyone at the Florida Lottery.

I would also like to add a few words of thanks for the incredible support the Division of Security receives from our Secretary, Tom Delacenserie. Far too many people see the mission of a state lottery as completely sales oriented. Of course lottery sales are paramount, but the lottery mission would not be complete without a vibrant and energetic law enforcement component. Secretary Delacenserie understands this need and has been a steadfast supporter of the Division of Security, our agents and analysts, and myself. With his support, the Florida Lottery has become one of the most successful in the nation. ■

Top: *Ron receives a proclamation from Gov. Rick Scott for his leadership work in state law enforcement, with Cabinet members and family looking on.*
Bottom: *With a recent police academy recruit class for which he served as lead instructor.*

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.
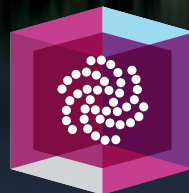
SHIFT
YOUR GAME

HOSTED BY THE OREGON LOTTERY

DO LOTTERIES EXPLOIT THE POOR?

UNZIP FOR A BETTER VIEW.

STEPHEN WADE, RESEARCH AND DEVELOPMENT MANAGER, WASHINGTON'S LOTTERY AND PRINCIPAL, LOTTERY MANAGEMENT CONSULTING, LLC.

The assertion "lotteries exploit the poor" is so frequently repeated that people may come to regard it as fact, or at least as received wisdom. When I ask people how they know this, they can generally refer to some more-or-less current piece of journalism they have read. When I look at these sources, I find that they sometimes present as investigative journalism, where the writer has obtained data from a lottery and used it to provide supporting evidence – "look, the lottery's own records prove that it exploits the poor."

My purpose in this article is show how the lottery's records are typically used to support this type of claim. I take some satisfaction in exposing how convenient and unquestioned assumptions can lead to conclusions that fall apart on closer examination. The level of public discourse may now be too low to hope to revise public opinion with reasoning, but I will aim to conclude with something suitable for a 5-second "sound bite" – perhaps enough for current appetites.

I will show you how superficial facts and easy assumptions support a conclusion that Washington's Lottery exploits the poor. Then I will show how, with better information and better analysis, this support disappears.

It all starts with a public information request, typically for lottery ticket sales information tied to geographic locations (like the address of the retailer). Washington's lottery has this information readily available, and turns it over promptly.

What would happen if the analyst asked for lottery sales tied to individual players? Someone from the lottery might take time to explain that such records do not generally exist.

In most cases, lottery tickets are purchased with cash by players of unknown identity. The most we know is where and when tickets are purchased, and that is what we share.

The analyst, though, wants to relate the location of the sales to the income of the buyer. The key to this is census data. The U.S. Census Bureau conducts a massive program of household interviews every decade, with American Community surveys in between. The fundamental data are reportable by something called a census tract, which is different from a zip code or city or county. However, data can be aggregated by zip code, the most common geo-locator in business records. Extracts of census data by 5-digit zip code are widely available, and commonly represent measures of population, average income, housing, employment, and so on.

So, the analyst expects to know all about the demographics of people who buy lottery, from knowing the zip code of the location where sales are made. And usually the first thing the analyst will do is calculate a rate of consumption for lottery products: annual dollars per capita, for instance, or weekly dollars per household.

Note that there is a special poignancy in the idea of "household spending on lottery per week" – the units help us imagine people sitting around a kitchen table, reaching into a money jar to see what might go for food and what might go for lottery tickets that week, a scene to be repeated every Friday night. In fact, this scenario is not usually supported by the only kind of data that would test it: household-level interview data. This kind of data requires a highly structured and expensive program of surveys. In

the usual story about the lottery, no one living in a zip code was questioned about lottery play to come up with "household spending on lottery." People and households were counted within the zip code, and the lottery revealed what was sold by its retailers that are located within the zip code. Even though these human-scale rates may be spoken of as averages for the zip code, they are merely calculations.

From a purely quantitative point of view, this might be reasonable if the zip code were an island unto itself. In fact, one of the charms of Washington State is that some of our zip codes are islands unto themselves – the mail truck arrives by boat. However even on these islands, people do come and go every day. And when the zip code is not an island, but a zone linked by a continuous web of roads connecting a population numbering in the millions, the notion that economic transfers of any kind occur primarily within the zip code is clearly not justified.

But it surely is convenient to assume that people buy lottery where they live. And consequently, this assumption is frequently used, not only outside but even inside the lottery.

So to recap, the easiest thing is to assume that the sales made at a retail location are made to people who live in that same zip code. Having made this assumption, the analyst can quickly access two kinds of denominators that are used (with lottery sales as the numerator) to speak of "rates of sales:" the count of people and the number of households. Going further, the census data offer many other items that speak to living conditions within the zip code: income per capita or per household, rate of unemployment, household size, and so on. It is a simple matter to look across zip codes and see whether zip codes with low income measures have high lottery consumption. For instance, in this scatter plot of per capita Scratch sales vs. median household income (mHHI), there are some areas with extremely high per capita sales and low mHHI, in the upper left quadrant. These outliers attract the eye, and provide visual support for a "lottery exploits the poor" story. Sometimes, journalists just call out these extreme cases to support their story line.

There are multiple problems with this analysis. A very fundamental problem, seen in many areas besides lottery, is in the math: measures that depend on dividing one number by another (like lottery sales per household) can take on extremely high values when the denominator is small. Zip codes are defined for their utility in handling the mail. They take account of geography; they do not all serve a similar number of residents. A zip code with a few hundred people is far more likely to produce extreme values of many measures than a zip code with tens of thousands of residents.
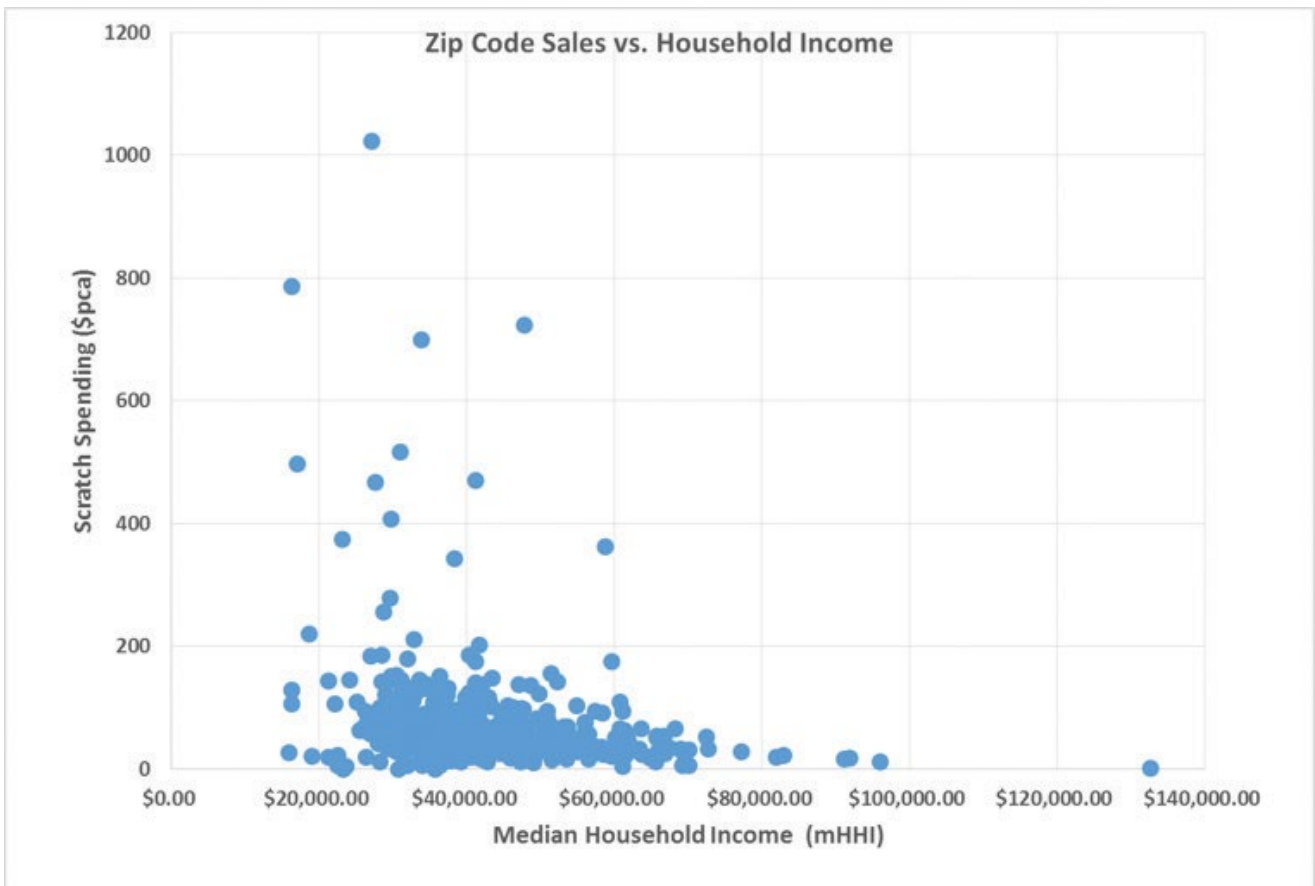
Zip Code Sales vs. Household Income

Income and Lottery Spending by Zip Code Size Class

Population upper limit	Count of zip codes	mHHI	Activations $pca
1000	52	$33,004.25	$193.76
2000	37	$34,550.08	$73.46
4000	57	$40,801.82	$59.53
8000	55	$42,088.13	$61.49
16000	59	$42,701.27	$69.00
32000	116	$49,074.37	$59.63
64000	45	$48,827.11	$58.08

Further, by using the zip code as the unit of analysis, in effect the analyst is "promoting" the underpopulated zip codes to have the same weight as others, even though the others may represent 50 times as many people. This can lead to faulty inferences, as developed below.

First, consider that on an overall, state-wide basis, Washington's Lottery sells only a little more than $60 per capita-year ($pca) in instant tickets. This is not because Washingtonians don't gamble, but because they have great access to Native American gaming that nets about nine times as much as the lottery.

The table above shows, for seven size categories of Washington zip codes, the calculated rate of instant (Scratch) sales per capita. The smallest zip codes have both a rate of Scratch sales about three times higher than the largest zip codes, and per capita income that is only about 2/3 that of the most populated zip codes. These points, taken together, certainly support an impression that the poorest people are buying the most Scratch tickets. The smallest zip codes also have fewer than 1,000 people each, and both extremely low (0) and extremely high (>1,000) rates of sales on a $pca basis. These points do not support a story, and tend not to be remembered.

The impression that the poorest people are buying the most lottery tickets is created largely by giving the 52 zip codes with fewer than 1,000 people (total population about 26,000) about the same "weight" as the 45 zip codes with more than 32,000 people (total population about 2.7 million). Does anyone really think that there are more poor people among the 26 thousand than among the 27 hundred thousand? Using zip codes as in the analysis above magnifies the contribution of the least-representative unit up to 100-fold. In the same vein, treating the 421 zip codes as equally-weighted units of analysis would exaggerate Washington's rate of Scratch consumption by about 1/3 - from about 60 to about 80 $pca. Please note that the distortion introduced by weighting zip codes in this way would be equally objectionable, if it somehow cast the lottery in a positive light.

If we really want to know about income and lottery play at an individual level, we must ask individuals. This is something Washington has done consistently in a usage and attitudes survey that has been consistently fielded for many years. That might be a topic for another time.

Even if better data refute the idea that the lottery exploits the poor, seeing an extremely high rate of Scratch consumption in an underpopulated zip code might still be cause for concern. But this brings us to another big problem: the assumption that a sale within a zip code is to a player who lives in that zip code is frequently wrong. In Washington, in fact, it is wrong more often than right. How do I know this? By reference to the only players we really know a lot about- the ones who win prizes big enough to be reported to the Internal Revenue Service ($600 and above). In Washington we usually know both where they live and where they bought the winning ticket. And in my current study of Scratch ticket winners, these two location are in the same 5-digit zip code only 40 percent of the time. This is direct proof that where lottery sales are made does not tell us much about to whom these sales are made. The assumption that the demographics attached to the sales location are the demographics of the players can be wrong- even if this assumption is made as often by lottery analysts as by unfriendly journalists.

In fact, inferring the demographics of the players and where they live is hard. It requires knowing about the players, where they live and what games they have won. Compared to sales data, these records are very sparse. In all our games, many tens of thousands of dollars of sales are recorded for each single win of reportable size. In fact this proportionality between wins and sales is the key to making inferences about the demographics of players- where there is a win, there must have been a sale. Although clearly it is possible for the one and only lottery ticket ever purchased by a player to be a winner, over the long term and over areas of sufficient population, we expect lots of winners where many tickets are purchased, and few winners where few tickets are purchased.

The proportionality between reportable wins and volume of sales differs markedly from one kind of game to another, and it is best to take this into account very precisely. If the volume of sales required to produce a reportable win is very high (as with $1 Scratch games), we cannot expect to map spending on the basis of wins with useful precision. It appears effective to lump instant games together according to price point, and establish the proportionality between all the claimed prizes in some period of time (like five years) and all the sales in that same period of time. Then, everywhere there has been a win, we assume that the proportional amount of spending has happened. We must keep in mind that these data are very "grainy," because it is always possible that because one of the tickets purchased in a zip code was a winner, we infer $10,000 worth of lottery spending where the lucky player really only spent $2. The computations required are only moderately complex.

Activations $pca
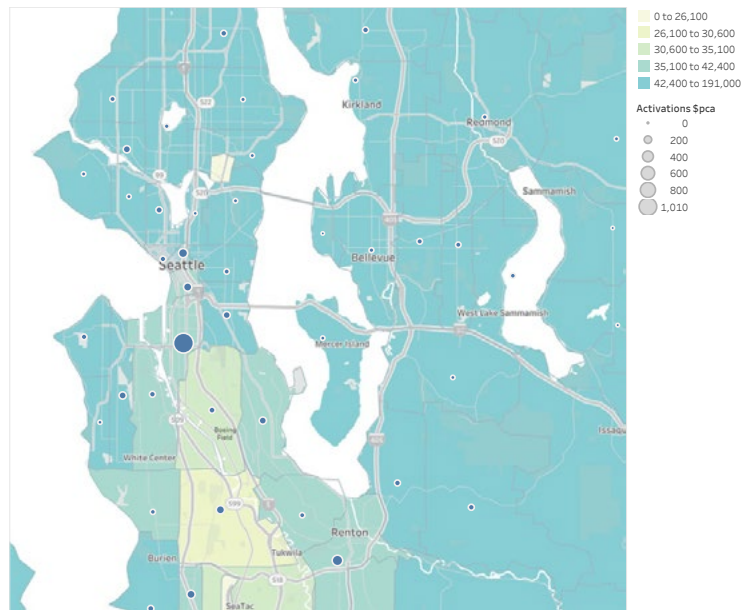
Map based on Longitude (generated) and Latitude (generated). Size shows sum of Activations $pca. Details are shown for Zip.

Consumption $pca
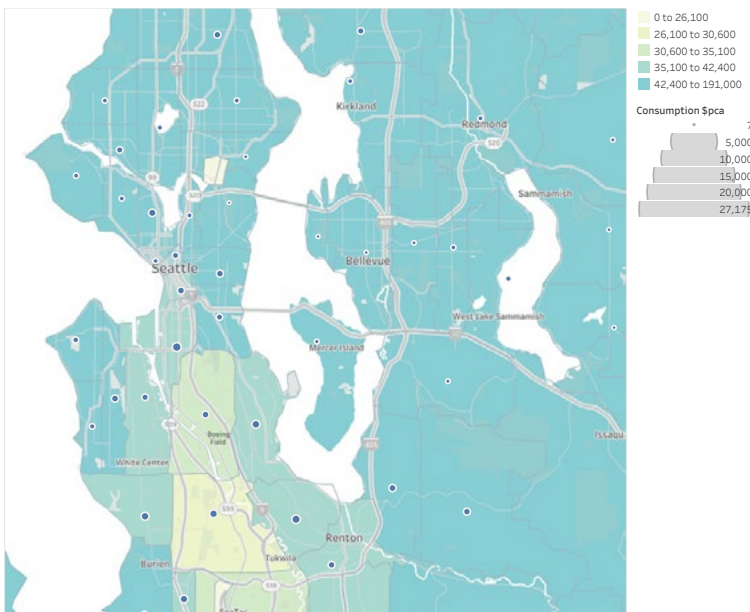
Map based on Longitude (generated) and Latitude (generated). Size shows sum of Consumption $pca. Details are shown for Zip.

This is the basis of mapping winners, and inferring purchasers. It is filling in the map with a very broad brush indeed. But when I put purchases into zip codes and compared them to sales, I saw there is a lot of importing and exporting going on. Particularly, sales in some areas amount to much more than local consumption.

In particular, zip code 98134, with the highest rate of Scratch activations (over 1000 $pca), has a moderate rate of Scratch consumption- about 116 $pca. At the last census it was home to 636 people, and some thriving stores, in metropolitan Seattle. The maps shown here contrast two different views of the situation: the first is based on where lottery ticket activations (commonly called "sales") happen, and the second is based on where winners live. Note that "consumption," in contrast to "activations," is remarkably consistent across zip codes.

In summary, I would suggest that any lottery be prepared to share the answer to the following question: "When the address of the winner and the address of the selling retailer are both known, how much of the time do they share the same five-digit zip code?" This is good to know in any case, and some of the time it may serve to prevent a story based on zip codes becoming the sensation of the week. ∎

Mission Accomplished:

Lottery Industry Education

NASPL's 2017 conference season kicks off in April with the Lottery Leadership Institute,
one of four events throughout the year.

By Patricia McQueen

One of NASPL's prime missions is to provide educational opportunities for lottery industry employees, and a big part of that comes from three major annual events open to everyone in the industry – each providing unique learning and networking opportunities for those in attendance.

The 2017 conference season gets underway in April with the Lottery Leadership Institute, being held in St. Louis from April 2-7 and hosted by the Missouri Lottery. This unique event is limited to a small but eager group of individuals (about 80 in recent years) ready to take their industry knowledge and leadership skills to the next level.

NASPL's signature summer event is the Professional Development Seminar, hosted this year in Nashville by the Tennessee Education Lottery and scheduled for July 24-28. It's a great chance for lottery professionals in virtually all disciplines to come together for working meetings and networking – participants are often those not attending the association's annual conference in the fall. In recent years, Professional Development attendance has topped 400 hard-working, hands-on individuals.

In the fall, NASPL's annual conference and trade show is the industry's primary senior-level event. Renamed last year to reflect its purpose, the Business Development and Product Innovations Conference will be held in Portland, Ore., on September 13-16, hosted by the Oregon Lottery. Some 800 lottery and vendor executives make this a must-attend event on their calendars each year.

While each of these events provide valuable face-to-face interaction and networking for those in attendance, NASPL also makes it easy for others to view videos of selected sessions and download copies of presentations made during each conference. These are stored on the NASPL Matrix website and are accessible by all NASPL members.

A fourth event brings lottery chief executives together for an in-depth discussion of industry issues and conversations about the future direction of NASPL. This year's Spring Directors Meeting will be held in Denver on June 11-15, and will include the Vendor Dialogue, where associate members at Levels 1, 2 and 3 are invited to interact directly with lottery chief executives on topics of their choice.

Lottery Leadership Institute

The unique Lottery Leadership Institute provides an overview of the lottery industry and the current issues facing all stakeholders, but its biggest asset is the focus on developing valuable employees and creating leaders to carry the industry forward. The goal is to bring out the very best performance in employees at all levels.

Through panel discussions, seminars and interactive exercises, attendees will come to recognize their personal leadership styles, skills and strengths, and the impact they have on others. They will learn self-awareness, social awareness, effective communication skills, time and project management skills and self- and relationship-management.

This year's conference program opens Monday, April 3, with an introduction to the lottery business – many attendees are often new to their jobs or focused on their specific roles without a big-picture appreciation of what it takes to run an $80 billion industry.

That is followed by three general sessions. The first is a panel of lottery directors discussing working in a political environment. Next is a discussion about lottery retailers and their role in the industry. Finally, vendors take the stage to discuss their partnerships with lotteries.

Tuesday's program features John Rodgers, Jr., a specialist in the Dale Carnegie Training program, who will take participants through a day-long leadership training program. Topics include: Developing Personal Leadership; Communicate to Lead; Leading Across Generations; The Five Competencies of Leadership; and Recognition and Appreciation.

The next day, the popular Dr. Kay Potetz returns with a comprehensive program on "The Other Side of Leadership," with the topics Attitude Adjustments, Laughing Matters and The Joys of Stress Management.

Lottery Leadership wraps up Thursday morning, April 6, with another general session and some final comments to tie everything together.

For more information visit: **www.naspllotteryleadership.com**

Why people attend Lottery Leadership:

"To learn new ways to coach and motivate my staff as well as learn new things about myself."

....

"To build my knowledge about the lottery industry and learn skills that will help me be a more effective and inspirational leader."

....

"To get insights into how to support our customers with their strategies and objectives."

Professional Development Seminar

The industry's attention turns to Nashville in late July, as the Professional Development Seminar gets underway with a welcome reception on July 24. This event is noted for hands-on workshops in all the major lottery disciplines – accounting, audit, information technology, legal, product managers, public relations, research, sales and marketing, and security. This format allows for candid discussions and information sharing among participants, and provides attendees with tangible ideas about how to take advantage of the industry's biggest opportunities and find solutions to its biggest challenges.

There is no better way to promote communication within the lottery industry, provide education through real-world problem solving, hear case study presentations and experience unsurpassed networking opportunities.

Although these workshops are the bread and butter of this event, several general sessions give a broader view of major industry issues and topics relevant to business in general. At this writing, one of the country's most talked-about speakers is scheduled to give a powerful motivational address on Diversity and Leadership, as Patricia Russell-McCloud, Esq., takes center stage on Tuesday, July 25.

On Wednesday, NASPL President Rose Hudson, Executive Director of the Louisiana Lottery, shares her thoughts on the industry. She will be followed by a Women in Leadership panel, featuring top executives from lotteries and vendors around North America.

And what event in Nashville would be complete without a visit to the Country Music Hall of Fame & Museum? All attendees are invited to a social night out on Wednesday, July 26, taking a break from the work of the day.

For more information visit:
www.nasplprofessionaldevelopment.com

Annual Conference

The final NASPL event in 2017 is the annual conference and trade show. Last year, host Georgia Lottery shook things up with a new educational format and some true southern hospitality, all of which came together in a big way for the inaugural Business Development and Product Innovations Conference. But truthfully, each host lottery brings a lot of its heart and soul to the conference year after year, building on local flavors and traditions to make each one a truly memorable experience.

Expect no less in Portland, Ore., come September! While still a long way off, the wheels are turning behind the scenes to build an educational program, trade show and networking event everyone can be proud of.

The conference theme is SHIFT YOUR GAME! After all, lotteries are finding themselves in a rapidly shifting environment in a multitude of areas: business, marketing, branding, retail, digital, social media, products, player base, social responsibility and flexibility.

Through a thoughtful series of keynote speakers and truly educational sessions, SHIFT YOUR GAME! will come to life in Portland. Stay tuned for more information as we get closer!

THREE-DAY EVENT!

N'17 Nashville SPL

PROFESSIONAL DEVELOPMENT SEMINAR

HOSTED BY THE
★★★
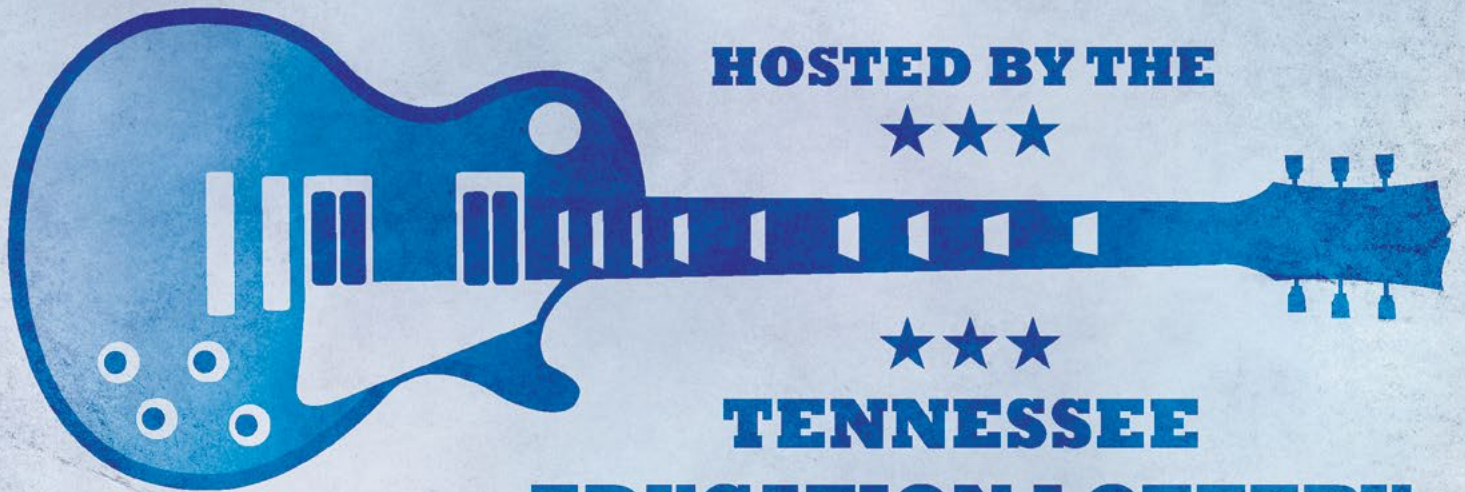
★★★
TENNESSEE EDUCATION LOTTERY

★★ NASHVILLE, TN ★★

July 24-28, 2017

For more information visit:
www.nasplprofessionaldevelopment.com

LOTTERY
TENNESSEE

Not only does Experience Matter, but THE Experience Matters

By Frank Cecchini, Chief Executive Officer, Novomatic Lottery Solutions

Commerce has always enveloped the emotional complexities of the human experience. Ancient Mesopotamians, living in the cradle of civilization centuries and centuries ago, bartered with visiting merchants that had brought them the goods they desired. Frontier survival in any land is often dependent on trading what one has for what one needs or wants. In each exchange, some element of emotion is part of the bargaining. Satisfaction, gratitude, relief, pleasure, pride. In fact, lottery as a form of commerce has survived for thousands of years in large measure because of the emotional elements of hope and excitement and in some cases, civic duty that can be an intrinsic part of the ticket purchase.

Part of the value of any purchasing experience for a buyer is just that, the experience. Never has this been more true than in this age of multi-channel merchandising, loyalty programs, buyer behavior profiling, highly individualized customer service and subscription retailing.

The sheer capacity to gather customer intelligence through the power of current technology has made consumer metrics the most critical element in the merchandising paradigm. Knowing the customer is the first step to pleasing the customer both in product satisfaction and in the experience of the purchase.

Consider one simple scenario – on an average Saturday afternoon the Hughes family is tending to household chores. Mrs. Hughes is a member of the Home Depot Garden Club and responds to a text message from Home Depot telling her the tulips she buys every spring are in stock and on sale at the store. Three days before, Mr. Hughes ordered their new garden tools online that were shipped to their house after receiving an email from Home Depot offering a coupon for 30 percent off all merchandise and shipping. Mother's Day is right around the corner. The same customer profiling that synchronized the activities at the Hughes' home with the purchases they made is already set to send Mr. Hughes an email with suggestions for a Mother's Day gift based on Mrs. Hughes' Home Depot Garden Club history.

In the 2017 world of commerce, the above description is now commonplace. It is a sales strategy that utilizes customer data willingly offered by loyal Home Depot customers through store loyalty membership and in other cases, through subscription programs. Having some basis of knowledge about the customer as an individual elevates the purchase experience to the point of being an interactive, enhanced customer service experience – and that promotes future loyalty.

Enhancing the lottery experience

Where does lottery stand in its sophistication of individualized customer service? As a business that is currently tied to retail marketing and needing to significantly expand its retailer presence to a broader variety of retail chains, is lottery maximizing every available player intel access point?

To be viable and valuable in this retail world requires a two-point strategy:

1. Effective use of data analytics that will allow lottery games and products to fit in a broader variety of trade style stores.

2. Assimilation of lottery technology with existing retail sales systems. Our current solutions make it possible to merge into the individual sales systems of retail. Lottery no longer has to bring added equipment and processes that are outside of the retail-specific shopping experience.

If the local electronics shop processes transactions by using a sophisticated PC with a Verizon WiFi payment solution, touch screen and card reader, lottery can now live there. Add to that the opportunity to connect with customer through a "Follow us on the Internet" or "Sign up for Lottery Subscriptions" message on the printed receipt and lottery becomes far more relevant.

Enhancing the lottery experience even further, we now have the technological capacity to collaborate with retail in designing games that award prizes tied to specific retail products. As you check out of the electronics shop with your new TV, the clerk asks "Would you like to add a one dollar lottery ticket to your purchase? It's an instant win game and the top prize is 50 percent off this purchase."

Because all of our lottery gaming is now one solution, not a composite of various channel systems, we now have the capacity to build far more meaningful retail and player relationships.

Another example is extending the Keno experience to allow players to buy their ticket at retail, scan their Keno ticket barcode onto their mobile phone and play it on an app. As legislation allows, playing Keno can now be an entertainment experience that seamlessly blends the retail buying experience with the convenience of online game viewing and automatic funds transfer of winnings. By using smartphone applications, connection to Keno is enriched for the player while within operating regulations for the lottery.

With truly modern technology and architecture, taking full advantage of what could be done in retail, mobile, tablets and PCs is now a practical reality.

Conclusion

This is a very exciting time for lottery. We finally have the capability to remove the "pain points" that have been associated with lottery equipment and business processes. We can now look at our industry from the perspective of collaborative new retail relationships and personalized player experience experiences. Now is the time to ask, "When Amazon opens the newly designed stores that allow customers to pick up items and walk out of the store with no in-lane payment but rather simply track and charge selected items to a person's Amazon account, how will lottery fit into that retail model? ∎

Retail as an experience

Retailers are focusing more on the experience and the "value add" over online, rather than the actual product being sold.

This trend will solidify in the coming years and become "the way" to retail

Lotteries must support this trend in anyway possible. Games integrated with values that resonate with the trade and agile solutions will be key to success

Personalization

From Diesel's laser stitching jean customization machine to miAdidas and the coming 3D printing revolution, customers increasingly expect to be able to customize products to suit their unique tastes

This trend will only solidify over the next few years and become the new norm

Agile lottery solutions and low experimentation cost will be key as we explore ways to take advantage of this trend

Retail is data driven today

Retailers, especially big chains, are data driven and use advanced data analytics to steer their business and better engage customers.

This is the norm today and will only increase in the coming years

We must be able to feed data effectively to multiple external systems as well as prove, through data, that lottery has value

THE LOTTERY

Bay State Bonanza

The Massachusetts Lottery, always among the top performing lotteries, has raised more than $24 billion for cities and towns since its launch 45 years ago.

By Patricia McQueen

A mere two years after the Massachusetts Lottery came into existence in March 1972 as one of America's first few modern-day lotteries, it launched the industry's very first instant lottery ticket. Could anyone have foreseen back then that the little piece of paper would become the dominant force in this country? Certainly it was the single most important factor in making the Massachusetts Lottery what it is today.

Of course it wasn't the only factor. Cultivating a close relationship with a network of 7,500 retail partners, building the country's largest Keno business and creating successful partnerships with major sports teams in a market crazy about those teams are other key elements. Combined with some unique market and demographic factors, it all comes together to create a lottery that generates more sales per capita than any other. All that would mean little, however, without the operational integrity needed for consumer confidence.

"Anyone that's been involved in the Massachusetts Lottery is going to take a lot of pride in the integrity of the product and the integrity of the operation," said Executive Director Michael Sweeney. "You simply cannot put too high of a premium on the integrity of what you are doing – with the product and how the games are conducted along with how the lottery presents itself to the public. All of those things have to be done well. That's really the bottom line."

The bottom line, financially speaking, is impressive. Like every lottery, its primary mission is to generate revenue for beneficiaries – in this case, the Commonwealth's 351 cities and towns. Through FY16, the Massachusetts Lottery had produced more than $24 billion for those cities and towns since its inception, and is on pace to generate another $1 billion when the current fiscal year wraps up in June. Its FY16 sales total of $5.2 billion ranked it fourth in the U.S. in total sales.

With such success, of course, always comes challenges. Challenges to keep growing, to keep retailers and players happy, to keep up with ever-changing technology and consumer dynamics, and even challenges to correct any blips along the way. And there will be hiccups, either with unforeseen circumstances or with things that didn't work out as planned. But that's all part of the process. "You cannot become complacent," emphasized Sweeney. "Even though you may be a leader, you have to be willing to take risks, and that can make some people uncomfortable."

Instant ticket dominance

To become a leader, Massachusetts took a big risk many years ago in the way it developed its instant ticket program, and has seen that bear fruit year after year. "I think that the long-term decision that was made to offer what I would call substantial prize payouts was the right way to go. I think it's the direction that other lotteries should continue to move in as quickly as they can."

Instant ticket sales were $3.6 billion in FY16, almost 70 percent of its total sales of $5.2 billion. That translates to more

The Massachusetts Lottery has strong – and visible – partnerships with the Boston Red Sox and New England Patriots.

than $530 in sales per capita on instant games alone, although like any lottery, per capita sales is not entirely an accurate reflection of success in the market, or lack thereof. Massachusetts sits in a tight New England market, with regular traffic flow-through from people who live elsewhere but work in the state.

The Lottery's average prize payout for its instant games last year was 77.9 percent, and by limiting the number of new games introduced each year (averaging 29 to 32) it can build bigger and better games.

Those games include the Lottery's first $30 instant game, World Class Millions, launched in 2014. The top prize for this game (and subsequent $30 games) was the largest ever offered on an instant game – $15 million (paid as an annuity or at the current cash value). The Lottery launched its first family of multiplier games, X Times the Cash, in 2013, and continues to use game families in a variety of ways.

While developing high prize payouts early on has served the Lottery well, it also removes that path as a driver of growth – a tool other lotteries have used in recent years to drive sales as they increased payouts. Instead, it has to rely on a number of other tools unique to instant games – visual cues like colors, graphics and key words, and more substantial things like prize structures, game play and game features.

Some of those things require taking a little risk, as even something new that has worked in other markets doesn't necessarily work in all markets.

The Lottery's first family of games, introduced in 2013.

"We all need to be more aggressive each year about trying to pilot one or two tickets that may be fundamentally different than what historically has been offered," said Sweeney. He noted that this year Massachusetts is doing a "Scratch My Back" ticket with play on both sides – not the first time such a ticket has been done, but the first time in Massachusetts. "We have to be willing to test in the market, as opposed to just rolling out the same line of tickets."

His team has also been closely examining the Lottery's extended play tickets and looking at ways to maybe add even more game play – things such as various multi-play features and folds. Prize structure is another area to look at – prizes bundled in the middle range rather than a few multi-million dollar prizes.

"I don't know how many tricks there are left in the format that currently exists with instant tickets and their hard, physical nature. But we have to keep pushing the private vendors, and ourselves, to try to think of new concepts."

Beyond instants

The Massachusetts Lottery does, of course, have other products that need tending. It sells more Keno than any other American lottery – more than $900 million in FY16. That also goes back to its heritage of cultivating retail partners – Keno is not limited to liquor-licensed establishments as it is in some jurisdictions.

It hasn't been quite as successful finding a second monitor game to complement Keno, although Sweeney is quite pleased with the performance of All or Nothing in that space. Like Keno, All or Nothing is drawn every four minutes. Launched last July, the game started out with strong sales supported by a multi-media paid advertising campaign and a robust retailer education effort to build awareness and anticipation. Sales have since fallen, as expected of a new game, leveling out around $1 million a month – 400 percent ahead of what the previous offering generated in that space. "Even if the leveling off point moves 20 percent lower, this game will still be considered an overwhelming success."

That said, Sweeney added that it may be desirable to rotate new games into the second monitor slot more frequently – perhaps every two years or so – to provide variety for the players in addition to the Keno they've grown to love.

All or Nothing and Keno both have a "to-go" component, enabling players to purchase the game at all retail outlets, not just those equipped with monitors. Together with a dedicated mobile app, players can view drawings on any mobile device.

The rest of the Lottery's draw games – the multistate Mega Millions, Powerball and Lucky for Life, plus Megabucks Doubler, Mass Cash and the Numbers game, are minuscule by comparison to its monitor

and instant portfolios. Combined, they brought in just 13 percent of total sales last year, compared to more than 30 percent on average at other lotteries across the country. It's something Sweeney and his team are actively examining.

He thinks there's still a lot of potential for these games – doing more with branding and advertising, for example. He's optimistic that with more collaboration between states, everyone can benefit. From sharing details about in-state games – what's working and not working – to finding more synergies with the multistate games, he believes considerable growth may still be achieved. "We really have to try to be more collaborative, be more conscious of each others' advertising budgets, of what campaigns are running in certain areas of the country at what times – to see if we can do a better job of creating synergy as the momentum builds around jackpots or even just particular drawings and draw nights. I think we could all do a better job on all of that. It's really about communication and being more aware about what everyone is doing."

High on partnerships

With many of its games and promotions, the Massachusetts Lottery has been able to take full advantage of the strong and enthusiastic market for professional sports in New England. In 2006, it was the first lottery to partner with Major League

Baseball for an instant game featuring a team logo – in this case the Boston Red Sox.

That has since expanded to partnerships with the New England Patriots, the Boston Celtics and Boston Bruins. "These partnerships and co-branding brought in some new concepts for players," said Sweeney.

In fact, he sees corporate partnerships as one avenue towards sustainable growth in the future, going way beyond the sports world. "We're looking for synergy with other products, brands or entities," he explained – those that the Massachusetts Lottery could associate itself with that would project the right type of image about what the Lottery is. "I think there are a lot of good partnerships out there that maybe haven't been explored in the past for whatever reason, and they could create some good dynamics, energy and market growth."

Sweeney is also starting to explore corporate partnerships in another way – direct sales to large companies, which could then use lottery tickets as promotional items or rewards to employees or customers. Although there are a lot of elements that would need to be worked out, including sales, compliance and legal issues, "I think that's an untapped customer base and it could provide a pathway for growth."

In-house talents

Aside from its games, another thing the Massachusetts Lottery is known for is eschewing the typical American model of having a vendor run its lottery gaming system. Sweeney is a staunch advocate of a lottery running its own system – he thinks it creates a truly productive dynamic between

Massachusetts Lottery at a Glance

	Total Sales	Prizes	Net Profits
FY2016	$5,222,058,000	$3,842,314,000	$989,411,000
FY2015	5,003,435,000	3,641,351,000	985,879,000
FY2014	4,852,378,000	3,515,623,000	974,562,000
FY2013	4,839,266,000	3,523,859,000	955,801,000
FY2012	4,729,599,000	3,396,833,000	983,786,000

Current games:

Instant tickets: About 29-32 new games per year; $1, $2, $5, $10, $20 and $30

Terminal games: Mega Millions, Powerball, Lucky for Life, Megabucks Doubler, Mass Cash and The Numbers Game

Monitor games: Keno and All or Nothing

Vital statistics:

Number of employees: 395

Number of licensed retailers: 7,500 (1,729 equipped w/keno monitors)

Vending equipment: 508 self-service terminals; 1,034 ITVMs

a government-run lottery and the private industry that provides the equipment. "It helps to keep both sides honest, for lack of a better word, and also more innovative."

He also thinks having all that in-house talent gives the Lottery more flexibility with decision-making. "Occasionally it does present us with an opportunity to be first to market, or to really chase down something in partnership with other states that maybe we would not have been able to do so easily had we been modeled in a different manner."

That's not to say that Massachusetts doesn't work closely with its vendors. "Like other lotteries we are constantly pushing the private sector to come up with better ideas and new ideas, and we provide encouragement for out of the box thinking." After all, lotteries all face similar challenges. Retail mergers and acquisitions and the changing face of retail, for example, and how to continue to appeal to the current player base while attracting the emerging younger demographic. And critically, how to keep up with the technology changes that are going on everywhere, impacting consumers and retailers alike – everything from mobile devices to how people engage in entertainment and conduct monetary transactions. "We need to be on top of that and we need to be on the cutting edge of that more than we have in the past."

While no one would disagree, the challenge to get there is often political. But Sweeney thinks that it should be on the shoulders of lottery officials themselves to change the political environment to allow lotteries to keep up with the rest of the world.

"All of us as a group need to do a better job of communicating with local and state officials as to what's happening to the individual lotteries and with the lottery industry in general," he said. "But I think we should be approaching this a little bit differently. I think these conversations need to be shaped around what's going on in the consumer world – how are consumers actually interacting with the marketplace in general. These conversations should not be about the lottery, they should be about how are consumers interacting with the marketplace and with commerce." Perhaps by being too lottery-centric, lotteries are losing ground in their efforts to keep pace with the rest of the world in terms of meeting consumer expectations.

From collaboration to growth

Collaboration with others is really one of Sweeney's driving considerations these days, to move not only the industry forward but to benefit the individual lotteries as well. He spends a lot of time looking at what other lotteries are doing – new games, new promotions and research, for example, knowing there's no need to always reinvent the wheel. "Learning what everyone else is doing and how they are approaching problems helps us see where we should be," he said.

He is really impressed by the way the Michigan Lottery has established itself with online lottery sales, for example. "We are a state that is trying to position ourselves for that type of future, so I've definitely learned some lessons from what Michigan has done." Should online sales be allowed in Massachusetts, Sweeney is happy to borrow best practices already being established by Michigan and other online trailblazers.

Massachusetts State Treasurer Deborah Goldberg, who serves as chair of the Lottery Commission, has filed legislation to allow online sales. Similar legislation has been filed by members of the House and Senate.

Whether or not online sales come to pass, Sweeney has other ideas for capturing the emerging demographic – and increasing revenues at the same time – with social gaming. "We want to draw people into our website, into our mobile apps, with social games. I think that's a real area of growth, with marketing, branding and revenue generation."

With enough creative talent out there to produce strong games that don't need a gambling element to succeed, he thinks these games might be able to carry a separate advertising revenue stream. That revenue would then be funneled to the lottery, providing an additional revenue source. "We are actively pursuing this as strongly as we can, so I'm hoping over the next year to have more information, even perhaps get something launched as a pilot, to see what the marketplace reaction is and how realistic the ad revenue stream could be."

Collaboration, partnerships, risk-taking – all that is necessary to maintain the growth that lotteries have been enjoying, growth that their beneficiaries have come to count on to fund critical needs. For Sweeney, it's not all about Massachusetts or any single lottery. It's about the industry. "I think we all have to really come together and have a message that is more unifying and dynamic. I really want to emphasize that we just constantly have to get ahead of technology and how people are engaging with commerce in general, and that's where we'll find the answers to where lotteries need to go." ◼

The Holiday Experience

The November/December issue of *Insights* featured a gallery of holiday tickets from a number of North American Lotteries. In this regular follow-up feature, we asked those participating lotteries to wrap up their experiences during the holiday season – what worked, what didn't work, and how they will plan for holiday 2017. Their responses follow, as compiled by Patricia McQueen in late February.

British Columbia Lottery Corp.

BCLC's holiday lineup included ten games: two each at $1, $2, $3 and $5, and one each at $10 and $20.

Most successful game(s):
Our most successful ticket this year was our $20 Holiday Gift Pack. This is the fourth year that we've launched a $20 Gift Pack product and it continues to experience year-over-year growth. Players and gift-givers like this product because it contains nine different tickets in a foil-printed pouch. It also has great odds at 1 in 2.0.

General holiday strategies:
Our strategy for every holiday season is to offer improved odds with a focus on smaller wins to ensure that more casual players (who often receive the tickets as gifts) have a more frequent winning experience. We offer ten tickets in our holiday lineup, launched in two flights – one in mid-October and the second two weeks later. This year, we added a quirky $2 product called Ugly Sweater and launched our first Canada-wide holiday ticket called $10 Holiday Riches.

We support our holiday period with in-store POS support, print media, radio media and digital advertising. A large part of our Christmas strategy is our Tech the Halls second chance contest. This year, we added new features including giving players the ability to trade in their entries for spins on our Spin & Win bonus wheel, where they had the chance to win more entries, less entries or a $50 instant win gift card. We also gave players the ability to allocate their entries into whichever prize draw they preferred, and continued to give them the ability to re-allocate their entries as the contest progressed. Both of these features were added in order to encourage ongoing engagement with the contest. And it worked! We saw increases in the average value of tickets entered per player, as well as the time spent on the site per visit.

Major lessons learned in 2016:
We will continue to offer a robust product lineup consisting of ten tickets with different themes so that there's something for everyone. We were thrilled with the results in our Tech the Halls second chance contest this year, so we'll continue to evolve this into an even more engaging experience for players.

California Lottery

California's holiday lineup included four games: one each at $1, $2, $5 and $10.

Most successful game(s):
We introduced an innovative product that strongly supported our gift-giving strategy for the holidays. The $5 Happy Holidays game was a 4x8 card that folded into a fun holiday card. There was a key number match game inside and 10 more chances to win on the back, plus a place to write a personalized message. This product cannot be dispensed in vending machines and therefore was only offered in featured dispensers at approximately 80 percent of our retailers.

General holiday strategies:
Our strategy was to continue the gift giving look and feel to our holiday Scratchers. The $1, $2 and $5 price points were the same as last year and all of them featured a "To and From" on the ticket. We also launched Golden Ticket at the $10 price point a month earlier that was also featured in our advertising. It had performed extremely well in testing and had a unique horizontal layout. Golden Ticket was not strictly a holiday game and was in market for the normal time. Luckily it complemented the holiday tickets nicely. Again we offered players a complimentary gold envelope at retail that was featured in our ad campaign. The holiday ad campaign included TV, radio, out of home and owned media.

Major lessons learned in 2016:
Since we did not have advertising that was focused solely on our innovative product Happy Holidays, we felt that perhaps players were unaware of this special card. In the future, with the limited holiday sales period, we would probably not offer a product that could not be sold at all retail locations.

Colorado Lottery

Colorado's holiday lineup included four games: one each at $1, $2, $3 and $5.

Most successful game(s):
We were very pleased with all four games in our holiday lineup this year. And while each of the games sold out at least 90 percent of their available inventory, $5 Holiday $urprize outperformed all of them selling out 98.8 percent of its inventory by the end of December. This game had a strong holiday theme and featured metallic inks and a textured coating that gave the ticket a richer feel. In addition, Colorado's $5 price point is by far the most popular and has become an entry level price point for new or infrequent players.

General holiday strategies:
This season we stuck to our tried and true holiday marketing campaign which includes POS, TV and radio advertising (new TV and radio spots were created to support this year's games), internet banners, second-chance internet promotions and various social media efforts. New this year was an interactive digital game called Dancing Through the Snow where players could play via their electronic devices. This was promoted via our website and mobile app. No purchase was necessary, and players could play as many times as they wanted to improve their leaderboard score and share their success via social media. The scratch games launched on Oct. 17 with advertising support beginning the first week of November. The games feature inventory levels that have been adjusted over the years to ensure the games sell out by Dec. 25 or earlier.

Major lessons learned in 2016:
We were very pleased with the performance of the holiday game lineup and will continue to support the games with a comprehensive marketing campaign. If anything, we will continue to expand on our current program with even more robust interactive opportunities and social media promotions.

WE KNOW **PLAYERS.**

At Ipsos, we are your lottery and gaming research experts. For over 20 years, our team has been delivering insights into the habits, attitudes and desires of the gaming population. By combining the strength of our global resources with a dedicated team of researchers that specialize in the lottery and gaming sector, we help guide product development and ensure your advertising truly stands out.

Visit us at:
www.ipsos-na.com/research/marketing/lottery-gaming

GAME CHANGERS

Ipsos

Florida Lottery

Florida's holiday lineup included five games: two at $2 and one each at $1, $5 and $10.

Most successful game(s):
Our $10 game was arguably our most successful holiday ticket as we saw a year-over-year increase of around eight percent through the first 10 weeks that it was on sale. That translated into big dollars for us during the critical holiday sales period. Our entire holiday collection, positioned as a family, did exceptionally well this year, with each price point finishing in the black year over year, and total sales exceeding $155 million, up 4.3 percent from last year and 22 percent from 2014.

General holiday strategies:
We launched our holiday family at $10, $5, $2 and $1 price points to appeal to a wide demographic and fit every budget. We promoted the entire holiday collection as the perfect gift idea by themselves, and as a gift topper. The $1 and $2 games offer meaningful prizes and make great stocking stuffers or last minute presents, as evident by the large spike in sales at these price points just before Christmas. Those price points also attract a lot of new players who are trying

our games for the first time after receiving them from a friend or family member. The $5 and $10 games offer life-changing prizes that are affordable for light players but also appeal to core players.

We didn't make any changes from our 2015 strategy. In fact, we simply aimed to replicate the success. We've experienced tremendous success with our game families over the last several fiscal years and felt that the concept would naturally translate into the holiday season. Our goal was to create a cohesive and recognizable campaign that could penetrate through the clutter of the holiday season and promote the games as a purchase set. As far as sellout goals, we want to exceed previous year sales and maintain ample inventory through the holiday period.

Major lessons learned in 2016:
Maintaining sufficient supply of inventory at retail during the peak holiday period will continue to be our primary focus for next year. Our sales team did an incredible job of monitoring and dictating inventory levels. They did such a great job that we ran out of orderable inventory at our $10 and $1 price points right before Christmas. Some might argue this was exceptional order planning, but we likely left dollars on the table by not having orderable inventory available after Christmas.

Georgia Lottery

Georgia's holiday lineup included six games: one each at $1, $2, $3, $5, $10 and $25.

Most successful game(s):
For our holiday season this fiscal year, we launched a holiday game for all price points except $20. While all of our tickets performed well, the $25 stood out as especially successful. The $25 Jingle Jumbo Bucks scratcher has sold over $50 million in retail sales since launch and has contributed to the overall success of the holiday scratchers offerings. Additionally, we supplemented the holiday game sales with a spotlight family of scratchers called Cash Payout. This series launched in November, and we featured the total cash payout for each respective game within the title of each individual offering. Since launch, the series collectively has sold over $70 million in retail sales.

General holiday strategies:
During the holiday season we know that many players not only buy for themselves but also purchase seasonal scratchers as gifts. For these

reasons we made sure we had an abundant array of price points and play styles for all types of players. We also know that the holiday season has become synonymous with the Jumbo Bucks brand here in Georgia, so we made sure to have at least one product to meet that player demand. As in previous years we had a wide array of price points and play styles, and we advertised similarly on TV, radio and traditional POP at retail, so there was no major deviations in terms of strategies.

Major lessons learned in 2016:
When you reintroduce similar products, you must add value to the offering, such as a different price point, prize offerings and an enhanced look and feel and additional play action for players; otherwise, they just will not perform as well as the preceding product that's being benchmarked against.

Lottery Leaders Don't Cut Corners.

As leaders, you take your business seriously, and so do we. We don't cut corners. Lottery regulators, operators and suppliers have come to rely on us for the most accurate and efficient testing and our commitment to the lottery industry is as strong as ever. We understand you have a world of choices, which is why no other test lab in the world serves more lottery clients.

GLI®

gaminglabs.com

When It Comes to Quality, Leave Nothing to Chance.

Hoosier Lottery

Hoosier's holiday lineup included three games: one each at $1, $2 and $5. An additional seasonal $2 game (Frosty Fun) was launched in December, but it was not part of the holiday marketing campaign.

Most successful game(s):
The $1 and $2 game performed the best out of our holiday lineup. Of all three games launched, our $1 game would be considered the most successful; our inventory sold out as of Dec. 10 and we worked with our printer to get a reorder in time for the holidays.

General holiday strategies:
We positioned our three holiday scratch-offs as a manifestation of the holiday spirit in a full marketing campaign in which the message "Give More Scratch. Make More Merry." was central. Our goal was to build awareness of the three holiday scratch-offs amongst all players who would be out shopping for the holidays with an emphasis on attracting lapsed players. We also encouraged players to enter non-winning holiday tickets into our holiday 2nd chance promotion to increase engagement and brand loyalty.

We tried some new approaches in our retail strategy this year. One of those was incorporating floor clings and wobblers in baking aisles at grocery stores with a message to remind players that they can sweeten up the season or spice up the season by gifting holiday scratch-offs. Similar to last year, we encouraged our retailers to face the three holiday games in a promotional bin tower that was placed at point of purchase and decorated to encourage gift giving.

For our campaign, we partnered with Josh Kaufman, an Indianapolis native who won the sixth season of NBC's The Voice, to release a new holiday song which he wrote called "Home for the Holidays." This song was featured in all Hoosier Lottery commercials and radio spots that aired during the season. As an added bonus, we offered it to fans as a free download, carrying along the message of "Making More Merry." Josh Kaufman fans were also able to go to the Hoosier Lottery Facebook page to see special behind-the-scenes footage of Josh recording the song in the studio.

Major lessons learned in 2016:
We shifted our strategy for our second quarter scratch-off plan. Instead of launching a $3 and $10 holiday themed scratch-off in October, we launched standard scratch-off games at those price points. We saw a benefit in focusing on traditional scratch-off games rather than holiday. Our $10 ticket, Indiana Cash Blowout, performed 47.6 percent better than 2015's $10 holiday ticket, Holiday Riches. Our $3 ticket, 30X The Cash, performed 11.2 percent better than 2015's $3 holiday ticket, White Elephant. We also saw evidence that suggested that gifting increased among non-holiday games including $10 Super 50X (our large format ticket), $2 Frosty Fun and $10 Indiana Cash Blowout.

We achieved our most successful sales week in history right after Dec. 25 and expect to follow a similar strategy in 2017. We have seen sales trends that show Hoosiers enjoy more traditional offerings around the holiday time period. We will also continue to explore offering a 2nd chance holiday promotion to reach out to new players and to increase our digital presence. We will continue to evaluate our offerings for holiday 2017 throughout the upcoming months to ensure the right mix for both current and lapsed players and to continue to provide maximum return to the State of Indiana to support good causes.

Idaho Lottery

Idaho's holiday lineup included five games: one each at $1, $2, $3, $5 and $20.

Most successful game(s):
Our top performer for holiday-themed scratch tickets was the $20 Merry Millions. This game outperformed its predecessor from the previous year, Jingle Bell Jackpot, by 10 percent and ended eight weeks earlier than the game from 2015.

General holiday strategies:
We offered the same number of holiday scratch games at the same price points that we have offered over the past several years. The lineup this year included the $1 Blitzen Bucks, $2 Santa Paws, $3 Hot Cocoa Cashword, $5 Peppermint Payout, and the $20 Merry Millions. The $10 price point in our holiday lineup is reserved for our annual Idaho $1,000,000 Raffle game, which runs from October 31 through the last ticket sold.

Strategy wise, the Idaho Lottery created more winning experiences for traditionally new scratch players who receive these games as gifts during the holidays by increasing the prize payouts to slightly higher than normal with comparable tickets in their price range. In addition, we also had a goal to sell out the annual raffle game before Christmas.

The marketing campaign for the season was "All the Right Stuffers." This message focused on having a game, prize and play style that was suitable for everyone: friends, family, co-workers and players of all types. A small handful of stores, about 50, offered oversized stockings stuffed with scratch tickets and other Idaho Lottery premium items that we used for in-store promotions and second chance giveaways. This replaced a Shopping Spree promotion we had run the previous two years.

The biggest change in the game lineup from 2015 was in the $20 price point. This year, Merry Millions offered a top prize of $200,000. This game outperformed its predecessor from the previous year, Jingle Bell Jackpot, which carried ten $20,000 prizes.

Overall, through the holiday season the drive by players to purchase Idaho $1,000,000 Raffle tickets also contributed to the increase in holiday game sales. The raffle sold out prior to Christmas, meaning shoppers looking for last minute gifts switched to the holiday themed scratch games. In addition, we carried an overall, more well-balanced inventory of scratch games beyond the regular holiday lineup.

All of our holiday games had an identical print run to the previous year and launched in the same window as the previous year. Yet this year, through the end of the traditional holiday season, four of the five games outperformed their predecessors. Blitzen Bucks outsold its 2015 counterpart by 30 percent. The $2 Santa Paws outsold the previous year's $2 ticket by 20 percent and was on the market eleven weeks less. The $3 Hot Cocoa Cashword sold 10 percent more tickets and ended seven weeks earlier than 2015. And the $20 game, Merry Millions, had a 10 percent increase and was on the market

eight weeks less. The $5 game, Peppermint Payout, had a push against the ticket from the year before, however, this game was on the market ten weeks less than the 2015 game.

Major lessons learned in 2016:
This year we simplified our messaging and overall strategy. Selling out our Idaho $1,000,000 Raffle game before the final days of Christmas shopping was also an extra boost for the Lottery as last minute gift givers were looking for stocking stuffers and turned to the holiday themed scratch tickets. Players with scratch ticket winners on Christmas Day who returned to the retail stores after Christmas bought additional holiday games rather than last minute raffle tickets since that game's sales had ended. Reinvesting in more scratch tickets became the norm as players purchased nearly 10 percent more the week following Christmas than in 2015. Solid strategy combined with solid product made this year's holiday efforts a success.

The Billion-Dollar Jackpot
Draw Day is Coming.

Iowa Lottery

Iowa's holiday lineup included 11 games: two each at $1, $3, $5 and $10, and three at $2.

Most successful game(s):
The Crossword ticket is our most popular ticket in general, but it is especially popular during the holiday season. This player base is extremely loyal and just loves playing this game as well as giving it as a gift during the holiday season.

General holiday strategies:
We traditionally launch 11 holiday tickets in early October along with a coordinating holiday promotion that usually runs through mid-January. The price points and strategy remain somewhat consistent from year to year and players look forward to the new holiday games and Play It Again promotion. This past year we ran an all cash promotion titled Jingle Bills. Cash is our players' favorite prize, so we offered them repeated chances at cash prizes all the way through the holiday season. Sixty-five cash prizes were up for grabs during the promotion, which launched Oct. 11. The promotion had a total of eight drawings, with the number of prizes available increasing over time, starting with a $1,000 prize in the first drawing on Oct. 26, ratcheting up to 18 prizes of $1,000 in the final drawing on Jan. 18. In addition, a grand prize of $20,000 was awarded Jan. 18, which consisted of entries that were not selected in any of the earlier drawings. This promotion gave players three ways to win with each holiday-themed ticket that they purchased. They could win an instant prize playing the ticket; have a chance at a $1,000 prize if they entered one of the initial drawings; and have a chance at the $20,000 grand prize if their entry was not selected before then. The results showed year-over-year holiday instant ticket sales increasing along with the number of new VIP Club member sign ups.

Major lessons learned in 2016:
Our players have taught us to stick with what works! They like promotional variety but have come to expect a 90-day promotion (or longer) that gives them the opportunity to extend the number of ways they can win cash and prizes.

Kentucky Lottery

Kentucky's holiday lineup included three games: one each at $1, $2 and $5.

Most successful game(s):
Of the three holiday games we launched this year, the most successful game was the $5 National Lampoon's Christmas Vacation, which generated over $6.2 million in sales. Additionally, it was tied to a second chance promotion for a chance to win a $2,000 gift card from Genesis Diamonds, which garnered over 17,738 entries over a five-week period.

General holiday strategies:
Our strategy for holiday games has been consistent for several years now in that we only launch a $1, $2 and $5 game. We launch them in October and begin heavy promotion on Black Friday through Christmas Eve. We utilized digital advertising more this year than ever before, and had an increased social presence. This year, we did take a different approach to our holiday TV ad with a more heart-warming, feel-good spot as opposed to our traditional holiday ads which are typically more humorous in nature.

Major lessons learned in 2016:
While no firm plans have yet been made for next year, we will most likely reduce print quantities a bit and perhaps look at a family of holiday games, utilizing special paper or other specialty printing techniques.

Louisiana Lottery

Louisiana's holiday lineup included three games: one each at $1, $2 and $5.

Most successful game(s):
Our top selling scratch-off ticket for the 2016 holiday season was the $5 ticket, $100,000 Wish List, which contained three $100,000 top prizes. It continued to be a top seller after the holidays ended, which is highly unusual. The ticket indexed at 113, which is comparable to other $5 holiday tickets we've launched over the last few years.

General holiday strategies:
There were no significant changes in the product strategy for this year's holiday games. As in previous years, we offered tickets at the $1, $2 and $5 price points. To promote the 2016 collection of holiday games, we planned a host of marketing support from social media promotions to advertising, including:

Point-of-Sale: Materials included a front-counter mat that featured call-outs of all games and a player advertising display (PAD) spot that featured the scenes from each game to remind customers to purchase holiday tickets.

Advertising: On Black Friday, we placed colorful sticky notes on the front page of major state daily newspapers reminding deal-seekers that holiday shopping was in the bag, with print ads running in select publications. A four week flight radio campaign ran Nov. 7 to Dec. 4, followed by a two week listener call in promotion offering listeners a chance to win a Selfie Surprise Package, including a sampling of holiday scratch-offs and a Lottery-branded selfie stick. A month long internet ad campaign on key local news sites ran until Dec. 18, driving visitors to the Lottery's holiday landing page where they could learn about the games as well as ideas for gifting scratch-offs. Finally, outdoor digital billboards and digital pump tops featured holiday games through Dec. 18.

Facebook and Twitter Promotions: From Dec. 5-9, social media giveaways heightened the excitement of the holiday games. A Facebook timeline promotion prompted players to post a selfie of their favorite holiday surprise to the Lottery promotional post for a chance to win a prize package. On Twitter, players could retweet the Lottery's promotional tweet, including their wish list item and the hashtag #100KWishList for the chance to win a prize package.

Major lessons learned in 2016:
Our 2016 holiday games were launched during the first week in November, a little later than usual. We plan to launch the games for 2017 in October. We also plan to build on the success of $100,000 Wish List by identifying more traditional themed games to offer to players.
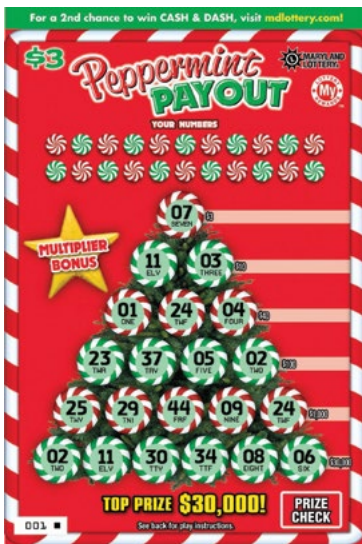
Maryland Lottery

Maryland's holiday lineup included five games: one each at $1, $2, $3, $5 and $10.

Most successful game(s):
Our $3 ticket, Peppermint Payout, had the best story of the 2016 holiday season. The ticket featured an extended-play key number match style game that utilized transparent latex. We've had success with extended-play games at this price point, and Peppermint Payout outperformed our $3 holiday tickets from the previous two years. A few factors contributed to this level of performance. First, the ticket's Christmas tree and peppermint candy artwork made it the most obvious holiday-themed design of our 2016 holiday tickets. In addition, the play style was unique and new to Maryland, and the ticket's alliterative title paired a holiday-themed item (Peppermint) with a gaming-focused word (Payout), allowing us to attract both core players and those drawn to holiday games.

General holiday strategies:
We made no changes in our overall holiday season strategies. The price points, launch dates, sales periods, retailer incentive program and marketing mirrored what we have done in the past. But we did make a change to the entry mechanism for our annual holiday second-chance contest. The new approach led to a dramatic increase in the level of engagement. In 2015, players received one second-chance entry for every $10 worth of holiday tickets they entered into our rewards platform. In 2016, we changed the parameters to one entry per $1 worth of holiday tickets. As expected, there was a spike in the number of entries. But the increase in the number of unique entrants was much larger than we anticipated. For the 2015 holiday second-chance contest, we had 20,566 unique entrants. In 2016, the number more than doubled to 41,608.

Major lessons learned in 2016:
The change in the entry mechanism for the second-chance contest was successful and is an approach we will consider again in the future. Our conclusion is that the lower entry barrier encouraged more participation by people who aren't core players, including non-players, low-frequency players and lapsed players.

Massachusetts Lottery

Massachusetts' holiday lineup included five games: two at $2 and one each at $1, $5 and $10.

Most successful game(s):
All of our holiday tickets performed well, with our $5 and $10 Holiday Magic tickets being the best sellers. These games' top prizes are a big selling point, with the $5 game offering the chance to win $1 million and the $10 game giving players the chance to win $2.5 million or $1 million. The $2 Frosty Cashword was an overwhelming success a year ago and proved to be very popular again this year.

General holiday strategies:
For the third straight year, we featured a family of holiday games at four price points: $1, $2, $5 and $10 with the theme Holiday Magic. Our paid and point-of-sale advertising was built around the magic theme, incorporating creative expressions such as "make long shopping lines disappear." To build further awareness of our holiday games, we ran a 12-day social media promotion that generated considerable engagement across multiple channels. As an additional holiday option aimed toward our extended play customers, we included a $2 Frosty Cashword game in our holiday launch for the second straight year.

Major lessons learned in 2016:
Families of tickets are conducive to creating a unified advertising campaign with a primary theme. Having gone with ticket families each of the last three years, we will entertain additional family ideas while also considering offering a variety of games. The success of our seasonal Cashword game clearly shows that there is an appetite for other options.

Missouri Lottery

Missouri's holiday lineup included six games: one each at $1, $2, $3, $5, $10 and $20.

Most successful game(s):
Our $5 game, Merry Money, performed very well, selling 27.5 percent higher than last year's $5 holiday game. The game was printed on foil paper and really appealed to our players.

General holiday strategies:
We wanted to offer a variety of holiday-themed games, play actions and price points, along with an exciting related promotion with experiential prizes. The promotion, Second Chance of a Lifetime: Yuletide Seaside, gave players a chance to win world-class escapes to vacation on a private island, sail on a private yacht in the Virgin Islands, or relax in Bora Bora. The games and promotion were supported through TV, radio and social media spots.

Major lessons learned in 2016:
Players loved the extra value added to our holiday games. Three of our six games were printed using special paper and one game using peppermint-scented ink, which resulted in record scratchers sales during the past holiday season.

New Jersey Lottery

New Jersey's holiday lineup included four games: one each at $1, $2, $5 and $10.

Most successful game(s):
The $10 Cash in a Flash game became the number one $10 game we had in the market, and it continued to be the top game well past the holiday. It had a unique prize proposition of $500 as the top prize, so that all prizes were cashable at retail. That's something we've been working on – we've had success with that type of game. The $2 Holiday Lucky Times 10 game is a perennial favorite for the holiday – we've been offering it for several years. The players look for it and it does very well for us. Overall our holiday games outperformed the prior year's games by about three percent, which also led to a record-breaking week of $42.7 million in sales.

General holiday strategies:
The only significant change in our holiday game lineup this year was with the $10 game. We made it more of a winter theme, rather than a holiday theme, because $10 games tend to be on the market beyond the holiday season. This winter themed game was still for sale in early March, but it was launched as part of the holiday lineup and marketed with the holiday games. Our advertising focuses on gift-giving, using all media including TV, radio and out-of-home. We tend to spend a lot of money during the holidays on promoting the gift-giving and the instant games, and we had a new TV commercial this year.

For the first time, we provided some added value to the holiday games by increasing their value as entries for our Million Dollar Replay second chance program, which runs all year. We typically give certain games added value as entries during certain times of the year. Our holiday games in 2016 had four times their face value when entered into Million Dollar Replay.

The theme of our POS material featured a Nutcracker image – we provided a large standee Nutcracker to retailers. It displayed imagery of all the holiday games and held lottery-provided holiday greeting cards; it also showcased our draw game holiday sampler, something new we added to our holiday gift-giving mix this year.

We did significant social media support, partnering with bloggers and other social media influencers, to run on-site "man on the street" remotes. We did a lot of little videos, like do-it-yourself Christmas gift ideas – using tickets as fun crafty gift ideas like folding them up to make ornaments.

We did well managing the overall inventory of games, making sure that we sold inventory through the holidays and didn't have anything lasting beyond the holidays.

Major lessons learned in 2016:
We liked what we did in 2016, especially with the winter themed $10 game. In years past, we just couldn't build a good $10 game at the small quantity required for a short-run holiday game. So by making it a winter theme instead, we could build a better game.

New Mexico Lottery

New Mexico's holiday lineup included four games launched in October, one each at $1, $2, $5 and $10, and two additional games launched in December, one each at $1 and $2.

Most successful game(s):
Our most successful game, Winter White Ice, indexed at 122. Much like trendy Christmas cards this season, our glitter-adorned game was popular. The game stood out in ticket dispensers with sparkling glitter and silver metallic ink. Even more exciting, players who purchased the game were delighted when they held it. The sparkle was even brighter and you could feel the texture of the glitter in your hand.

General holiday strategies:
In October we launched four exciting holiday scratchers: $1 Christmas Club, $2 Candy Cane Tripler, $5 Holiday Cash and $10 Winter White Ice. Additionally, in December we introduced $1 Holiday Chia Pet and a limited-edition $2 Holiday Betty Boop. This helped us refresh the game lineup and update our messaging. By Christmas, the $1, $2 and $5 games had sold out. Winter White Ice continued to sell thanks to its snowy winter theme.

All of the games were promoted with TV, radio, static and digital outdoor, digital media, radio promotions, buses and VIP Club member messaging. Themed with the tagline, "Oh What Fun it is to Play," the creative featured a traditional holiday appearance based off ornaments under a tree. The music sounded similar to "Jingle Bells." We even included a sparkling sleigh filled with scratchers circling under a Christmas tree in our animated TV spot. The $1 and $2 games were also eligible for entry in our Points and Rewards promotion. Special multiplier days like Black Friday and White Elephant were added in the Points and Rewards program for holiday celebrations.

Major lessons learned in 2016:
Overall, we learned that Christmas is a great time to enhance tickets with special ink and other special printing techniques. This helps the holiday games stand out and encourages players to play and give them as gifts. Christmas is also a great time to introduce new holiday pulses that will continue throughout the year. For example, Holiday Chia Pet and Holiday Betty Boop each have pulses for other major holidays like Valentine's Day, Fourth of July and Halloween.

New York Lottery

New York's holiday lineup included five games: two at $10 and one each at $1, $2 and $5.

Most successful game(s):
Our $10 Holiday Millionaire ticket performed extremely well. The look of ticket was the main driver as it stood out at retail. Its look and positioning as a holiday game, plus the fact it was four inches wide and vendible from any dispenser or machine, were the main drivers. This particular ticket offered a $1 million top prize, which is considerably lower than our usual $3 million for a $10 game; however it was also a 65 percent payout rather than the usual 75 percent for this price point. We are only allowed five 75 percent games per year, which we use for our $10 and higher priced games, but on the holiday $10 games we drop the top prize and can lower the payout – it only seems to work around the holidays.

General holiday strategies:
We did not make any major changes from prior years as far as launch strategy. We introduced four games just before Thanksgiving, generally at $1, $2, $5 and $10. We also released a second $10 game in early December. There are no sell out goals as we intend to continue to sell our strongest performers launched throughout the year and capture the holiday market just as it ramps up before Black Friday. This allows for strong sales and facings of our usual games, then a boost with the holiday games that sell quite well initially and then surge just before and after Christmas as tickets are purchased and validated as gifts. We did have a very strong advertising campaign, with the $10 Holiday Millionaire clearly featured at the end of the television spot.

Major lessons learned in 2016:
We reaffirmed the strategy works well for New York.

North Carolina Education Lottery

North Carolina's holiday lineup included five games: one each at $1, $2, $3, $5 and $10.

Most successful game(s):
All of our 2016 holiday tickets were popular, selling 88 percent to 92 percent of tickets printed. Our $10 holiday game, Holiday Millions, sold $4.5 million more than its 2015 counterpart, Holiday Gold, making it the most successful holiday game this year. The game's success was due to price point and theme. The $10 price point is our second-fastest-growing price point and our money theme games are our best performing. The success of the $10 holiday game showcases North Carolina's growing acceptance of premium price point tickets, which account for nearly 50 percent of our instant sales.

General holiday strategies:
We launched five holiday tickets in the beginning of November and aligned three weeks of TV and radio advertising with the launch. While price points for holiday 2016 remained the same as the previous year, we did change the theme of our $3 game and our $10 game. There were also two significant changes to our advertising/promotional campaign this year that proved successful. One change was giving holiday game players a second chance to win prizes through our rewards program, Lucke-Rewards. Players could enter any of the holiday games into Lucke-Rewards for a chance to win prizes ranging from $500 to $200,000. At the end of the promotion, we had over 6.6 million entries. We found that giving players the option to submit their holiday tickets into a second chance promotion encouraged new and lapsed players to visit our website and

North Carolina Lottery (Continued)

sign up for our rewards program. Another change this year involved capitalizing on our growing social media presence, creating a three-week social media promotion. We awarded a $100 gift card to each week's winner and held a grand prize drawing, with the winning player receiving a wreath made of the new holiday tickets and a $100 gift card. This promotion generated an extremely positive response on our social media channels.

Major lessons learned in 2016:
In large part due to the popularity of holiday games and the launching of holiday tickets in November, Merry Money, our $1 holiday game, was fully distributed to retailers before Thanksgiving and our $3 National Lampoon's Christmas Vacation holiday game was fully distributed by Dec. 1. While December 2016 finished as the NCEL's second-best month for instant ticket sales, we could have seen more sales if we had printed enough tickets to keep the games available for retailers throughout December. Looking ahead to holiday 2017, we will consider increasing ticket quantities so the games are more widely available throughout the entire month of December. Additionally, with the success we saw with our second chance drawings and social media promotion, we will likely utilize both of those strategies next year. We also may bring back a family of games approach, to maximize our marketing efforts on these games and to further encourage trial at multiple price points within the family.

Ohio Lottery

Ohio's holiday lineup included five games: one each at $1, $2, $3, $5 and $10.

Most successful game(s):
All of our holiday games indexed higher than all other games in their price point category. The standout was $1 Holiday Cash, a perennial holiday favorite, which saw its sales increase by more than $912,000, or six percent, from the prior year. However, sales of the five holiday-branded instant games were down $12.4 million or 13.3 percent compared to the prior year. The $2, $3, $5 and $10 holiday instant games did not perform as well as the holiday games the previous year.

General holiday strategies:
We continued to have the $3 game as an extended play game.

Major lessons learned in 2016:
We will not release a family theme for the holiday games. Our player base does not seem to respond well to any instant ticket family. Players look for consistency and didn't have time, or want to invest the time, in deciphering the difference between the Holiday Lucky Times 5, Holiday Lucky Times 10 and Holiday Lucky Times 20 games – they just bought the least expensive price point of these games. During the last two quarters of 2016, Ohio saw a decline in overall store sales statewide and this appears to have impacted holiday game sales.

Oregon Lottery

Oregon's holiday lineup included five games: one each at $1, $2, $5, $10 and $20.

Most successful game(s):
Based on sales our $5 game Silver & Gold was our most successful, with $2.1 million in sales. Our $1 Peng-Win Cash and $10 Holiday 7s each sold $1.9 million; $10 Holidays for Life sold $1.8 million and the $2 Season's Greetings sales were $1.7 million.

General holiday strategies:
Our usual strategy is to offer a variety of holiday games that appeal to each of our player segments. This year we did not launch a $3 Winter Crossword game because it did not sell out the previous holiday season. Instead, we launched a $20 Holidays for Life ticket. The addition of the $20 ticket helped to lift sales. We supported these games with our usual advertising package which included TV, radio, POP and promotions.

Major lessons learned in 2016:
Our holiday games are displayed in our four-game family dispenser and on the top row of our ITVMs. In past years after the holidays we filtered the tickets down into to the dispenser to continue sales into January. This year we ended activations at the beginning January and asked for returns to begin. We heard from retailers that they preferred to have the holiday games available in January so players who had winning holiday tickets could return to purchase them in January. In the future we will keep the games available until the end of January.

Pennsylvania Lottery

Pennsylvania's holiday lineup included six games: one each at $1, $2, $3, $5, $10 and $20.

Most successful game(s):
Our $20 $1,000,000 Snow Bank ticket had the most sales this past holiday season, bringing in $8.65 million the week of Christmas alone (over 12 percent of instant sales that week). This game was responsible for one-third of the holiday-themed ticket sales in the initial 10 weeks of the holiday launch. That said, we generally look at the successes of our holiday launches in terms of the group of games as a whole, not based on any individual game.

General holiday strategies:
As in the past, we launched our six holiday-themed instant games in late October. We heavily advertised and promoted our holiday-themed instant games through point-of-sale, television advertising, out-of-home advertising, and on our social media channels. While we kept the same price points as last year, we also launched another group of non-holiday games in late November, including our second game at the $30 price point. This strategy worked well for us in 2015 in terms of overall sales during the period, so we continued with that strategy this past year.

Pennsylvania Lottery (Continued)

As we have done for the past five or six years, we offered a second-chance drawing for all non-winning holiday-themed instant tickets. But this year's Secret Santa Second-Chance Game was also open to winning or non-winning terminal-based game tickets. The Secret Santa Second-Chance Game featured an interactive hidden object game that players enjoyed. While total overall participation for this instant/terminal-based combined second-chance offer was higher than any previously seen in Pennsylvania, total instant participation was down slightly from the previous year. We attribute this change to the addition of the terminal-based game tickets to the offer. Overall, it was an extremely successful second-chance offer that, among other things, brought in over 75,000 new members to our VIP Players Club.

Major lessons learned in 2016:
One lesson learned through player feedback is that they'd prefer to have separate second-chance drawings next year: one for holiday-themed instant games and one for terminal-based games. Some instant players felt frustrated that their instant game entries were essentially competing with the entries from the terminal-based games.

Rhode Island Lottery

Rhode Island's holiday lineup included four games: one each at $1, $2, $5 and $10.

Most successful game(s):
Holiday Dough (a relaunch from the 2015 holiday season) – it has a pine and ginger bread scent when scratched.

General holiday strategies:
We kept the same price points and re-launched the remaining inventory of last year's holiday games; the draw is low inventory with top prizes remaining. We over-ordered the $10 game to re-launch next season. Our goal was to sell out the $1 and $2 games by February.

Major lessons learned in 2016:
We learned that the $1 and $2 price points have slowed over time and plan on printing less of those next holiday season.

South Dakota Lottery

South Dakota's holiday lineup included three games: one each at $1, $2 and $5.

Most successful game(s):
The most successful holiday game for 2016 was the $5 Cold Cash. Weekly sales averaged $28,600 with final overall sales of $515,000. We made the conscious decision with the $5 holiday ticket to go with less of a direct holiday theme and more of a winter feel with a polar bear theme to give the game some longevity in the market if needed for better sell through.

General holiday strategies:
Our sales strategy included increasing the prize payouts, smaller ticket prints and extending the sales period by launching the tickets in October instead of November as in previous years. We kept price points the same as in previous years with $1, $2 and $5 games. In terms of advertising/promotional support, in addition to using traditional forms of marketing such as POS, TV, radio and digital billboards, we also included dynamic displays, online pre-roll and social media. The new forms of advertising were geared towards reaching customers

while they were in the retailer to increase the likelihood of a purchase and to promote the social aspect of giving lottery tickets as gifts.

Major lessons learned in 2016:
The smaller ticket prints allowed for quicker sellout, which helped to eliminate the problem we've had in the past of holiday tickets being out in the field longer than they should be, so we will likely continue that practice. Also the use of seasonal ticket art versus holiday-specific may have helped to broaden the games' appeal, so we'll follow that same strategy in choosing art next year. As for marketing, continuing to make that personal, social connection with players (current, lapsed and potential) is key and we'll take the performance measurements we have from the 2016 campaign to determine the most successful mediums to build on for next year.

Tennessee Education Lottery

Tennessee's holiday lineup included five games: one each at $1, $2, $3, $5 and $20.

Most successful game(s):
The $500,000 Holiday Bonus $20 instant game was our most successful holiday ticket during the 2016 holiday season. The game featured an elegant design and included features that proved popular, such as three bonus boxes for more chances to win up to $100, $200 and $500 instantly. We launched $500,000 Holiday Bonus a month before our other holiday games, allowing it to gain traction before adding to the holiday lineup. The game indexed at 108, sold out just after the New Year, and generated nearly $12 million in sales.

General holiday strategies:
We launched five instant games that included $1, $2, $3, $5, and $20 price points and a variety of themes designed to appeal to frequent, casual and new players. As mentioned, we launched $500,000 Holiday Bonus a month earlier to introduce holiday sales before enhancing the product line with additional games a month later.

The $3 price point game was an additional option for players as compared to the $1, $2, $5, and $20 options offered in 2015. This $3 game was Merry Jumbo Bucks Seasons, part of the successful Jumbo Bucks Seasons series. With the 2016 $2 price point, we side-stepped classic tradition for a more pop culture game with the Ugly Christmas Sweater Tripler product, which proved extremely popular and fun. We promoted this game in a variety of ways, including an Ugly Sweater Contest through our social platforms (Facebook/Twitter/Instagram). We also used these channels to suggest all of the holiday games as gifts, stocking stuffers and gift tags.

The $1 Holiday Treasures game presented a traditional design and a fun key number match play style with a $500 top prize. With space for a player to write in "To/From," Holiday Treasures was a clever stocking stuffer or office gift. And finally, our $5 offering Holiday Lucky Times 10 was a seasonal spin-off of our popular multiplier games.

Major lessons learned in 2016:
Adding a fifth game to our lineup meant additional sales and opportunities to attract and retain new players. It's likely we will continue this strategy for the 2017 holiday season. All of the holiday games were 80-90 percent sold by the end of the year.

Texas Lottery

Texas' holiday lineup included four games: one each at $1, $3, $5 and $10.

Most successful game(s):
$1 Hipster Holiday – the trendy whimsical theme for this game was attractive to our players and when we added it to a retailer pack settlement promotion, the sales really took off. Warehouse inventory was depleted within four weeks, requiring that we add a replacement game to the retailer promotion. It's a pleasant surprise to see a $1 ticket perform so well – Texas considers $1 to be an important introductory price point and we continue to work to introduce breakout products at this price point that will stand out at retail and attract new players.

General holiday strategies:
We removed the $2 price point from the holiday portfolio. In November, we launch a $2 Veterans Cash game and we've found that launching a $2 holiday game during the same time period crowds the price point. Also new this year, we introduced our first $10 holiday themed Super Ticket. Holiday Countdown Super Ticket was launched on the heels of our $20 Pop N' Pak game, Super Break the Bank. Both games performed well during the holiday season; however, the holiday themed Super Ticket didn't quite meet the sales levels of previously introduced money or numbers themed Super Ticket games.

Major lessons learned in 2016:
Whimsical themes obviously work well at the $1 price point. A $2 holiday game wasn't necessary to sales success during this period but a holiday themed extended play game at our $3 price point was very well received. A Super Ticket design introduced during the holidays may perform better with a money or numbers theme and display art that incorporates a winter design instead of a strong holiday focus, allowing the game to successfully remain in market past the holiday season.

Virginia Lottery

Virginia's holiday lineup included five games: one each at $1, $2, $3, $5 and $10.

Most successful game(s):
We had a successful holiday season with six percent category growth over the prior year. While we are still enjoying the success of our first $30 ticket (introduced in September but not part of the holiday lineup), our best seller from our holiday games was our new 8" x 8" $10 Season's Winnings ticket. Together, these ticket represented 21 percent of our holiday sales.

General holiday strategies:
Our biggest focus for 2016 was to have significant innovation in our $10 price point. Our oversized ticket provided that opportunity with an extra-large game play area to produce a strong value proposition for $10. We ran a significant advertising campaign for the holiday season which included broadcast, radio, print and digital. We also integrated our games into several events that were extremely successful – one was our annual Christmas parade that featured our holiday scratch lineup and our Game

Guy Ambassador as well as a Mobile Caroling Karaoke event for our staff. Based on our success of the past year, we plan to extend these activities around the state.

In addition, we brought in over 37,000 new adult Virginians to our player database, the result of our Extra Chances program featured on our holiday games.

Major lessons learned in 2016:
We will continue to focus on innovation at the $5 and $10 price points for the coming year as they performed well. We are currently doing some analyses that focus on our $1 and $2 games to strengthen their position as they weren't quite as strong, but remain important entry level tickets in our portfolio.

Washington's Lottery

Washington's holiday lineup included four games: two at $1 and one each at $2 and $5.

Most successful game(s):
Our $2 Peng-Win Crossword was our most successful. This was the second year that we put a holiday themed crossword game in the market. We have a very strong crossword player base and they enjoyed the holiday theme.

General holiday strategies:
We launched two $1 games, one $2 Crossword, and one $5 game. Our goal is to sell through 90 percent of each game and have one of the $1 games with a whimsical theme.

Major lessons learned in 2016:
We will only launch one $1 game in 2017. Neither $1 game made its sales goal in 2016.

Wisconsin Lottery

Wisconsin's holiday lineup included six games: two at $1 and one each at $3, $5, $10 and $15.

Most successful game(s):
Though our $5 "loaded" game Merry and Bright sold out in the fastest time, we continue to have a lot of success with our $15 oversized ticket, Unwrap the Cash. We slightly increased the quantity from the 2015 game, but still saw very brisk sales, higher redemption percentages and lower returns. In the end, all of the holiday games sold significantly above average for the price point and game type.

General holiday strategies:
For the past several years, we have continued with the strategy of a $3 Crossword, a $5 loaded game, a $10 premium ticket and a $15 oversized ticket. We supplement these with two series pulses of $1 games. We have found that this mix is very effective and offers a consistent sales increase and high-indexing products. Our only change from the year before was the increased quantity on the $15 game, which proved to be a necessary increase given the faster than expected sellout from 2015.

Major lessons learned in 2016:
We had great success with this year's offerings, including a 9.3 percent increase in sales compared to 2015. The feedback from retailers was extremely positive, and we know that our players look forward to each year's holiday mix with anticipation.

Online Developments

As more lotteries offer online sales, they continue to prove that it's a win-win situation for lotteries, players, retailers and beneficiaries.

By Patricia McQueen

I t has been five years since the Illinois Lottery took a groundbreaking first step, for American lotteries at least, by offering lottery ticket sales online. That system debuted March 25, 2012. They have since been joined by Georgia, Kentucky, Michigan, North Carolina and North Dakota, which all offer at least some games online for single purchases. New Hampshire, New York and Virginia also allow the online purchase of multi-draw subscriptions. Delaware opted to work first with its racetrack gaming partners to offer casino style games as its entry into the online marketplace.

The Canadian lotteries have been way ahead of their American counterparts in this arena, with Atlantic Lottery and British Columbia Lottery Corp. having both launched their internet platforms in 2004 and others following later.

To most of the rest of the world, online lottery sales are simply a natural extension of the games in a society where vast amounts of everyday commerce are conducted online. Today's consumers expect to purchase products, and entertainment, when and where they want them, on their terms. American lotteries most certainly understand all that, but many face challenges from political leadership, the retail base and other industry stakeholders.

Lotteries of course depend upon their retailer partners, and the addition of an online sales option does nothing to change that. It has been proven, time and time again, that online sales are incremental, capturing players that may not have been playing at all. In fact, the campaigns around online play serve to generate increased awareness of lottery throughout the general population.

"If you look at all of the states that offer internet sales in one form or another, every one of us has enjoyed sales increases year after year," said Alice Garland, Executive Director of the North Carolina Education Lottery, which added single-draw sales to its original subscription model last year.

Sometimes there are lingering doubts of the ability to limit online play within geographical boundaries. Yet technology has proven that online sales can indeed be limited to the residents of a particular state, and it doesn't stop there. Not only must online players be residents of the state offering the games, they must be physically present in the state when making an online purchase.

Concerns about problem gambling are also raised when the subject comes up, but the fact is that online play offers more options for responsible gambling measures than any bricks and mortar sales channel could duplicate. The National Council on Problem Gambling developed iCAP, or Internet Compliance

Assessment Program, to provide an independent assessment of a lottery's responsible gambling programs for online play. Three lotteries (Georgia, Kentucky and Michigan) and two vendors (IGT and NeoPollard) have obtained iCAP certification to date.

And there's no doubt that today's consumers are seeking entertainment on their terms – they want to play at their convenience and they want to be entertained.

Kentucky steps in

Those simple facts were on the mind of Kentucky Lottery officials when they rolled out an online sales platform provided by IGT last April. At launch, players could play their choice of five instant play games and three draw games: Powerball, Mega Millions and Cash Ball. Lucky for Life was added later, and as of late February, there were almost two dozen instant play games offered. The ultimate plan is to offer a portfolio of 30 to 45 instant games, with a mix of more traditional lottery play styles (like key number match) and leisure games that are more interactive and entertaining.

Kentucky's goals for online games are pretty much the same goals that any lottery would have if given the same opportunity: to generate excitement and interest in lottery games; to meet changing consumer needs and provide innovation in the lottery game experience; to provide a convenience for consumers; to attract new players looking for an online experience; to strengthen the Lottery's brand; and to ensure that the lottery business continues to reach sales goals to provide revenue for beneficiaries – in Kentucky's case, education.

For online access, players first have to sign up for the Lottery's Fun Club Rewards program. Once their identity and age are confirmed, to actually play online they must have a Kentucky address and be physically located within the state. Accounts may be funded through bank transfer, credit and debit cards, and via the Lottery's iFunds or iGifts cards purchased at retail. To date, players seem comfortable with using credit and debit cards, reflecting some of the younger demographics the service is now starting to reach – those used to online and cashless payments.

A full-featured mobile app was introduced in November, offering a full suite of benefits for all players, not just those purchasing online, although the ability to play instant games on a mobile device is one of the key attractions of the app.

As with other lotteries that have gone down this path, Kentucky started slow and deliberate. "We've been strategic in how to market

this," said Interactive Content Director Lauren Walker, noting there has been a wonderful learning process during the first year. Feedback from players, especially those who may have tried the system and then dropped out, have helped to fine-tune the user experience.

Marketing has been primarily digital-based, supplemented with some radio advertising. Wherever appropriate, the new app and online play are included in other communications efforts. The biggest efforts have been in social media and in direct communications with Fun Club Rewards members, with regular promotions to help drive membership.

Players can sample the online instant games for free before purchasing; they have the same odds as the pay-to-play versions. Some of the more popular leisure games include Spooky Loot, Crossword Riches, Snowman Raceway and Medieval Money. These types of games provide more entertainment value as players click through.

As has been the experience of other lotteries, before launch retailers were concerned of the impact online sales would have on their business. Lottery officials met with retailer associations around the state, and to this day continue to maintain an open dialogue with retailers about every part of the program. Through it all it has become a non-issue in Kentucky, as it has elsewhere. "After the first month, when the retailers felt like the world was carrying on just fine, they kind of stopped asking questions," said Walker.

Kentucky does offer opportunities for retailers to participate in online sales through account funding mechanisms that provide them with the standard retail commission. Players can purchase iFund and iGift cards through the retail lottery terminals. With iFund, the retailer scans the player's Fun Club Rewards "card" (on their mobile device) and the amount chosen by the player is deposited directly into the player's online account. The iGift card is a variation on that theme – it is a retail purchase that produces a voucher with a code. The purchaser can at a later date enter the code and have the money applied

to his/her own account, or can give the voucher as a gift to let the recipient enter the code. Periodic promotions have been offered that provide extra value for the consumer with purchases of both cards at retail.

The system has incorporated several responsible gambling features, including display of elapsed play time, cash value of play, account deposit limits ($200 daily, $500 weekly and $1,000 monthly, or lower if chosen by the player), self-exclusion and other measures.

"The technology was a learning process for everyone involved," said Chip Polston, Senior Vice President of Communications, Public Relations and Social Responsibility. "But at the end of the day, we have a platform that we are really pleased with, and that we think that our players are really enjoying."

Subscription path

Several lotteries tested the online waters with subscription programs – New Hampshire and New York continue to offer subscriptions requiring relatively long-term commitments (five weeks in New York; three months in New Hampshire), but others that began with this route have fairly recently revamped their programs to offer single-draw sales (North Dakota and North Carolina) or two-week subscriptions (Virginia).

North Dakota lottery players first saw a subscription program implemented in November 2005; they could participate online or by mail, purchasing three months' drawings at a time. In July 2014, with a new Scientific Games system that included Sciplay, subscriptions first became available for single drawings. The Lottery, which only offers multistate draw games, now has all of its products available for purchase online.

When the switch to online-only subscriptions was made in 2014, some of the mail-in players dropped out, as expected, but the Lottery gained new players more comfortable with doing things online. And it has paid off. "Single-draw sales have been good for us," said Administrative Staff Officer Missy Steele, who oversees the program. "I'm actually quite surprised."

Single-draw subscriptions are essentially no different from online sales of draw games offered by other lotteries. For North Dakota, the term "subscription" is important because lottery officials want to keep subscribers engaged and playing – they don't want a player to simply purchase one $1 or $2 ticket and stop playing. To that end, players are required to fund their account with at least $10, an amount they eventually have to play. Winnings can always be cashed out, but customer deposits must be spent on lottery purchases.

Players access online subscriptions through the Lottery's players club, and can fund their accounts using Visa and Mastercard (credit and debit) and ACH bank transfers. Most players use the latter because credit card transactions are often rejected. Because of the popularity of ACH, which technically takes a few days to set up, the North Dakota Lottery has committed to granting access to funds the same day a player funds the account, so tickets may be purchased the same day. "People just get frustrated when their credit/debit cards get rejected," said Steele, so the Lottery wanted to make it easy for them to make an ACH transfer and still buy tickets the same day.

She is fond of "flash promotions" that provide cash back, rather than some of the more typical "buy one, get one" options. For a few hours, if players buy a certain amount of tickets, their account will be credited with a little cash back – which of course must be spent on new purchases and not cashed out. Several of these promotions have been offered to date, with announcements going to all players club members and displayed on the Lottery's social media accounts. "They have worked very well for us – players love them," she said, adding that each flash promotion brings in new online players.

Online sales account for a little more than three percent of total sales at this point – a number Steele would like to see grow. There are just under 1,000 online subscribers, compared to some 20,000 players club members, so there is certainly potential to build the online audience. The recent Powerball Power Cruise promotion brought in a lot of new players club members, and Steele hopes to convert some of them to online players.

Although it has been proven time and time again that online sales don't hurt retail sales, every lottery wants to make sure its retailers are happy. North Dakota offers a fairly unusual option – retailers can receive a standard retail commission on online ticket purchases if a player designates a specific retailer when online checkout is completed. Canada's Loto-Quebec does something

similar. Steele estimates that a fair amount of players do so given the commissions earned by retailers each month on subscription play.

North Carolina enhancements

The North Carolina Education Lottery eased into online sales with a subscription program that began in December 2013 using the Sciplay platform. The low-key launch required players to join the Lottery's players club, and purchases had to be made for a minimum of two weeks. Available games at launch were Powerball, Mega Millions and Cash 5; Lucky for Life was added when North Carolina joined the game in 2016.

Although online sales were legal in North Carolina, lottery officials wanted to make sure all the stakeholders were on board before taking that initial step. Legislators were shown the prototype of the program and Garland met with retailers across the state to allay their fears. "Their sense was that the retail world as they knew it would come to an end," she said. "And of course it hasn't. In fact, I've heard nothing from retailers since we've had the program up and running."

Of course, North Carolina also includes a robust responsible gambling program in the mix. It was important at the start, and continues to be important today, to show stakeholders that online play actually allows things like funding and spend limits and self-exclusion, unlike anonymous play at retail.

The system was enhanced significantly in June 2016, when the ability to purchase tickets for a single drawing was added. Not surprisingly, there was a nice bump in sales. The ability to make a single purchase when a jackpot is high, instead of having to commit to two weeks of drawings, is of great value to players, noted Garland.

When first launched as a two-week subscription program, only ACH funding was available. By February 2014, Mastercard debit was added, but it wasn't until December 2014 that the Lottery was able to get Visa debit on board. The limited funding options for the first year were one reason why the system wasn't really advertised in the beginning. "If you lose that customer initially because it is so difficult to make a purchase, they aren't going to come back later and try again," explained Garland.

Making it even simpler is a goal of the program's relaunch later this spring as part of a broader upgrade to the Lottery's main website and app. "We still probably have too many clicks to actually get to the final purchase," she said, and that's one of the things that will be streamlined. "We've been putting together the building blocks over time, because to really compete in this space and sell to the players who are online all the time, you really need a pretty seamless experience," added Director of Marketing Tami Wiggs.

One new little thing – with a big impact – will allow players to load their shopping cart first with a "buy now" label on available games, without first logging into their players club account or even being a member at all. To complete the purchase, of course, the login or sign up will be necessary in order to verify identity, age and location. "Bringing that shopping cart experience outside the credentials stage will really help people realize how easy it is and how quick it can be," said Wiggs.

Although the program has been promoted to players club members, once the upgrades are in place a whole new world of promotional opportunities will come into play. Garland and Wiggs are confident that the website and app upgrades will encourage more of the 42,000 players that signed up for online play to actually purchase a ticket. Just under 17,000 of those have bought tickets online – the thinking is that many people signed up, but found it a little too complicated to actually make a purchase. Of course, the goal is to bring in even more players once the system is ready for prime time this spring with full promotional support and broader awareness.

There is another advantage of online play – knowing who the winners are to make sure they claim their prizes. Winnings under $600 are paid automatically into players' accounts, but anything larger requires a visit to a lottery office. North Carolina's biggest online winner to this writing was a Cash 5 winner of almost $150,000. When the winner didn't come forward to claim the prize after a while, lottery officials used various methods to reach the player, who had forgotten about the significant win due to family circumstances at the time. "They were unbelievably appreciative" that we had been able to contact them, noted Garland.

Adding options in Virginia

The Virginia Lottery was the online subscription pioneer when that sign-up option was added to its long-running mail-in program in August 2005. Last fall, Virginia made some major changes in its service, stopping short at single-draw sales, which aren't currently allowed in the state.

The two primary enhancements to the system, provided by NeoPollard Interactive, were a reduction in subscription length from three months down to two weeks, and the ability to set up and fund an account (using debit cards or bank transfers) and purchase a subscription the same day. Those are not insignificant improvements, as they allow players to more easily participate in games as the jackpots grow. Only Mega Millions and Powerball are currently offered by subscription, but another of the lottery's draw games should be added to the mix later this year.

The new system is totally digitally-focused, so legacy mail-in subscribers have to be converted; that is a work in progress that began with the launch last October 31. As expected, some players won't want to convert – mostly older players – but Lottery expects to more than make up for any losses in numbers when a full-fledged digital marketing program begins this spring. "We first wanted to get the system up and running, and make sure that we took great care of those subscribers we already had and get them safely migrated to the new system," said Director of Advertising & Gaming Terri Rose.

With several months of smooth operations behind it, it's time to build the audience with a new campaign. "We are pretty pleased with how things have gone," she added. "It's been a great experience for our players."

Words echoed again and again by other lotteries that have entered the online sales space. ■

Flying High in Michigan

By Patricia McQueen

Michigan has regular offers that help encourage players to use both retail and online channels.

The Michigan Lottery and its technology partner NeoPollard Interactive have done all the right things since its online launch in August 2014, living up to the revenue promise, the player expectations and the retailer commitment, all the while maintaining open lines of communication with industry stakeholders, media and the general public.

"The way our online games are performing, and have been received by our players, we are on track to meet our projection that we'll provide $480 million in additional funding to schools in Michigan over the first eight years of operation," said Director of Public Relations Jeff Holyfield. At a time when new revenue sources are few and far between, that's a significant contribution to education.

Michigan's online landscape is dominated by instant games, which account for more than 80 percent of online activity in an average week. In FY16, they generated $48.0 million in net win, up 159 percent from $18.5 million in FY15, the first full year of operation. Four of the Lottery's draw games are offered online – Mega Millions, Powerball, Lotto 47 and Fantasy 5. They are really offered as a

convenience to players who may want to get in on a big jackpot at the last minute. "Players do seem to prefer the interactive components that are part of the online instant games, including animated keno games. There is more entertainment value on those games."

It's all good news, but the best news is that retailers have nothing to squawk about – their lottery business didn't collapse when online sales began, despite their early fears and fears that still permeate the retail industry across the country. Sales of traditional instant tickets in Michigan reached nearly $1.14 billion in FY16, an all-time high, up 12 percent from the previous year. Retailer commissions have increased from $188.5 million in FY14 to $231.7 million in FY16 – a gain of almost 23 percent. Total lottery sales have grown by 19.6 percent over the past two years, from $2.6 billion in FY14 to $3.1 billion in FY16.

"With this obviously strong performance, we've seen absolutely zero indication that the online games are having any negative impact on traditional retail sales," said Holyfield. "In fact, we think what we are doing actually is helping retail sales." A robust program of advertising – television, radio, billboard, digital ads – supports the online games and generates increased awareness of the Michigan Lottery throughout the state.

Success is all in the execution. "The overall goal is to create omni-channel players," he said. Someone not in a store can still play the lottery; someone in a store might buy a ticket that looks

Michigan Lottery Select Financial Data
(Dollars in millions)

	FY14	FY15	FY16	Percent Increase FY14 to FY16
Grand total sales	$2,596.4	$2,771.9	$3,104.6	19.6%
Instant ticket sales	913.2	1,013.2	1,136.8	24.5%
Online instant sales (net win)	0.6	18.5	48.0	Not Meaningful
Retailer commissions	188.5	203.6	231.7	22.9%
Contributions to School Aid Fund	742.9	795.5	888.9	19.7%

Note: Online instant sales began in August 2014, a few weeks before the end of the Lottery's fiscal year on Sept 30.
Net win from online sales of draw games is included in total sales and not reported separately.

like a game they enjoyed playing online. Promotions drive online players to retail stores, and vice versa.

A big advantage of the digital platform is the ability to set up and implement promotions quickly, allowing a timely response to various situations. For example, Michigan has had three $1 million winners from online game play – one from Powerball, one from Mega Millions and one from an online instant game. The Lottery can quickly assemble a promotion to celebrate these type of big wins by offering something special to players.

Many promotions center around the online game cards with which the Lottery involves retailers in online play. Retailers get their standard commission on those purchases, which are now exclusively printed through the retail terminal; when first introduced they were similar to other retail gift cards. With a holiday promotion called Gift One, Get One, for example, a player could buy a game card valued at one amount and receive an additional card for a lesser amount.

Other promotions involve bonus points in the players club, some which can be redeemed online and others at retail. In addition, some of the Lottery's online instant games mirror paper tickets, and promotions for those games often work both directions.

"These are all the kinds of things we've been doing," said Holyfield. "We have really been looking for opportunities for our retailers."

As of early March, more than 511,000 players were registered to play online. That's still a fraction of lottery players in the state – about 70 percent of Michigan adults have purchased a lottery ticket in the past year, and with about 8.7 million adults, online players barely scratch the surface.

Mobile play now accounts for more than 50 percent of online sales, and Holyfield expects that number to climb to 60 percent this year. As a result, new games are designed first for the mobile environment, then tweaked as necessary for computer use.

About one-fourth of online players have used online game cards; players may also fund their accounts with bank transfers, credit/debit cards and even PayPal. "We have a number of options – it's really up to them. Americans love choices!"

Two recent developments will further add to those choices and to the entertainment value provided by online games in Michigan. An agreement with Instant Win Gaming (IWG) last fall provides access to exciting new games. And in February, a deal inked with Inspired Gaming will bring that company's virtual events concept to Michigan, probably sometime in mid-2018. It puts lottery games in a new "skin" that's a fun new way to present drawing results.

"We are looking for ways to make our games more attractive to players, make them more fun and more entertaining," said Holyfield of these recent agreements. "If you are in the entertainment business, you'd better be entertaining! This is the future for the Michigan Lottery." ■
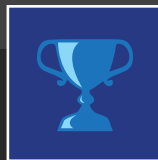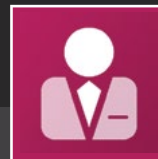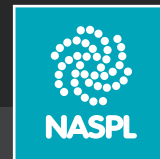
Interactive Adventures

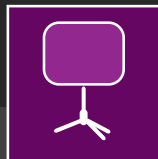Lotteries striving to reach a young, mobile-oriented audience are turning to free and second-chance interactive games.

By Patricia McQueen

While some lotteries have ventured into online sales, that is not an option in many jurisdictions. As a result, lotteries and their partners have created new approaches in the never-ending effort to appeal to today's consumers – especially younger consumers – who want more fun and interactivity than what is provided by a typical lottery game.

Several lotteries have used either play-for-fun interactive games on their websites and/or apps or used interactive games as part of a second-chance opportunity or to extend the entertainment value of instant games. A few use player-activated games on retail terminals to offer interactive experiences to the consumer in another way (see article on page 80). Regardless of the approach, it's all about ensuring lotteries stay relevant in today's world.

"The Pennsylvania Lottery is always looking for ways to extend or expand the entertainment value of our brand, recognizing that any activity we can generate in the interactive or social space that leads to increased engagement by our players will keep us front and center in their minds," said Director of New Media Matt Beddow, explaining the path that lottery has taken with interactive games.

That's a sentiment often heard by the lotteries doing these games. Their value may be hard to measure in tangible terms, but everyone agrees that they are a necessary element to keep lotteries moving forward and reaching new audiences.

Free fun in Colorado

One of the latest entrants into the play-for-fun arena is the Colorado Lottery, which introduced its first such interactive game last October. The game, Infinite Luck, was designed to complement Lucky for Life, which Colorado launched last July. "We just wanted to give players an experience to interact with the Colorado Lottery in sort of a new, unique way, and in the digital space," said Manager of Advertising and Marketing Christian Hawley. "I think people want to take a little break from the world and have some fun, and lotteries need to provide more of that fun."

A relative newcomer to the lottery industry, Hawley knew from her experiential marketing background that people love competition with friends. So an important element of its free games are scores and bragging rights shared on social media.

 Infinite Luck actually began as a live game at the Colorado State Fair last August. Players would step on sensor pads linked
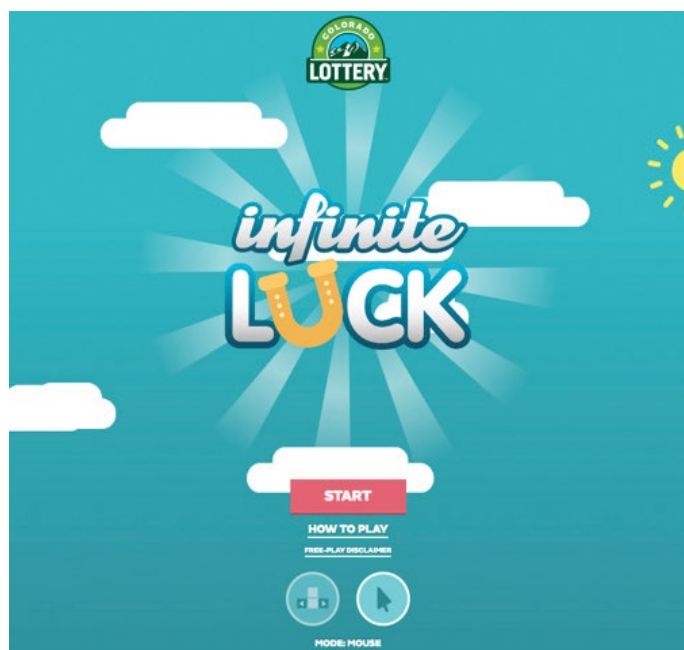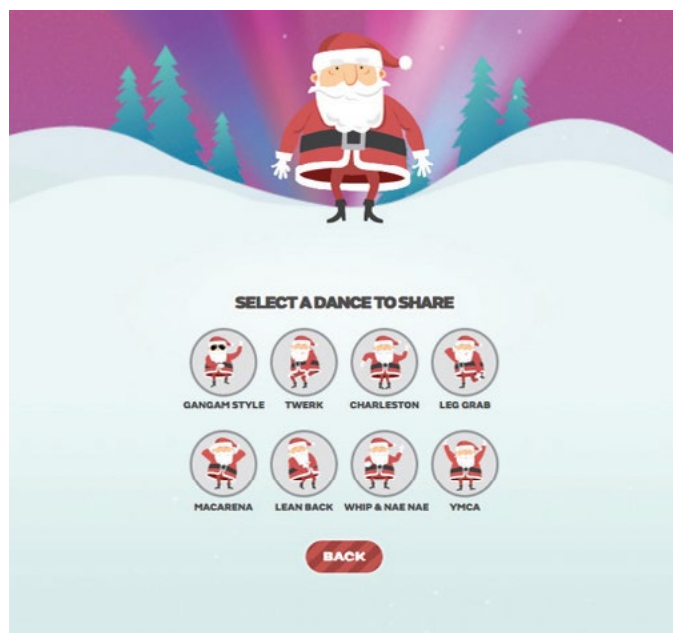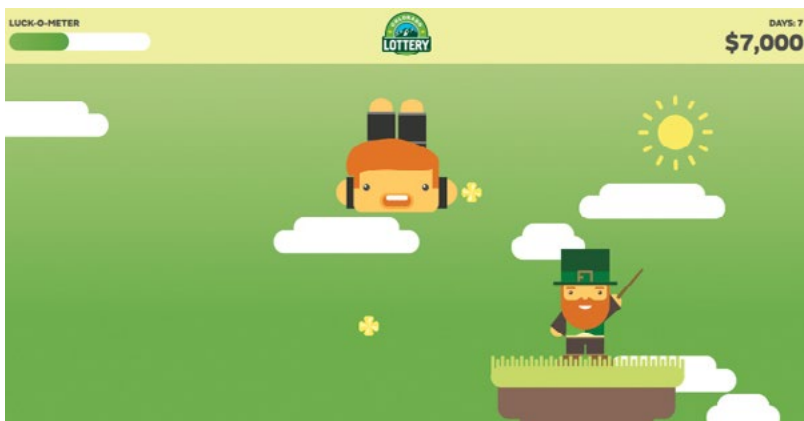
to a giant screen, sort of like the popular game Dance Dance Revolution. "We weren't sure how it would go, but people really enjoyed it. It was a new way for our customers, and potential customers, to experience the Colorado Lottery."

The free online game launched in October, and was recently re-skinned for St. Patrick's Day, getting a themed makeover (dubbed St. Lenny) in early March. It's a simple game, featuring a playful character falling through a sky peppered with obstacles of islands with four-leafed clovers. It is promoted on social media and considerable traffic comes from those channels.

The game generated strong enough play to encourage the Lottery to create another free game for the holidays. Dancing Through the Snow featured a dancing Santa and was launched at the end of November.

Both interactive games were created by noted game developer Justin Gitlin, a Denver resident who had done some previous work for the Lottery's advertising agency Cactus. The agency created the original game concepts and brought Gitlin in to do the development, and Hawley had him modify Infinite Luck for the St. Patrick's Day freshening.

In addition to the two locally-created games, the Lottery also released the free Frogger interactive game provided by Pollard Banknote in conjunction with the scratch ticket of the same name.

For the Colorado Lottery, with online sales not on the radar anytime soon, these free games are a way to build greater brand affinity for the Lottery among consumers outside the traditional core player demographic. "There's nothing to win but bragging rights."

And players are bragging! In just over a week after St. Lenny made his appearance in Infinite Luck, 20 percent of users added their high score to the leaderboard. "This indicates that people want to share their scores and participate in the brand's community," said Hawley. Another great sign is that more than half of the games played in the first few days came from 'play again' clicks. "This is a huge indicator of success. It means that our simple

fun game is so engaging that most people play more than once." Equally important, a fair portion of those playing the game clicked on the "About Lucky for Life" link on the game page.

"We are trying so hard to engage our younger players, the millennial generation, in new and innovative ways." Ideas are flowing for the next game, but it hasn't yet taken shape. It may be tied to the fair again, or another game. Regardless, it will take a lot of work. "They do take quite a bit of sweat equity behind the scenes to turn around, but they are absolutely worth it," Hawley said of the games.

At the very least, the games give her something to talk about. As she conducts her daily life, Hawley can't exactly give out free scratch tickets. But she can show people the latest cool free lottery interactive game. "It's a great way to talk to people, because you aren't selling them anything."

Playing for fun – and more – in Pennsylvania

The Pennsylvania Lottery has provided several interactive opportunities for players in its ongoing effort to engage them in this space. With a desire to make the experience fun for all users, regardless of
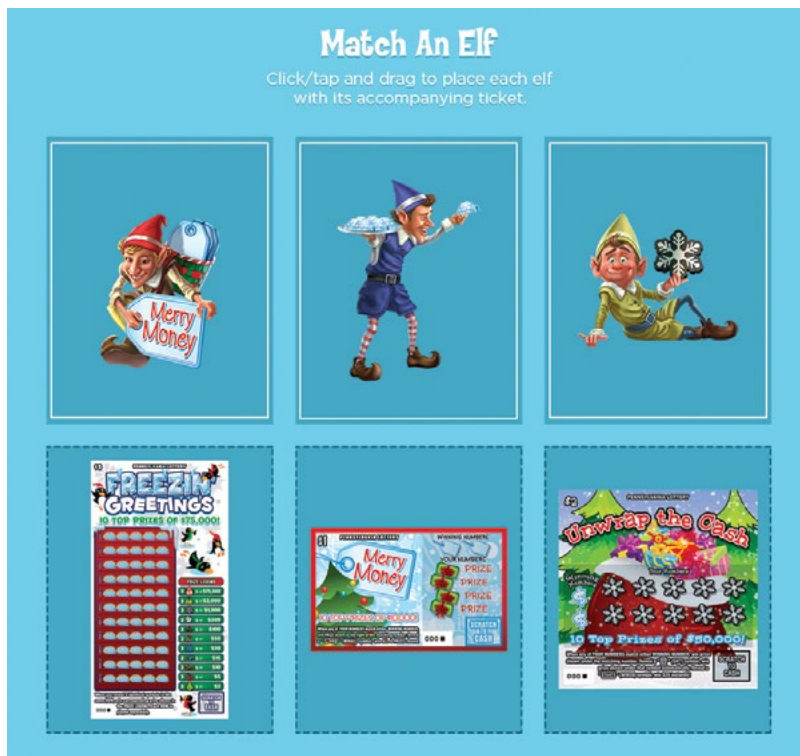
platform, these free games, and interactive second chance games as well, are often designed first for the optimal mobile experience, then tweaked to work well in more traditional desktop and laptop environments.

Over the holidays, the Lottery and its advertising agency MARC USA developed two new play for fun games, Catch Instant Cheer and Match The Elf. Catch Instant Cheer awarded a game coupon to every Nth play across all players; it was available on the Lottery's website on the "Just for Fun" page. Match The Elf was an extension of a social media holiday campaign, and awarded every Nth player a coupon or awarded giveaway entries to win $100 in coupons. "By making a fun game we engage Facebook users with our product (a link in the ad) versus just running an ad," said Beddow.

Pennsylvania also uses second-chance interactive games, working with its partner Scientific Games. The Lottery's latest offering was Four Leaf Fortune, launched near the end of January. Two St. Patrick's Day-themed instant games were tied to the promotion, $5 Pot of Gold and $2 Lots O' Loot. There were four prizes of $25,000 awarded through a drawing held after entries closed on March 23, and some submitted tickets also won an instant cash prize or additional entries.

Four Leaf Fortune featured a fairly simple interactive game that gave players 30 seconds to tap or click as many four-leaf clovers as possible. Some four-leaf clovers also revealed special symbols which represented any additional entries or instant cash prizes awarded. Playing the interactive game was optional – all prizes were automatically awarded to qualifying tickets, regardless of whether entrants played the game.

After five weeks, the Four Leaf Fortune Second-Chance Game had about 21 percent more entries than the previous year's St. Patrick's Day-themed second-chance promotion. At least some of that additional participation can likely be attributed to interest in the interactive game.

Second chance entertainment in Idaho

The Idaho Lottery decided to jump into interactive waters with a celebration of its 25th anniversary in 2014 and was looking for an innovative partner to create the game and potentially others for the Lottery. Milestone Entertainment won the competitive bid and developed a game with a fun mountain-climbing theme. The 25th Anniversary Game was loaded with 25s – the $25 price point, top prizes of $250,000, lots of $250 and $2,500 prizes, and a $25,000 second chance prize.

The latter is where the interactive game came into play. If they desired, players could enter the code on the ticket and play the game online or on their mobile device to see how many entries they would receive for the second chance drawing. How far players could make it up the mountain – a predetermined value – indicated how many entries they would receive.

The added entertainment option helped the 25th Anniversary Game index extremely well at 195 – still the most popular $25 game the Idaho Lottery has ever offered. With

Treasure Hunt
by Milestone Entertainment & Blue Back Ltd.
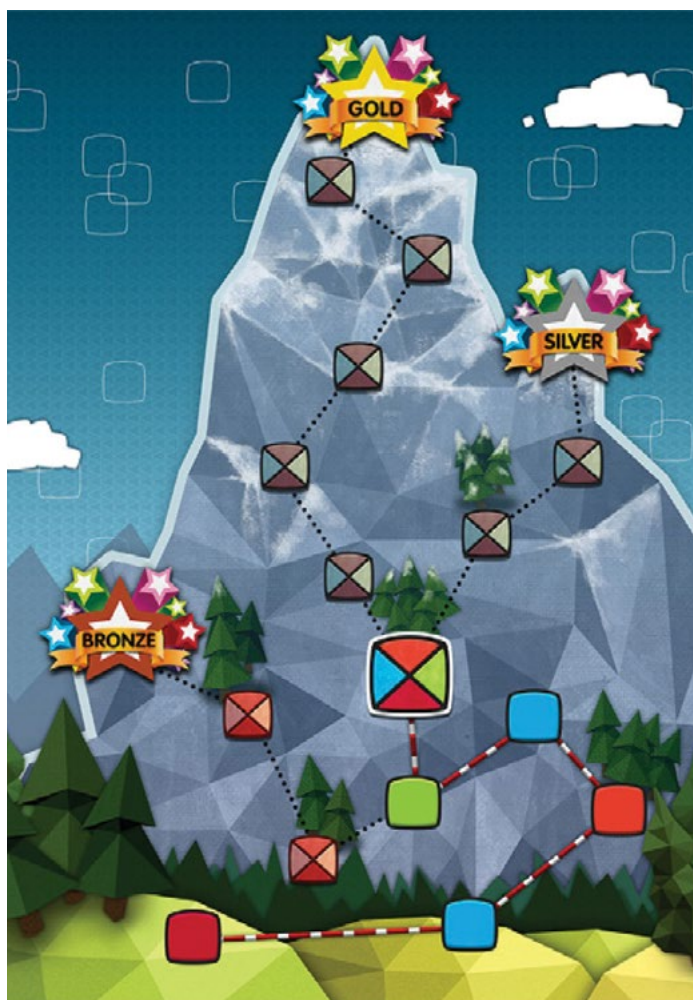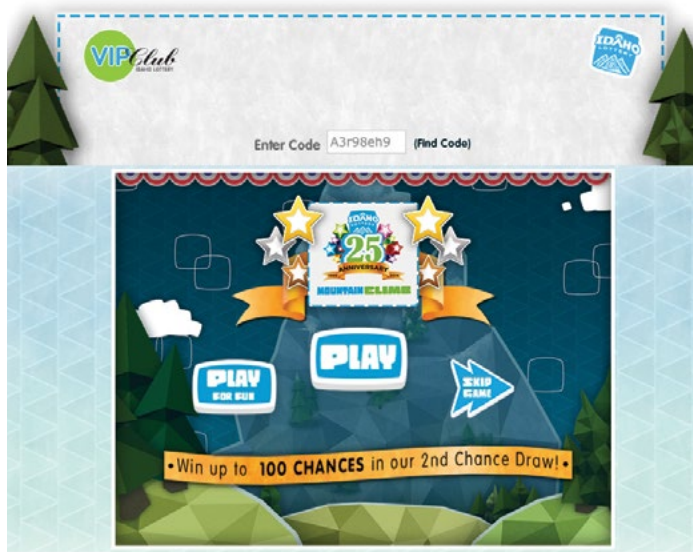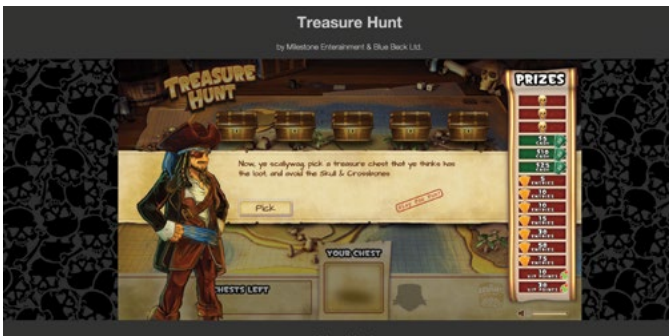
that success, it was on to the next game to see if these types of interactive game options would gain traction in Idaho, explained Idaho Lottery Deputy Director of Marketing, Sherie Moody-St. Clair.

The $5 game Treasure Hunt in 2015 included a pirate-themed, Deal or No Deal style interactive game. A twist to this second chance offer was that multiple prizes were available, not just entries for a cash drawing. Small cash prizes that could be claimed at retail and VIP Club points were added into the mix along with drawing entries; all the prize values were programmed into the base scratch game.

Perhaps this is where the game became a little complicated for players. Of course, they did not have to play the interactive game to discover their prize. If they scanned their tickets at a retailer, any prizes won on the ticket would be known, including the cash prizes and the number of entries for the second-chance draw component. This introduced some confusion and ultimately the game was just an average performer. Still, it attracted a little more players than average in the 18-24 age range, and 20 percent of players were 18 to 34. "Getting people in that age group is always a plus," said Moody-St. Clair.

The Idaho Lottery's 2016 offering was the $2 game Russet Riches. This game underperformed to expectations but that may have had more to do with the $2 price point in Idaho than the actual quality of the second chance game play itself. But again, the interactive game associated with it attracted a higher-than-typical percentage of players in the 18-34 age range.

In addition to these games produced by Milestone, Idaho has had success with two rounds of Frogger and Bonus Play Cashword, the interactive game tied to Idaho's popular Cashword scratch games. Pollard Banknote supplies those games, including a dedicated app for Cashword. Players receive entries for free tickets in the second-chance offer, and the Lottery consistently gets about 4,000 entries per week through the interactive game. "It's been very successful, and we have seen a lift in our $3 Cashword ticket sales since that program started," said Moody-St. Clair.

Interestingly, Bonus Play Cashword players appear to be completely different from players of the other interactive games Idaho has offered – just by looking at the devices being used to play the games. Most Cashword players are using Android devices; the other games are primarily iPhone users. Moody-St. Clair is looking forward to delving more in depth to see who is playing what game, and to that end the Lottery has just issued an RFP looking for research partners to help analyze everything in greater detail.

She likens the development of interactive games to the days when Idaho first started its VIP players club – the first of its kind in the country. For a few years, Moody-St. Clair said all she heard was 'why are we doing this – it takes so much time and energy for any kind of return?' "Fast forward to today, and the VIP club is our most valuable asset, with 170,000 members. It's a communication tool and an advertising tool. The members feel like they are part of the Lottery, and it helps build the brand and their loyalty," she said.

Confident that same thing will happen over time with the interactive games, for now Moody-St. Clair noted that a certain segment of the population enjoys these games – on average about 20 percent of players purchasing these tickets have gone on to play the associated interactive games. It's not a huge number, but it's a critically important one. "Down the road it will be more valuable to us, but right now it does take a lot of time and effort. It's definitely important to us to continue to stay relevant and to embrace mobile technology, but it will probably be a few years before we find the perfect mix."

To get there, she's currently considering the next steps for the Idaho Lottery – maybe it's an interactive game tied to a draw game, as Colorado has done with its free Infinite Luck game associated with Lucky for Life. "We've done what we set out to do a few years ago, now we have to step back and figure out our next move. I don't know what that will be, but stay tuned – I'm sure it will be fabulous!"

A path forward?

For many lotteries, free to play and second-chance interactive games are their only options to enter the online world for the foreseeable future – and as these examples indicate, that's important enough to take the plunge. For others, online sales may be closer to reality and the experience gained is invaluable as they take steps down that path.

Just look at the experience of the Michigan Lottery, which now offers online sales – a deliberate strategy got them to where they are today.

Initially, second-chance interactive games were ways to offer players more entertainment value, explained Director of Public Relations Jeff Holyfield. They also gave the Lottery valuable insights into what players want – for example, how many would be interested in interactive games, what sort of prizes (like coupons for instant games) would attract them, and what game features would be most entertaining.

That helped the Lottery understand more about player expectations and preferences as it moved towards online sales. Just as important, "those games also allowed us to learn about the systems and processes needed to support online play."

In addition to providing players with that extra entertainment value, the interactive games introduced players to the concept of playing Lottery games online. They began to think of lottery games as they lived their lives from their mobile devices.

All that played a significant role in making Michigan as successful with online games as it is today (see article on page 74). "Much of what we learned with the second chance games shaped the strategy and development for the online games," said Holyfield. ■

Interactive Games in Ohio

By Tara Smith, INTRALOT Ohio Marketing Product Manager

The Ohio Lottery launched its first interactive, server-based games in late 2014. This offering allows for flexibility in terms of game creation and launch schedules. INTRALOT is able to supplement its own library of games with the best available content from third party providers, and new games can be launched at any time, outside of regular software release schedules.

Currently, the Ohio Lottery features two interactive game products in two separate channels, each played on a terminal specific to the product.

- EZPLAY® Tap is a series of EZPLAY games that include graphical touch-screen style play. These games are offered through the Multi-Purpose Next Generation (MPNG) machines that are an exclusive, legal gaming option offered by the Ohio Lottery for veteran and fraternal organizations.

- EZPLAY® QuicKeno is a new series of EZPLAY games that are based on the traditional keno game. These games are offered through the Multi-Play QuicKeno (MPQK) touch screen terminals which the Ohio Lottery installed and activated at various social establishments, such as bars and taverns.

EZPLAY Tap and EZPLAY QuicKeno games were brought to life to allow the Ohio Lottery to expand into veterans and fraternals as well as social establishments with content that is specific to them. This allowed the Lottery to cater to the needs and wants of different players that frequent different locations.

"We have approximately 745 EZPLAY Tap terminals that allowed us to provide an innovative legal gaming solution for the state's veteran and fraternal clubs," said Ohio Lottery Executive Director Dennis Berg. "In addition, we have deployed roughly 995 EZPLAY QuicKeno machines in the bar/tavern trade channel allowing us to diversify our product line and customer reach."

Popular games

While each self-service terminal houses interactive games, along with traditional lottery products, each of the two products has different styles of play. Most importantly, EZPLAY Tap and EZPLAY QuicKeno have given players in Ohio a new perspective on lottery gaming. With six wagers to choose from, ranging from 25 cents to $5, these games appeal to many players across the board. Most players enter in at the 25 cent price point but quickly learn through play that the higher the wager, the higher the reward. In establishments that have seen high tier wins (anything over $500), the play is much greater because the players have realized that these are some of the highest paying games in Ohio.

EZPLAY Tap has an extensive library that is comprised of different play styles and themes. Players in Ohio have gravitated to a simple match holiday/seasonal themed game that offers different graphics throughout the year to go along with the current season or holiday. Players are attracted to this

game because of the simple play style, which is a familiar scratch ticket play style, as well as the inviting fun graphics. Another very successful play style in Ohio is the classic X of Y symbol match game. Currently, the Ohio Lottery offers a variety of themes ranging from medieval knights to pirate treasures including popular themes imitating gems and candy.

For the EZPLAY QuicKeno product line, the games are a spin-off of traditional monitor Keno. Players are able to select the spots they wish to play and their favorite numbers. All games feature a one (1) through eighty (80) grid and twenty (20) numbers are drawn. Again, there are a variety of themes displayed such as Egyptian pyramids and sports. EZPLAY QuicKeno games feature enticing bonuses and multipliers. While this product is still new to Ohio, we are already seeing very similar playing patterns to traditional Keno. The 4 spot remains a player favorite option and most players play for mid-level prizes. Furthermore, most players play EZPLAY QuicKeno in between the four-minute traditional monitor Keno draw.

Progressives and bonuses

The tremendous success that the Ohio Lottery has experienced with progressive instant-win EZPLAY paper tickets is starting to prove itself on the interactive games as well. There are progressive jackpot interactive games for both EZPLAY Tap and EZPLAY QuicKeno. A game with a progressive jackpot takes a percentage of every wager placed to grow the jackpot. The same wager options are available for these games but only the maximum $5 price point can award the player the full jackpot amount. For that reason, we see players starting to shift to the $5 wager as jackpot grows higher. The jackpot amount updates in real time on the game screen.

Both product categories also have games that feature a "free play" prize or instant-win bonus round. We have found that players love these extra features. Free plays allow the player to play the same game at the same price point once the original game has concluded. In the case of an instant-win bonus, the player is asked to choose a symbol in the game, and if that symbol is selected then the player wins a monetary prize amount instantly. By adding different ways to win prizes, we have been able to keep players engaged and willing to try the newest games. Players want to experience new games, they want to see if their favorite part of another game has been incorporated into something new.

Overall, through research and data, it has been proven that Ohio players like fast-paced games. There are games on the market that take five seconds to play and others that can take up to 30 seconds to play. The games on the shorter end of that spectrum are seeing more play. Again, it goes back to the concept that "the more you play, the more you win." With a high churn rate, players like that they can sit down and play for an average period of 20 minutes. Most players only cash out when their balance is higher than the money they originally put in.

The Ohio Lottery has seen great success in entering the new interactive lottery gaming world and we are looking forward to the future. In Ohio, we are in the beginning of the process of outsourcing the testing involved with EZPLAY Tap and EZPLAY QuicKeno. This will free up time in testing environments and allow the focus to remain on core lottery products. We are also advancing to higher wager amounts and some more complex gaming themes that we believe players are really going to gravitate towards. Learning something new from each game launch will let the Ohio Lottery stay ahead of what players are looking for so as to always deliver the next best game to Ohio players. ∎

SAVE THE DATES!

NASPL 2017
Business Development and
Product Innovations Conference

September 13-16, 2017
Portland, OR

2017 CONFERENCE CALENDAR

May 8-11, 2017
La Fleur's 2017 Lottery Symposium
The George Washington University
Washington, D.C.

June 5-8, 2017
The 9th European Lotteries Congress
Krakow, Poland

July 19-22, 2017
*NCPG 31st National Conference
on Problem Gambling*
Double Tree by Hilton
Portland, OR

July 24-28, 2017
NASPL Professional Development Seminar
Renaissance Hotel
Nashville, TN
Hosted by Tennessee Education Lottery
Corp.

September 13-16, 2017
*NASPL 2017 Business Development
and Product Innovations Conference*
Portland, OR
Hosted by Oregon Lottery

October 17-20, 2017
NACS
McCormick Place
Chicago, IL

December 2017
NCPG Holiday Lottery Campaign

Smaller Footprint. **Bigger** Screen.

Altura® Flex gives retailers a reduced footprint (more than 30 square inches less)* as well as a 15.6 inch continuous glass screen—our largest ever.

Building on the trusted reliability of the Altura family of terminals, Altura Flex offers the latest technological and design innovations to enhance ergonomics and performance. With its smaller footprint, our largest screen ever, and state-of-the-art touchscreen technologies, Altura Flex is designed to deliver a modern and efficient experience to your lottery retailers.

*compared to the GT1200