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INSIGHTS

July/August 2019

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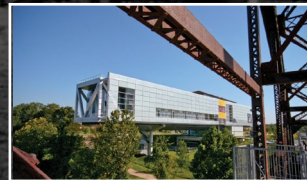
You won't want to miss the outstanding lineup of speakers and break-out sessions at NASPL 2019 in Little Rock in September. The two exceptional keynote speakers will not only inspire you, but they will be thought-provoking and entertaining as well.

Elise Mitchell will share critical skills needed in today's changing world to manage complexity, think strategically and mobilize others. Elise believes opportunity will favor those who can lead through difficulties and find new ways forward.

Ben Mezrich has authored 19 books, including several that revolve around gambling. Ben's presentation is certain to be compelling with the focus on the probability of big risk takers who dream of massive wins.

The break-out sessions will offer a variety of appealing topics, including retailer partnerships, esports and cyber security.

Get ready for a fun, educational week in Little Rock and leave motivated to continue the success of This Is Winning!



Register now at:
naspl19.com

NASPL 2019 Keynotes



Elise Mitchell

Wednesday, September 18

9:45 – 10:45 a.m.

“Leading Through Change for the Win”

Elise is a three-time CEO, leadership strategist, executive coach and business consultant. She is founder and chairman of Mitchell, an award-winning strategic communications firm. Under her leadership, the agency grew more than 500 percent in five years. At the end of 2012, Elise sold her firm and led its successful integration with Dentsu Aegis Network. She is globally recognized as a leadership expert owning her own leadership and business consultancy, elisemitchell.com. Elise is the author of a best-selling book entitled *Leading Through the Turn* and a popular leadership blog.



Ben Mezrich

Thursday, September 19

10 – 11 a.m.

“Big Bets, Big Dreams”

Ben cracked the *Hollywood Reporter's* annual hot list: “Hollywood’s 25 Most Powerful Authors.” His addition to this power list of authors is based on stats like Ben’s multiple movie deals currently in production, such as *Woolly*, his newest non-fiction book about the resurrection of the woolly mammoth from frozen DNA; as well as *Seven Wonders*, *Once Upon a Time in Russia* and *The 37th Parallel*. His wildly successful book – *Bringing Down the House: The Inside Story of Six M.I.T. Students Who Took Vegas for Millions* – was adapted into the No. 1 Box Office movie *21*. And his book, *The Accidental Billionaires: The Founding of Facebook, a Tale of Sex, Money, Genius and Betrayal* – was adapted into the movie *The Social Network*.

NASPL LITTLE ROCK, AR
2019 *This is* WINNING!



FROM THE NASPL PRESIDENT

“You can want in one hand and spit in the other and see which one fills up the fastest.”

That’s what I heard every time I told my dad I wanted something as a child. I probably didn’t appreciate the lesson until later, but the line always stuck with me. I use it with my child now.

What he was trying to tell me was “Stop wasting your time wanting something and go get it.”

In the lottery industry we are in the same situation. As I write this, I am at the annual NASPL Directors Meeting. Literally every discussion centers around challenges to our industry.

We want clarification on the Wire Act. We want sports betting. We want iLottery. We want our legislators to stop filing bills that will be harmful to our business. We want a better relationship with our retailer trade organizations. We want to open new channels for sales in our states.

We want a lot.

How do we get that? Are we going to follow the “want and spit” model? Or are we going to go get it?

Advocacy may be the most important part of our job. Every aspect requires us to advocate for or against an issue.

Developing relationships and educating our legislators often leads to better bills or, at the very least, fewer bad bills. If we want new games, it is our job to serve as an advocate for our agency and educate our bosses, our retailers and our legislators of our need to stay relevant and find new ways to excite our players and generate revenue. If we want better relationships with our retail partners, it will be up to us to reach out to them and impress upon them the value we bring to their business.

Simply put: If we want something, we can’t do nothing.

With that said, wheels ARE turning. New Hampshire and NeoPollard took a huge step for the industry by filing the lawsuit challenging the recent DOJ opinion. Texas snagged the industry white whale - Dollar General - with a new plan to sell lottery in a chain we’ve all been chasing for years, in a way we’ve never tried. Florida and others have fought diligently to prevent bills from passing that would harm their states and may show up in our states next.

No one tells our story better than we do. Stop wanting and start moving.

See you soon.

Bishop Woosley
Director, Arkansas Scholarship Lottery
NASPL President



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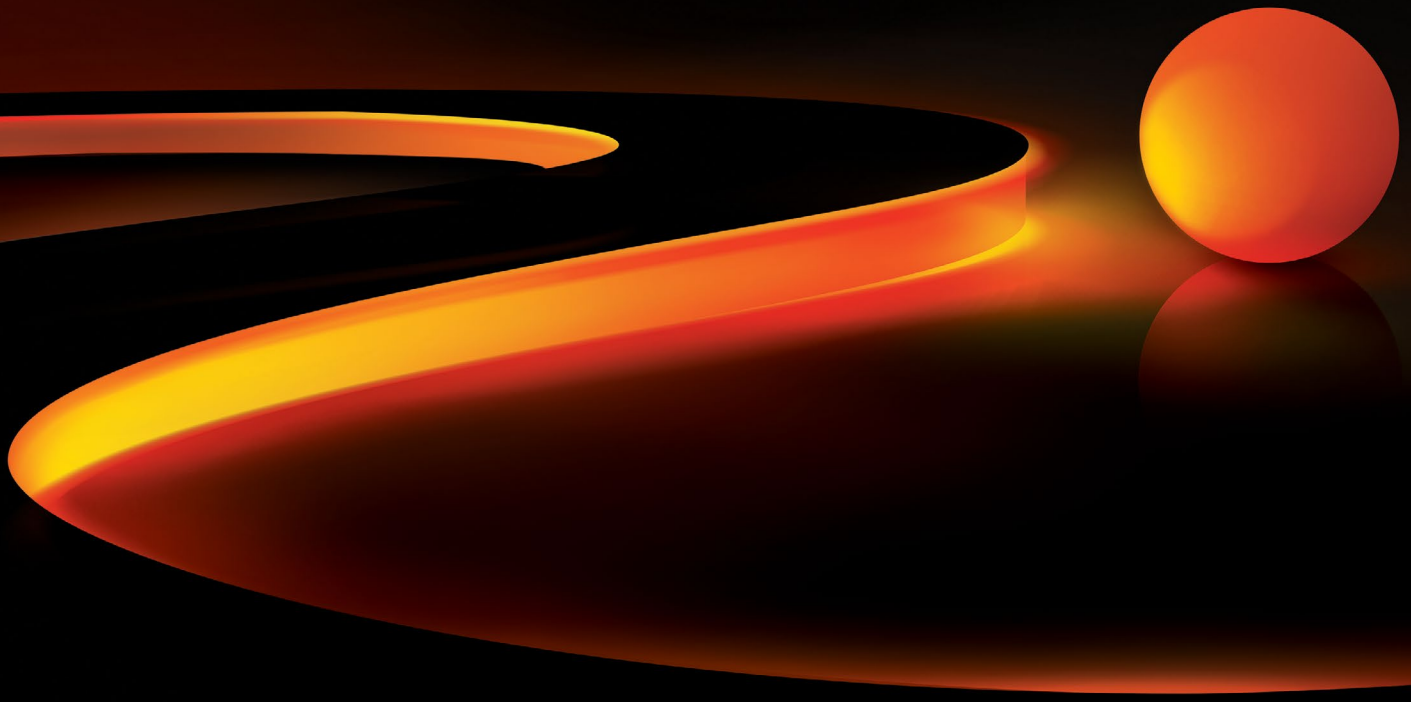
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A Look Inside the African Lotteries Association

As the regional association representing lotteries in North America, NASPL continues to recognize its four sister organizations around the world. In this issue, we welcome an update from ALA, which represents the lotteries of Africa.

The African Lotteries Association (ALA), created in 1983 in Dakar, Senegal, counts 14 members: Benin, Burkina Faso, Côte d'Ivoire, Guinée, La Loterie Nationale de Guinée-Bissao, La marocaine des jeux et des sports, Libéria, Madagascar, Mali, Niger, République démocratique du Congo, République du Congo, Sénégal and Société Royale d'Encouragement du Cheval.

Throughout its history, the organization has maintained key aims and functions:

- Encouraging mutual assistance on a technical and educational level.
- Participating in the integration of the African economy through the institution of pan-African games.
- Participating in the socioeconomic achievements in priority sectors such as education, security, disaster and emergency services, health, culture and sport.
- Fighting against unemployment and poverty through the creation of income-generating jobs and activities.
- Organizing seminars, congresses, conferences, general assemblies and frames of dialogue for capacity building.
- Developing norms, standards and codes of good conduct to serve as repositories to which members must comply (ISO, responsible gaming, WLA standard, security standards, etc.)



ASSOCIATION DES LOTERIES d'AFRIQUE

- Forging bonds of solidarity with sister associations of lotteries and other organizations with similar aims all over the world.

In working toward these goals, ALA upholds six core values:

- Integrity – Every member shall fulfill its tasks with honesty, diligence, efficiency and equity, in accordance with the applicable legal and regulatory provisions and standards.
- Loyalty – Each player shall act objectively and impartially while ensuring the override of the Association's interests.
- Quality – This value bestows the internal and external credibility to the professionalism of lotteries, and conditions of their vocation,

reputation and leadership.

Performance and quality development constitute the true value of the Association's members' strategies.

- Confidentiality – The duty of professional confidentiality and the obligation of discretion are rules that govern members' behavior vis-à-vis any information or fact relating to the Association and not made public as yet, or information communicated by the lotteries.
- Transparency – Each lottery shall promote, vis-à-vis clients and external partners, as well as other players, a climate of transparency and trust in its daily work.
- Solidarity – The lotteries shall fulfill the tasks assigned to them in accordance with the instructions and regulations that frame their action. Solidarity, collegiality and mutual respect characterize the relations between the lotteries.

The organization also includes four technical committees: Security, Corporate Social Responsibility, Sports Betting and Horse Racing (known as Pari Mutuel Urbain or PMU). These committees are the drivers that help all ALA members achieve certification and operate according to the highest international standards and best practices.

As part of its mission to organize conferences, in early July ALA welcomed delegates to Casablanca, Morocco, for their international Congrès de l'Association des Loteries d'Afrique, featuring presenters from around the world. Subject matter included key industry topics like the future of games, digital progression, community responsibility and more. ■



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Making a Difference

Dan Sahr

Regional Supervisor, South Dakota Lottery

There are advantages to being in the same line of work for 32 years. And when that line of work is lottery, there's always something new just around the corner to keep things interesting. At the same time, relationships that have been developed over decades are priceless – relationships with fellow employees, lottery retailers and even players. Dan Sahr knows all that very well, having been with the South Dakota Lottery since its startup in 1987.

"Dan's outgoing personality and smile make him a retailer and player favorite," said Executive Director Norm Lingle. "When faced with a challenge, he almost always seems to find a way to make things work for the best. With Dan being with the Lottery since startup, he brings a lot of historic perspective, both good and bad, to conversations about how the Lottery has evolved. This experience makes him a tremendous resource to our retailers, players and staff."

Sahr has a degree in advertising and public relations from the University of South Dakota. He joined the Lottery as a Field Rep in August 1987, shortly before its launch the next month, after a few years in radio and newspaper advertising; he also spent time as a disc jockey. "The Lottery was new and exciting," he recalled, thinking back to the early days. "We started with tickets given away at the State Fair. We didn't have any furniture and we were working out of boxes the first few months. Everything had to be done by hand. It was a primitive beginning to say the least."

Back then, there was one instant game on the market at a time; retailers carried that one game compared to the 48 games some carry today. "About two years after startup, we started our first \$2 game. We thought, 'Who would pay \$2 for an instant ticket?'" He added that this thought process would continue every time a new price point was introduced.

The South Dakota Lottery has come a long way since those early days. Today it maintains a full portfolio of traditional

products – keeping Sahr busy as Regional Supervisor for the Sioux Falls Region, where he manages about 300 retail accounts and oversees a staff of five. The bulk of lottery revenue, however, comes from video lottery terminals (VLTs); in 1989, South Dakota was the first American lottery to introduce VLTs in a widespread network. As part of his job, Sahr does pre-license inspections for potential new VLT outlets, which are limited to facilities that serve alcohol. "The video end of things is fun, and I see a lot of bar owners with some very neat ideas on how they want to make their bar either fill a niche or become a full-service facility with food, drinks and video lottery."

Even grocery and convenience stores have become more "full-service" over the years, expanding their product offerings to include fast food, delicatessens and more. Lottery has evolved in parallel, with retailers handling more lottery products than ever, keeping dispensers filled with multiple price points, learning new play styles and managing more draw games. The sales reps that are members of Sahr's team work closely with retailers "to make it as easy as possible for the players to go in and get their favorite lottery product, whatever that might be."

Much of Sahr's spare time is spent with the Neo Johnsons, a classic rock band with which he's been performing for more than 30 years. He also sings the national anthem for local minor league teams and other venues. In fact, the Sioux Falls Stampede hockey team considers him a good luck charm: League champions this year, the team did not lose at home, and Sahr sung at every home game. His specialty is a "fast" version of the national anthem, performed in about half the time (less than one minute) of a traditional rendition. "I just wanted to do something different, to have my own little niche in order to differentiate myself from other national anthem singers."

Most of all, though, he enjoys spending time with his family – including Patti, his wife of 29 years, and their two adult sons. A grandson completes the family, keeping everyone busy with various activities,

including sports and music. Sahr is also a fan of Frisbee golf.

What is the biggest challenge retailers face today, lottery or otherwise?

The main thing I see is that it is often difficult for them to retain good employees, and that impacts the mom-and-pops as well as the chains, in the largest cities and the smallest. That filters down to lottery, as you always want retail employees who are knowledgeable about lottery products and good at customer service. For me, it means I spend a lot of my time training new retail employees – doing that properly takes time and the lottery sales reps need to focus on what they do best, which is selling. I do all that training in person; I'm not a big fan of tutorials or video training. I'd rather have the retail employees touch the screen, select draw game options, scratch the tickets – basically doing everything possible to replicate what happens with an actual customer. I want them – and they want to be – confident that they can sell tickets without being nervous about making mistakes.

How do you help retailers when they have big winners?

Our social media team handles a lot of that, but we do things at the store level to help promote wins where tickets are sold, like placing signage. The retailers appreciate that. One thing we do that is a big hit with retailers is provide a physical check to them for their cashing bonus when they sell any draw game prize greater than \$1,000. Scratch cashing bonuses are paid as credits to their accounts, but we make sure to issue an actual check for the draw games side. Retailers just love getting that check, whether it's the biggest corporate chain in the state or the mom-and-pop store down the street.

What do you hear from players?

Player concerns haven't changed much over the years – they want to win and they like to complain about not winning. I would be a millionaire if you gave me a dollar for



SOUTH DAKOTA
LOTTERY

GOOD
FUN!

IT'S
ALL
GOOD
FUN!

SOUTH DAKOTA
LOTTERY

IT'S ALL GOOD
FUN!



every time a player says “I never win.” In reality, though, players DO win and most of the time they just want to vent. Another thing I most often hear is that they’d rather see a \$450 million jackpot broken up into 450 prizes of \$1 million. With that, I always point out that there have been games which attempted to limit the top prize and spread the wealth, so to speak. They were all good concepts but they never did anything because players seem only driven by big jackpots, despite what they might say. Rolldown had a little traction, but that was because of the surprise factor when the prize rolled down; players might have won \$8 when they thought it would only be \$2, for example. We do get fairly consistent player requests to have a “Happy Birthday” scratch ticket on the market all the time, but that’s another situation where they say one thing and do another, as we did actually have such a ticket once, and a general celebration-themed ticket as well, but neither did much in the market. Finally, players always complain that all the winners are in big cities and towns. And of course the only response is that there are more winners in big towns because more tickets are sold. If a town only has 150 people, it’s going to be tough to be known as a destination for winning tickets.

After all these years at the Lottery, what do you enjoy the most?

There are so many things. I love that every day is different. You never know



when a top prize winner is coming through our door, and it’s great hearing good stories from our big winners. For me, it really is all about the people. I love going out in the field and visiting with retailers and players about their concerns and comments, good or bad. Getting to personally know the players at the store level is fascinating, and seeing someone I know cash in a large dollar amount at our Redemption Center is rewarding. After all, I’ve developed personal relationships with a lot of our players and their families. I also find great joy and

respect in visiting with our local retailers, who are the backbone of communities large and small. In some instances, I’m on my third generation of retailers’ families – that’s been pretty cool, to know three generations of a family and their extended families. You really get to know some of the retailers if they’ve been with the lottery for a long time. That’s just the coolest thing – getting to know the players, the retailers, their families and their employees. And let’s not forget the people I work with. My staff of five in Sioux Falls is very experienced; they are able to execute their duties with minimal guidance from me. And I’ve been very blessed – my newest employee has been here for almost 10 years!

Tell us about your band.

The Neo Johnsons have been playing around Sioux Falls for over 30 years; we might have 45 to 52 gigs per year, a mixture of regular bar and club gigs and a number of special events. I do most of the singing, and play harmonica and auxiliary percussion. We play rock from the 1980s and 1990s, and have opened for national acts such as Molly Hatchet, Badfinger, Foghat, Rick Springfield, Tom Keifer and Dee Snider, along with many regional acts. But the funny thing is, I have yet to meet any of those big national names. The stage manager usually shoos us off the stage when we finish our opening. Oh well, it’s just one of those things. It is still a lot of fun! ■

MIX AND MINGLE



NASPL 2019

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Wednesday, September 18, 2019

10:00 pm – 1:00 am



Pickup your lapel pin for entry at the A3 Booth

Measuring the Good Life and Finding Opportunities in Nebraska

By Neil Watson, Public Information Officer, Nebraska Lottery

An extensive research program allows the Nebraska Lottery to develop appealing games and promotions for our players. Here are a few examples of the research initiatives undertaken by the Nebraska Lottery in recent years with research vendor People Principles.

Player Segmentation

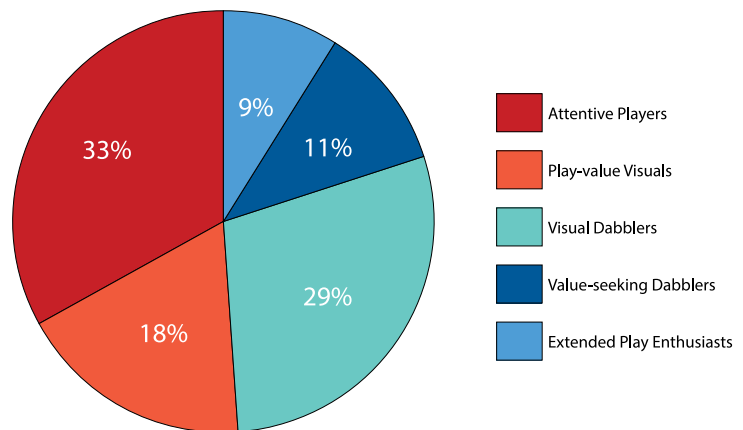
In fall 2016, People Principles conducted a survey to identify sub-audiences of Nebraska Lottery players. The survey used responses from the Lottery’s MVP Club loyalty program plus an additional sample of players. Five unique Scratch player segments were identified:

- Attentive Players
- Play-Value Visuals
- Visual Dabblers
- Extended Play Enthusiasts
- Value-Seeking dabblers

Each segment has distinct characteristics and responds to different product, marketing and communications strategies. “Attentive Players” follow Scratch games closely and make their purchase decisions based on how many top prizes are left in the Scratch game, their personal experience with playing the game in the past, and if the game has a second-chance contest. “Play-Value Visuals” players like to play new games and games that grab their attention in the display unit. Ticket price is the key purchase factor for “Visual Dabblers,” but they’re also looking for games that have appealing designs. “Extended Play Enthusiasts” look for games that take more time to play than other games at the same price. Finally, “Value-Seeking Dabblers” are looking for \$1 and \$2 games that are quick and easy to play.

With the player segments identified,

Nebraska Scratch Segments - 2019 Tracking Study



an abbreviated set of questions can be incorporated in future research surveys to determine which respondents fall into which segments. Participants for the 2019 Tracking Survey were segmented in this way, which provided the approximate ratio of the segments across the overall Nebraska population.

Scratch Ticket Attributes and Prize Structure Testing

Another long-term research initiative conducted in Nebraska was a series of surveys focused on individual Scratch price points. Ticket attribute surveys presented MVP Club members at nelottery.com a set of generic ticket mockups in a series of hypothetical store visits. Players were asked to look at each ticket and choose the quantity of tickets they would purchase. Attributes of the ticket such as

play style, theme, callouts and top prize were randomized as the player progressed through the survey.

Prizing studies were conducted in sequence with Scratch attribute testing. Players were presented with various winning amounts and asked if they were satisfied with the prize and if they would tell others about winning the prize. The goal was to identify prize amounts that build player satisfaction, and to see which prizes encourage churn and chatter. Results were broken down by demographics and player segment.

Ticket attribute and prize structure testing has been conducted in Nebraska since January 2015. Every Scratch price point from \$1 to \$20 has been tested, and the data collected provides valuable insights into Nebraska player preferences. For example, some of the prize structure results relating to chatter and churn prizes varies from general industry guidelines.

Those guidelines say that churn prizes include breakeven prizes up to five times

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the game price, significant prizes are five to 10 times the game price, and chatter prizes are more than 10 times the game price. Using these guidelines with a \$10 Scratch game, for example, churn prizes would range from \$10 to \$50, significant prizes from \$51 to \$100, and chatter prizes would be over \$100.

Our \$10 prizing survey conducted in the fall of 2017 came up with different results. The churn prize range was \$10 to \$13, significant prizes ranged from \$13 to \$29, and chatter prizes from \$30 to \$200. Similar ranges were recorded in prizing studies for the other Scratch price points.

This new information will guide our Scratch products strategy so we can optimize prize structures for the Nebraska audience. And results from the ticket attribute surveys will be used to develop Scratch games with themes and features that appeal to our players.

Continuous Feedback Mechanism

The Continuous Feedback Mechanism (CFM) provides a way for the Nebraska Lottery to stay informed about player attitudes on an ongoing basis. Similar to survey offers that print on retailer receipts, every Nebraska Lottery Lotto ticket prints with the URL for the CFM survey. Players go to the site, enter their ticket information, and are presented with one of several active surveys covering a variety of topics. Current CFM surveys measure economic attitudes and consumer confidence, perceptions of the Lucky for Life game, and attitudes towards Powerball and Mega Millions. The CFM has also been used to evaluate advertising recall, identify sources of Lottery information that players use, and measure retailer satisfaction.

Each player that takes a CFM survey is entered in a monthly drawing for a chance to win \$500. Players can enter once per day and must enter their tickets within 15 days of purchase. Responses are deduped and the most current data provided from a player is retained.

The Continuous Feedback Mechanism has been running since September 2009. The wealth of information provides valuable insights for the Nebraska Lottery when developing products and evaluating the effectiveness of marketing initiatives.

Theme: Diamonds
The artwork would pertain to diamonds.

'\$100 Frenzy' Game Y \$10
\$10,000 TOP PRIZE
(10 Top Prizes Available to be won)
\$200,000 more in \$100 prizes than a typical \$10 game!

You could win up to 10X THE PRIZE!

Scratch the BONUS BOX for a chance to win ADDITIONAL CASH INSTANTLY!

BONUS BOX

Games(s) below includes a chance to MULTIPLY YOUR PRIZE by 100!
(Note: The play instructions for both the BINGO and MAP games would be on the back of the ticket.)

HOW TO PLAY: Play the BINGO and MAP games separately.

BINGO
03 17 33 48 66
14 26 32 50 73
13 30 40 52 65
09 23 43 49 74
15 28 41 54 62

BINGO CALLER'S CARD

BINGO
07 22 40 49 63
14 18 32 50 71
13 23 39 47 66
04 25 42 55 74
12 28 38 54 62

BINGO
09 24 43 55 63
03 27 42 53 62
14 23 39 49 69
15 30 37 46 64
11 25 40 50 65

MAP COORDINATES

	1	2	3	4	5
A					
B					
C					
D					
E					
F					
G					
H					
I					
J					

[Select Quantity ▼]
[Click here to view theme examples.](#)

Theme: Cherries
The artwork would pertain to cherries.

Lucky Game Y \$10
\$10,000 TOP PRIZE
(10 Top Prizes Available to be won)
\$200,000 more in \$200 prizes than a typical \$10 game!

You could MULTIPLY ALL OF YOUR PRIZES WON!

Games(s) below includes a chance to MULTIPLY ALL OF YOUR PRIZES WON!

HOW TO PLAY: (Note: The play instructions would be listed on the back of the ticket.)

YOUR LETTERS

I	I	N	D						
P	T	U	I	T	I	O	N		
I	I	N	D	I	T				
S	N	A	P	P	I	E			
B	U	A	R	E	A				
A	S	T	U	T	E				
L	L	O	W	E	P	I	C		
A	L	L	O	S	R	H			
M	I	H	T	E	A				
I	P	R	O	F	E	S	S	O	R
D	U	R	E	A					
★	A	R	E	N	D				
A	A	L	O	A	T	E			
H	E	A	L	A	I	D			
Y	I	R	E	✓	A	R	R	O	T
R	I	M	E	Q	U	A	C	R	E
A	C	O	U	S	T	I	C	A	C
U	A	E	O	V	E	R			
L	L	U	N	A	R	A			
I	K	S	N	E	E	D			
C	R	I	B	I	A	A			
T	P	L	A	S	T	E	R		

[Select Quantity ▼]
[Click here to view theme examples.](#)

Survey participants evaluate tickets based solely on attributes, not graphics.

Purchase Total: \$0.00

Note: The Next >> button will activate once you have provided a value for each of the 2 \$10 Scratch games.

Next

(2 of 20 Store Visits)

Every draw game ticket has a link to the Lottery's Continuous Feedback Mechanism surveys.

Collecting information over several years has allowed us to view trends over time, which is especially useful for evaluating new Lotto games like Mega Millions and Lucky for Life, which were launched in Nebraska after the CFM survey began.

An additional benefit of the CFM survey is the number of new players that are reached. Each month new players that take the CFM are added to our relationship marketing database. These new contacts receive lottery information and appeals to join the MVP Club, and have the opportunity to participate in future research. ■



Neil Watson
Public Information Officer, Nebraska Lottery

NEBRASKA POWERBALL POWERPLAY

20934100200

START: Nov-24-18 End: Nov-24-18
Ticket Valid For 1 Draw(s)
7428-046333440-121483

POWERBALL
A. 21 23 25 50 75 OP 17 OP

POWER PLAY - NO Total: \$2.00

102828 Fri Nov 23, 2018 05:28:26 014520

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Gambling and the Brain



Lori Rugle, Responsible Gambling, NASPL

When I started in the field of problem gambling there was little to no information available regarding any neurobiological or brain mechanisms involved in gambling or problem gambling. Indeed the state of the art 30 years ago was much like this picture that I was given by a colleague who was a counselor and person in recovery from a gambling disorder (Figure 1). This image of the biology of problem gambling depicts a person with a gambling disorder with ice cubes in the heart, butterflies in the stomach, dreams of not working, etc. While done somewhat humorously, this picture presents not only the lack of scientific evidence of any biology to gambling and problem gambling, but also when considered more deeply poignantly portrays the stigma attached to problem gambling even by those who themselves suffer from the disorder.

Within the past 30 years we have learned a great deal more about how gambling is processed by the brain and how certain brain deficits may contribute to vulnerability for developing a gambling addiction. Indeed, a significant factor in gambling disorder being re-categorized in the latest version of the American Psychiatric Association's Diagnostic and Statistical Manual Fifth Edition (DSM-5) as an addictive disorder along with substance use disorders, was the accumulation of research demonstrating comparable neurobiology underlying gambling as well as substance use disorders.

For this article, I interviewed Iris Balodis, Ph.D., Assistant Professor at

the Peter Boris Centre for Addictions Research, Department of Psychiatry and Behavioral Neurosciences, DeGroot School of Medicine, McMaster University in Ontario, Canada, who has done groundbreaking work on the neurobiology of gambling addiction (Balodis & Potenza, 2016; Balodis et al., 2012a, 2012b, 2012c). Balodis has also been a key partner in a most innovative project called Brain Connections. This project is a collaboration between the Peter Boris Center for Addictions Research and the Alcohol, Drug and Gambling Services of Hamilton, Ontario (ADGS). Deidre Querney, a counselor at ADGS, and Balodis jointly developed a series of clinical handouts that translate some of the neurobiology of gambling addiction into clear and understandable explanations to help problem gambling clients and their loved ones understand neurobiological risk factors, and the mechanisms involved in problem gambling and how brains can heal and recover.

How Can a Behavior Like Gambling Interact With the Brain Like Addictive Substances?

My conversation with Dr. Balodis started with the basic question that the Brain Connections: Problem Gambling Series clinical handouts begin with: "How is problem gambling like an addiction to drugs and alcohol from the brain's point of view?" She explained that this involves two main areas of the brain, the Reward Hub (Ventral Striatum) and the Top Down Control Network (mPFC, medial Prefrontal Cortex). These two areas of the brain (Figure 2) are meant to work collaboratively. We can think

of the Reward Hub as giving us a "Go" signal or, using a car metaphor, as the gas pedal. Individuals who have addictions, including gambling, tend to have a faulty gas pedal. Individuals who have addictive disorders including gambling can show less Reward Hub activity when anticipating rewards (Luijten et al., 2017). This means that they may not feel as much pleasure from natural rewards from common activities like hobbies, going for a walk, listening to music or watching a movie. They may require more intense and ongoing stimulation to feel a sense of pleasure or satisfaction. Therefore, they may tend to push down harder and keep their foot on the gas pedal longer.

Additionally, individuals who are prone to gambling disorder and other addictions tend to have deficits in the Top Down Control Network (mPFC). To extend the car metaphor, this network can be thought of as the brakes. Research has consistently shown that individuals with gambling problems have a faulty braking system. That is, they have greater difficulty stopping, slowing down or inhibiting actions. This is what contributes to impulsive, not well thought out behavior. In fact, the more severe a person's gambling problem, the less well the "brakes" work.

As Balodis describes this, a person with neurobiological deficits in these two main brain regions will start gambling and very quickly push the gas pedal to the floor, and once they start gambling will have a very hard time stopping or putting on the brakes.

The faulty braking system or Top Down Control Network is consistent with research that has shown decreased activation in the mPFC during "stop and

The Biology of Problem Gambling

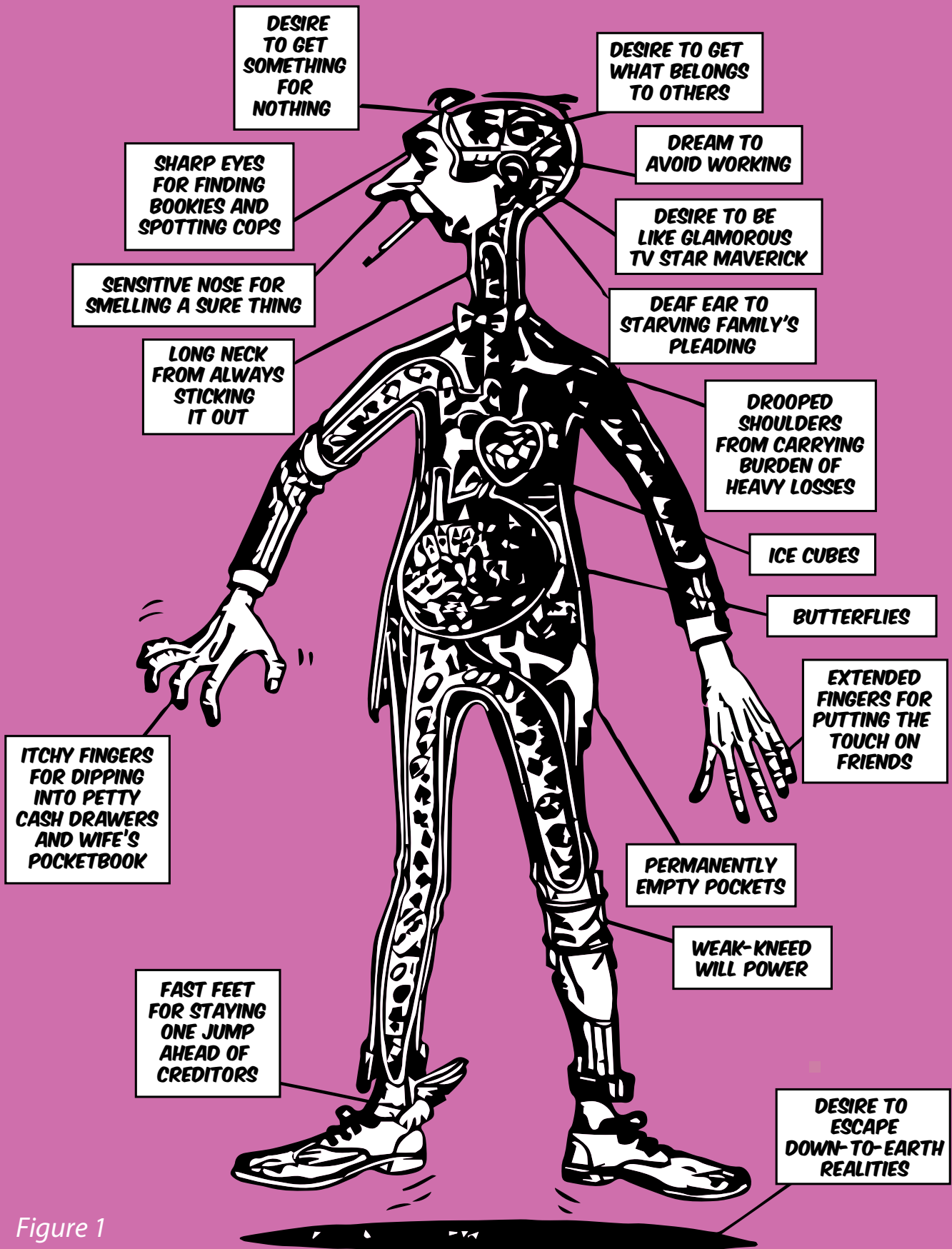


Figure 1

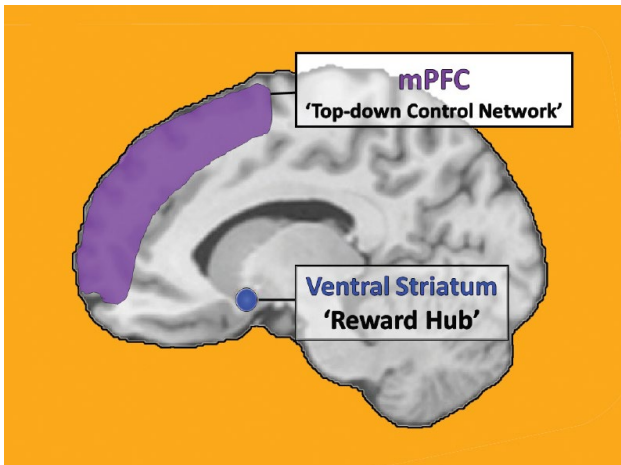


Figure 2

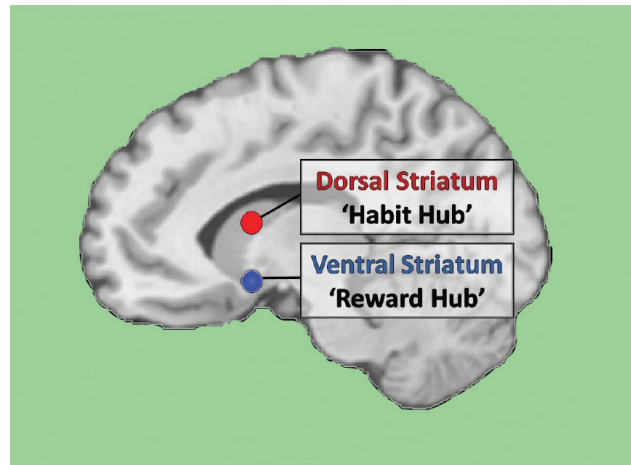


Figure 3

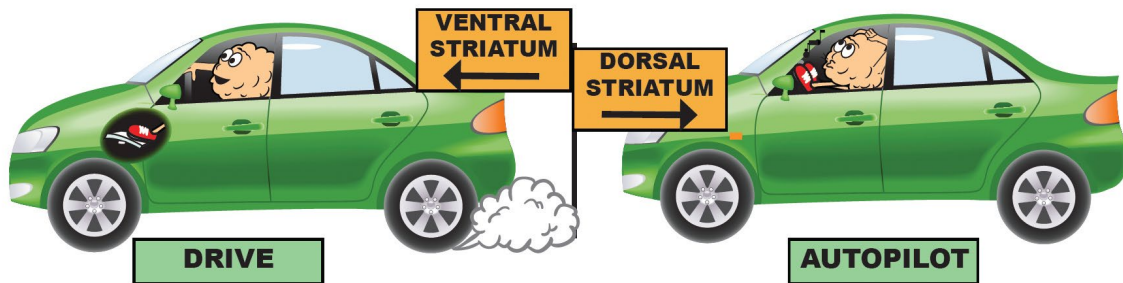


Figure 4

go” tasks and even decreased brain volume in this area among those with gambling disorder (deRuiter et al., 2012; Zois et al., 2016).

Brain Development and Risk for Problem Gambling

This also speaks to the vulnerability for developing gambling problems among youth and young adults (Blakemore & Robbins, 2012). As was mentioned above, the mPFC “braking” system of the brain contributes to the ability to engage in well thought out judgment and decision making and is the last area of the brain to fully develop (later than the reward system, which is heightened during adolescence). This Top Down Control Network isn’t fully developed until about age 25 or even later for individuals with issues such as Attention Deficit Hyperactivity Disorder, which is a common co-occurring disorder among those with Gambling Disorder. This helps explain why this age group often is reported as having the highest rates of problem gambling.

Why Do People Keep Gambling Even When They Say It Isn’t Fun Anymore?

A very common statement from individuals whose gambling disorder has progressed beyond early stages is that “It [the gambling] isn’t even fun anymore, but I just have to keep doing it.” Understanding how the brain works can help explain why a person persists in behavior that is no longer pleasurable and even causes significant distress. As Balodis described above, initially gambling behaviors are experienced through a person’s Reward

Hub (Ventral Striatum) that lights up when we anticipate that an activity will be pleasurable. As a person develops a gambling problem, they “keep the pedal to the metal,” so to speak, to keep the good feeling going. When a person excessively engages in what was a pleasurable activity, brain activity shifts from the Reward Hub (Ventral Striatum) to the Habit Hub (Dorsal Striatum); see Figure 3.

To return to the car metaphor, this is like going from enjoying a car ride and paying attention to where we are going to turning the car on autopilot and not being aware of where we are heading (Figure 4). Balodis states that as this happens, a person goes from liking gambling to wanting or needing to gamble. “As a behavior becomes well learned, it no longer lights up the Reward Hub to the same extent.”

Balodis suggests three consequences of this shift from Reward to Habit. First, as gambling becomes more habitual and is processed through the Habit Hub, it increasingly becomes more cue governed. People with gambling problems become overly aware and responsive to gambling cues. These cues can be billboards and advertisements, driving by a convenient store where lottery tickets are sold, their cell phone or computer (if they have gambled online), sounds that remind them of the bells and whistles on a slot machine, or just money. Coupled with this excessive focus on gambling-related cues, there is simultaneously a decrease in attention to non-gambling cues (for example, family, work, hobbies or activities previously enjoyed). So, the brain’s focus is becoming increasingly narrow, overly aware of

gambling cues and under aware of other cues and activities.

Second, this over awareness of gambling cues causes strong urges or a sense of a need to gamble (Brevers & Noel, 2013). A person with a gambling problem may quickly recognize a lottery advertisement that will trigger an intense urge to go get some lottery tickets, but not notice the weeds growing in their garden even though they had previously been an avid gardener. Balodis describes that instead of feeling pleasure, gambling is now used to ease the discomfort of gambling urges.

This leads to the third consequence of the shift from Reward Hub to Habit hub. At this point, when a person with a gambling problem does gamble, he/she will feel less pleasure even though gambling has now become a habit and the person is hypersensitive to external and internal triggers related to gambling.

Multiple areas of the brain have been found to be involved in the process as well as the Habit Hub of the Dorsal Striatum. The Attention Network (Dorsal Anterior Cingulate Cortex) that lies just below the mPFC Top Down Network and the Insula (near the Reward and Habit Hubs) are involved. The Habit Hub and Attention Network become overly attuned to and activated by gambling cues. The Insula is another area (near the Habit and Reward Hubs) that is involved. Its role is to process physical sensations and emotions, including urges, and will instigate a drive to do something about those urges. With all these brain areas involved, a gambling urge feels like a full body experience that grips a person's attention and won't let go.

How Can Understanding Gambling and the Brain Inform Responsible Gambling?

Balodis states that while we have learned a great deal in recent years about gambling's impact on the brain and how the brains of those with gambling disorder appear more susceptible, we still have a great deal to understand. There is a definite interaction between our brains and the features of games. As described above, individuals who develop gambling problems experience greater brain activation to gambling cues. Appreciating that the brains of individuals who develop a gambling disorder are likely to hyper-focus on gambling advertisements increases the need for lotteries and other gambling operators to promote their products in a socially responsible manner. Following the NASPL Advertising Guidelines becomes even more important when the neurobiological vulnerability of this at-risk group is recognized. If individuals who are at risk and/or gamble problematically are overly aware of gambling cues, including ads, marketing and promotional materials, it becomes even more important to clearly highlight information on problem gambling awareness, warning signs and resources for help in these products.

As Balodis stated above, we are just beginning to understand the interaction between an individual's brain function and game features. People who develop problematic gambling clearly have different sensitivity to certain aspects of reward than individuals who gamble responsibly. While many gambling games – but particularly electronic gambling machines and, to some people, lottery

games such as instant tickets – interact with all of our brains through providing intermittent reinforcement, the brain mechanisms involved in problem gambling we have described may increase the impact of game features such as near misses and “losses disguised as wins,” or enhance the illusion of control on “stop buttons” that are featured on some machines (vanHolst et al., 2014). In recognizing the brain mechanisms of problem gambling, game developers, lotteries and other gambling operators have the responsibility to recognize and decrease game features that tap into these neurobiological vulnerabilities. We should assure that near misses do not occur at a frequency greater than chance within any game. Also, gaming machines should not be designed to provide the same cues (bells and whistles) for losses (i.e., losses disguised as wins – or “wins” that do not exceed the amount bet) than they do for true wins. Finally, “stop” buttons which reinforce an illusion of control could be eliminated. In addressing these brain vulnerabilities, we can work towards minimizing the potential harms and increase the sustainability and enjoyment of lottery and other gambling products.

For further information on gambling and the brain, please visit brainconnections.ca. My deepest thanks to Dr. Balodis, who took time out of her work to help inform this article, and for the important work that she is doing to help us all understand the biology of problem gambling. ■

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CONVERSATIONS WITH A BOOKIE

STEPHEN WADE, PRINCIPAL, LOTTERY MANAGEMENT CONSULTING, LLC.



Recently, I had one of those charmed days when things fell my way. No, I didn't win the lottery. But I did luck into a first-class upgrade on a long flight. I settled into my spacious window seat. The seat next to me stayed empty while a few dozen passengers filed slowly by. As new faces appeared at the door I scanned them unobtrusively. Eventually a man appeared whose gaze went right to the seat next to me. As he stowed his bag, I recognized the logo of one of those companies that gained prominence a few years ago through heavy advertising of Daily Fantasy Sports.

"So," I ventured, referencing that well-known marque, "I imagine you are pretty busy these days with real sports betting?"

"It has been a busy time for me," he said. "I used to work on the fun side of the house, but right now the need is for someone to go around and explain to state legislators what our business is all about. So I end up explaining why it's hard to make a lot of money running a sportsbook."

"I was under the impression you were doing pretty well."

"We are doing great! And we can do a lot more! But some legislators seem to think that running a sportsbook is like running a lottery. It's a very different business."

Realizing that we might have an interesting conversation, but that it could get awkward if I waited too long to reveal my interest in lotteries, I introduced myself and explained that I consult with state lotteries. "And I don't know anything about sports betting. It's still considered illegal where I live. But you know, if you could help me understand something about your business, I might be able to help you. I have heard before that running a sportsbook is risky, but I can't explain why. How would I explain, to a person who understands lottery, what you need to do to make

money in a sportsbook?"

The ritual admonition to stow bags first under the seat in front of you gave him cover to pause and consider this. As boarding continued, he introduced himself (Andre) and said, "OK, let's do this. Sportsbook for lottery people. I will confess that I don't know much about lottery games either, so I might learn something too."

Now, I did say this was a long flight, and we did not talk the whole time. Both Andre and I seem to have the gift of speaking so as to be heard by a person at our elbow, without projecting a lot further. I think we each improved our understanding of the other's business without annoying our fellow passengers. In this and a following article, I recap what I remember as the most important points, vignette-style. Any errors or omissions are my own.

OTHER PEOPLE'S MONEY

One thing we quickly agreed upon is that our role, whether lottery or bookmaker, is to set up a proposition on which people want to bet their money. We don't have money that we want to bet, ourselves. Rather, we are service providers. We help people play with their money, and for that service we keep a slice for ourselves.

"We both need to play with other people's money," I ventured.

"Yes," Andre replied, "and what we both count on doing is taking all the money we collected from bets placed on outcomes that did not happen, and out of that paying the wins of players who bet on the outcomes that did happen. The difference is: You in the lottery business put up propositions with crazy-many possible outcomes, and count on players spreading their bets across that big range of outcomes. Even your smallest game has

1,000 different ways it could turn out, right? So, so long as bets are spread across the whole outcome space, you're going to be OK."

I realized that he did in fact understand quite a bit about the lottery business.

"We in the bookmaking business generally get it down to only two outcomes. And ideally, regardless of which way it falls, we should be able to pay all the winners from the bets of all the losers. And then some, if we want to make money."

"But even in the lottery case," I said, "we know that bets aren't evenly spread. For instance, even in that little Pick 3 game, with 1,000 possible outcomes, we know that people like to bet on straights like 7-7-7, and on dates like 4-2-0, and so on."

"So what would be your approach if the betting on one outcome – like today's date, maybe – got too big? I mean, big enough that you could not possibly pay all the winners from all the losers, if that outcome happened?" he asked.

"Oh, we probably wouldn't mind losing money on one drawing; it's good for public relations when there are lots of winners. But I have seen liability limits defined. There was a provision to stop accepting bets once the liability on a particular outcome got to some crazy level. As I recall, it was like 'If we have a 1 in 1,000 chance of losing all the profit we would make from this quarter, that's enough. Don't take any more bets.'"

"Don't take any more bets at all, or just bets on that particular outcome?"

"I don't remember."



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"OK, maybe you just decline getting out-of-balance beyond a particular level. How often do you hit that limit?"

"I have never seen the liability limit used."

Dear Reader: Actually, I was putting a more rational face on the liability limit I recalled, than it perhaps deserved. I think it was defined in the game business requirements as a dollar amount, with no explanation of how it related to the likelihood of loss, or the expected profit of the game.

"OK. So balancing liability across outcomes is not usually a big deal for you, because you have so many outcomes," he said. "We in the sports betting world, on the other hand, want to deal with the two outcomes people care about: win or lose. Two teams have a match, one is probably favored. Loyalty aside, people are likely to bet on the team they think will win. Our business need is to get enough bets on both possible outcomes, so that we can pay the winners from the losers, and also keep some for ourselves. So, we have to put out attractive offers for both outcomes. We have two basic ways of doing that: the spread and the line."

"I think I understand the spread, from hearing people talk about friendly bets. That's generally talk about even money and points."

"Right. You like the Dogs, I like the Cats. Cats are favored to win. I'll bet you \$20 the Cats win by more than five points. You bet me \$20 that that will not happen. We would want to agree beforehand on what happens if the Cats win by exactly five points."

"Wouldn't you lose in that case?"

"If that's what we agreed."

"OK, but that was a friendly bet with no bookmaker. How can you get in the middle of that to make money?"

"Our service is to broker the deal, between parties who don't have to meet and agree. We charge for that service, and we work our charge into the offer. When we propose the terms of the bet, our cut is already baked in. In order to make the terms clear, we have a standard notation and standard rules."

"Now that's where it starts to look complicated. I see postings and frankly I don't know how to read them."

THE NOTATION

"Well," he said, pulling out his phone, "look at this."

The web page he showed me related to a football game between the New England Patriots and the Los Angeles Rams. In fact, it was an archival page from February 2019, and the game was Super Bowl 53.

"Did you have a bet on this?" he asked. I confessed that I had not.

"OK, if you were more of a sport, you might have seen this point spread:

Patriots	Rams
-2.5	+2.5
-127	+115

"So, standard notation, the favorite gets a minus sign," he said. "Patriots were favored to win, you remember. The offer is to bet for New England to win by 2.5 points or more."

"How do you get half a point?"

"You don't. That's just to make clear that if you take New England and they win by two points, you lose the bet. If they win by three points or more, we say they cover, and you win the bet."

"What would I win?"

"Standard notation is set up to show a \$100 win on the favored team. What this number shows (pointing to the -127) is what you have to bet to win \$100. You are betting to collect \$100 if the Patriots win, or lose \$127 if they don't."

"So, I stand to lose more than I stand to win?"

"If you're betting on the favorite, sure. You want to bet on L.A. instead? Standard notation again: For the underdog, we show what you could win for a \$100 bet. So this number (pointing to the +115) says if you bet \$100 on the Rams and they win, or get beat by less than three points, you collect \$115."

"OK. This is kind of complicated. Is there any reason for this notation, I mean minus for the favorite and plus for the underdog?"

"Well, it's pretty clear for us at the sportsbook. You can think of it as showing what happens if the favorite doesn't cover: We collect \$127 from those who backed the Patriots, and pay \$115 to those who backed the Rams – for hundred-dollar transactions, that is."

"And is \$100 kind of standard?"

"As a minimum. It takes money to make money."

"And I still don't see how you make money on this."

"You couldn't, because I haven't shown you where the money was actually bet. See here: At one point, 67% of the point spread money was on the Patriots. Let's say we're talking about conventional bets to win \$100 if the favorite covers, and lose \$100 on the underdog if the favorite covers. Then we can use this handy table that I made for when I go around talking to legislators and such. Who, by the way, are pretty knowledgeable about this illegal activity. Here's how that looks for the book." (See *Spread Outcome chart on the next page.*)

"So, in effect you were betting on the underdog! Were you happy with that?"

"Well, we could have been happier. And in fact, we accepted a lot of bets on the Patriots, and we paid out a lot of money when they covered. They won 13 to 3, if you remember."

"Wow. It never occurred to me that the house would lose money on the most likely outcome."

"That's not how you do it in the lottery business, right?"

When you put up a big jackpot, the most likely outcome is that nobody wins it, and you make money on that. But when you're a bookmaker, you might have to make your money on the less likely outcomes."

Now, I like to think that I am less risk-averse than most of my peers, and in my earlier career I certainly backed some long shots with everything I had. And lost. But at that moment I tried to imagine what a risk-courting state lottery would look like. All I could imagine was a lot of very anxious people around a conference table.

Andre, I sensed, was a very smooth educator. Rather than emphasizing a "life is hard when you're a bookie" line, he moved on to explain more of the arcane notation.

"Now, if you want to bet without a point spread, then you have the moneyline." And he pulled up another archived page from Superbowl 53.

The moneyline. That is one of those words that the initiated use, that remind the rest of us that we really don't know what's up. Anticipation sharpened my eyesight. Perhaps the book was

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Spread Outcome	Patriots	Rams	Book Net
Patriots cover	Pay 67 x 100 = \$6,700	Collect 33 x 100 = \$3,300	Lose \$3,400
Patriots fail to cover	Collect 67x127 = \$8,509	Pay 33x115 = \$3,795	Make \$4,714

making money here.

"See, the moneyline is strictly about who wins the game," he said. "No point spread. If they happen to tie, no money changes hands, it's a push."

Andre showed me:

Moneyline Information

New England (-115; Bet \$115 to win \$100)

Los Angeles (+130; Bet \$100 to win \$130)

"So again, New England favored to win, you will need to put up \$115 to win \$100. If you want to bet \$100 on L.A., you stand to win \$130 when they win the game."

"OK," I said. "I get that it ought to be even easier for New England to win and for L.A. to lose, compared to the spread. Is that why the moneyline pays better, if the underdog wins? But it also costs less to win \$100 on the favorite. Is that because there is no payout for the tie?"

"There is no tie in the Super Bowl – sudden death, remember. And look: Even if the action was the same as for the spread, which it won't be, it will be even stronger for the Patriots. Once again, the likely outcome is not that good for us." "But that can't be the whole story. I hear people talk about the juice, or the vigorish or licorice or some such thing..."

"That's not really a term we use. Nor is it money we collect, as you see."

"Don't you ever get in a position to make money on either outcome?"

"Well, we do try."

As the flight continued, over first class food and beverages, Andre told me about things the sportsbook might do to move toward a position of equanimity about the outcome of the game. I will try to recount what I learned in my next article. But my strongest impression from this trip remains this: As a lottery person, my comfort zone is centered on making money from the most likely outcomes. As a bookie, I might not spend a lot of time in that zone. ■

Game Outcome	Patriots	Rams	Book Net
Patriots win	Pay 67 x 100 = \$6,700	Collect 33 x 100 = \$3,300	Lose \$3,400
Rams win	Collect 67 x \$115 = \$7,705	Pay 33 x 130 = \$4,290	Make \$3,415

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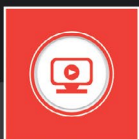
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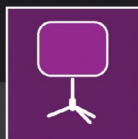
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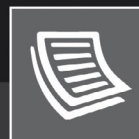
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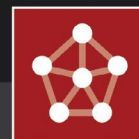
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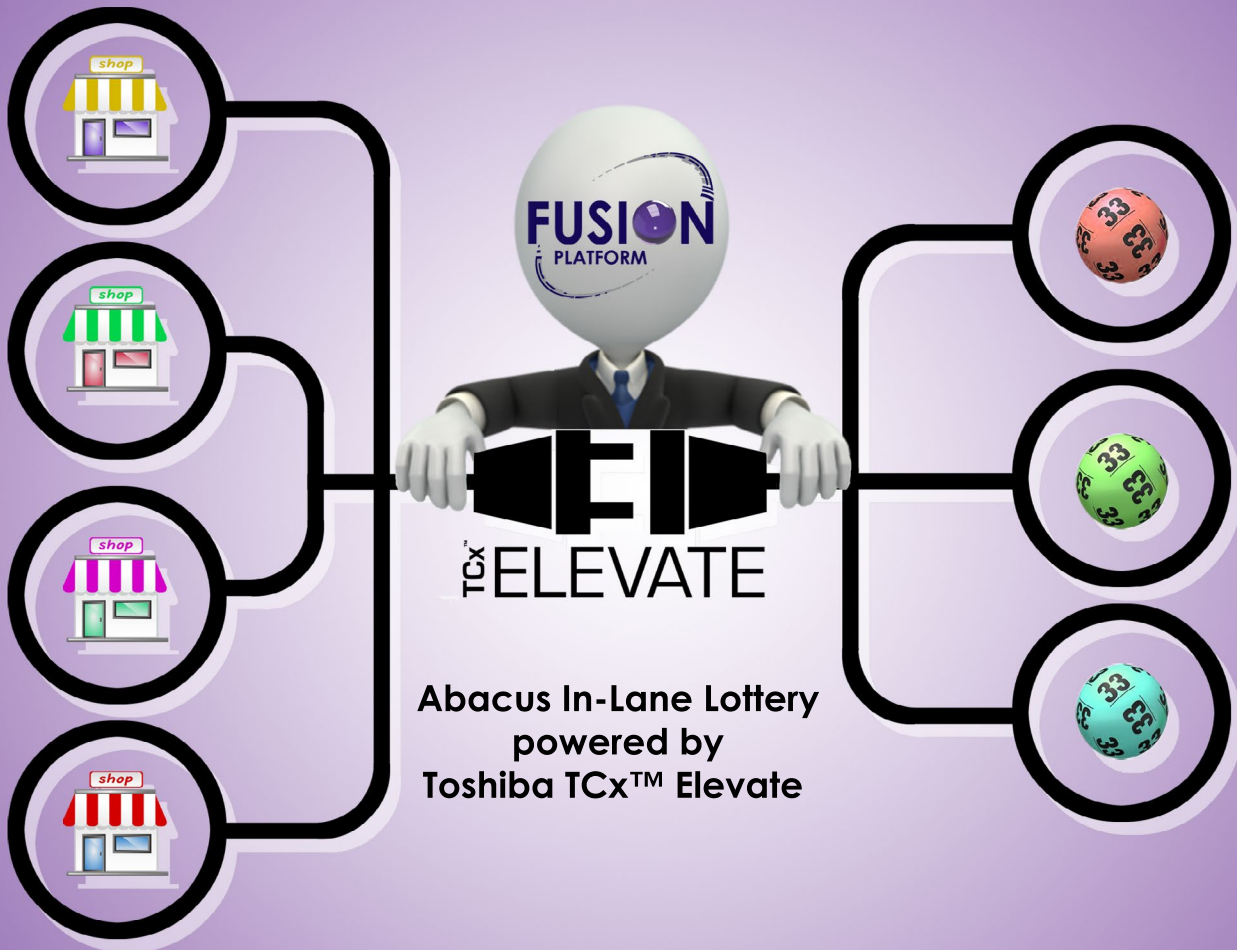
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30TH ANNIVERSARY

Scratch the diamonds. Reveal three (3) like dollar amounts, win that amount.

Scratch the stars. Reveal a 🎈 balloon symbol, win that prize shown.

Scratch each SPIN. Reveal three identical symbols in a row, win prize in prize box.

Scratch the cakes. Reveal three like amounts, win that amount.

SPIN 1	★	🎈	🍌	PRIZE
SPIN 2	🍌	★	🎈	PRIZE
SPIN 3	🎈	🍌	★	PRIZE

WINNING NUMBERS

YOUR NUMBERS

More than **\$11 MILLION** in total cash prizes.

2ND CHANCE ENTRY CODE

If any of YOUR NUMBERS match the WINNING NUMBERS, win prize shown for that number. Reveal a party hat symbol 🎉 and win that prize automatically!



A Gem of a Lottery

The Idaho Lottery celebrates its 30th anniversary in July, with a history of innovation and a customer-first philosophy.

By Patricia McQueen

Idaho is called the Gem State for good reason – for its natural resources and scenic areas, including the deepest canyon in the United States. And yes, there are a few valuable minerals and gems hiding under those mountains.

There's no hiding from the Idaho Lottery, which opened for business on July 19, 1989, and has been benefitting schools ever since – providing contributions for maintenance, repairs and capital improvement projects for public schools and the state of Idaho's permanent facilities, such as college campuses and operational infrastructure. Through fiscal 2018, a cumulative total of \$846 million has supported those causes, closing in on \$1 billion over 30 years with record profits expected in fiscal 2019.

The Lottery raises those funds with a diverse portfolio of games, entertaining promotions and a willingness to try new things, always with the customer in mind. "I've always felt, and I think my team agrees, that within limits you have to go big or you have to go home," said Director Jeff Anderson, who has been at the helm for 13 years. While not everything always works as planned, there are enough successes to drive those revenues and keep Idaho's players happy. "We can't stop the fun."

The draw game portfolio includes Powerball, Mega Millions, Lotto America, Lucky for Life and the Idaho-only games Idaho Cash, Pick 3 and Weekly Grand. The latter offers a top prize of \$1,000 a week for a year, all taxes paid. There are also InstaPlay games through the terminals; these launched in 2014.

On the paper side, a selection of about 30 Scratch games are on the market at any given time, ranging from \$1 to \$30 (launched for the first time this year in honor of its anniversary). And Idaho is one of eight American lotteries that also offers PullTabs. That product has seen considerable growth with the addition of Touch Tabs in 2011, a paperless version played on player-activated terminals in age-controlled environments, places where paper PullTabs have always been popular. Finally, Idaho is one of a dozen lotteries that still has success with seasonal raffles.

The fun also comes from promotions and leading-edge development of interactive games played for fun or as added

entertainment value on selected Scratch games. In fact, Idaho has been forward thinking when it comes to digital, finding ways to engage with players where they are without selling products through online and mobile channels.

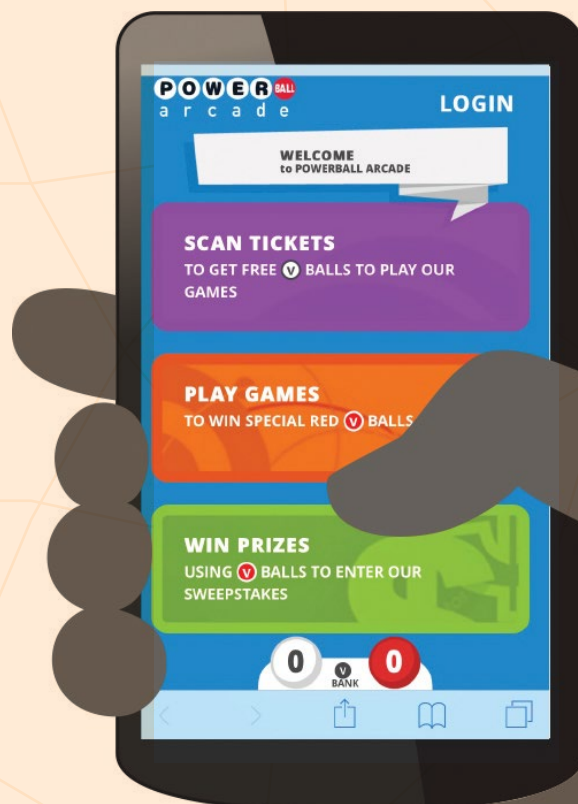
There are several achievements over 30 years for which the Idaho Lottery is understandably proud. It was an early adopter of Scratch ticket automation, making manual validation a thing of the past, noted Chief Operating Officer Becky Schroeder, who has been with the Lottery almost since the beginning. She beams with pride knowing that the Lottery today has about the same number of employees as it did when it launched – less than 50 FTEs – despite growing sales four-fold from the early days. "We have a good group of people who work really hard; they come here and stay forever. That's what makes the difference."

Idaho was the first U.S. lottery to create a web-based VIP Club in 1999, and to this day that Club is the center of player engagement and the Lottery's number one asset when it comes to communicating with players.

Another winner for the Lottery has been innovation in acquiring licensed brands for its portfolio. "We have negotiated a lot of our own licensing deals directly with the companies involved," said Schroeder, including Battleship, Airstream, energy drink providers and more. Idaho was also the first Lottery to partner with Delta Airlines and Fandango. And it was the first to work with Rob Tercek and Milestone Entertainment on some unique digital products.

Digital Emphasis

Much of the Idaho Lottery's digital focus has been in the area of mobile. "It's not easy sometimes, but it's worth the growing pains to get there," said Schroeder. The Lottery was an early adopter of mobile apps, creating separate apps to fill important customer needs, first with a Check a Ticket app and then with the MyPlaySlip app. "We felt like they were different needs, so they warranted separate apps," said Marketing Director Sherie Moody-St. Clair, adding that it has always been important to fill a customer need as quickly as possible.



Coming in April



Powerball Arcade is an interactive entertainment experience that allows players to scan their Powerball tickets, play games, and enter to win prizes!



MORE FUN IN EVERY TICKET!

Here's how it works:

FIND THE ARCADE:

The arcade can be played on your desktop computer at idahopowerballarcade.com, or via your mobile device. If you have the Idaho Lottery mobile app, you can access the arcade under the "Mobile Games" button.

SCAN TICKETS:

Scan non-winning Powerball tickets to convert your picks into white vBALLS. The more picks on your ticket, the more vBALLS you get!

PLAY GAMES:

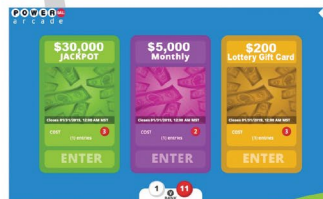
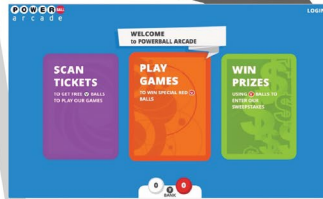
Use white vBALLS like tokens to play games in the arcade. The games are simple to play and offer opportunities to win more white and red vBALLS. The three games currently in the arcade are Power Spin, Rock Paper Scissors, and the Drop Zone.

ENTER TO WIN PRIZES:

Redeem the special red vBALLS for entries into sweepstakes drawings for prizes. There will be a variety of sweepstakes drawings that will change on a weekly or monthly basis.

To participate in the Powerball Arcade, you must either register, or login to the VIP Club. This allows us to save your vBALLS and to have your contact info if you win a sweepstakes drawing.

Players can enter for the ongoing \$5,000 monthly cash prize, weekly \$200 Lottery Gift Card, or for the limited time \$30,000 cash prize!



Benefiting Idaho Public Schools and the Permanent Building Fund. PLEASE PLAY RESPONSIBLY. Must be at least 18 to buy, sell or redeem lottery tickets.

The Lottery is also using the digital realm in other ways. With partner Vision Critical, it has created a community research platform – players love testing games. A new marketing automation system called Marketo was recently launched, which helps provide a better customer experience when it comes to emailing, texting and communication. "We're able to be more personalized, relevant and timely for our players," said Moody-St. Clair.

WooH Hoo!

Reaching players through digital channels is critical, but there's nothing like the personal touch. Idaho puts a fun spin on its event team, with a new philosophy instilled about a dozen years ago and dubbed the WooH Crew a couple of years later. "I was tired of us being at events and not really providing the experiences we wanted for our brand," said Moody-St. Clair. She was drawn to the Disney organization and what they expect of their employees throughout their properties. Even a local coffee shop in Boise was an example of infectious optimism. "They deliver optimism with every cup of coffee – they are always cheerful!"

So the Lottery's event team was revamped. "We started hiring for personality, and ended up with a lot of actors and actresses, which has been really beneficial. We're not about selling tickets, we're about providing an experience." To find the best team members, Moody-St. Clair came up with a series of questions, one of which is "Would you throw a fish?" (Borrowing an iconic experience from the Pike Place Fish Market in Seattle.) "We need people who will come up with creative, entertaining things on the spot."



Those apps remain available, along with a Cashword game app. More recently, though, a comprehensive Everything Idaho Lottery app was released for those players who want everything in one place. It's the new hub of the Lottery's VIP Club and offers a wealth of other features.

One of the newest additions to the app is Powerball Arcade, developed by Milestone Entertainment. It continues the Lottery's relationship with Milestone and its President Rob Tercek. Moody-St. Clair was impressed with Tercek when he was a featured speaker at NASPL conferences several years ago, and saw an opportunity. "We need good game development," she told him after one such event, and the rest is history. The first venture was a fun interactive game for the Lottery's 25th anniversary, Mountain Climb. "It was fantastic and players loved it!" Another game, Treasure Hunt, might have been

too complicated for its own good, but was a learning experience.

"When Milestone came up with the idea of Powerball Arcade, we thought, 'This makes sense!' It definitely addresses a need our customers have – it takes away one of the pain points with Powerball," explained Moody-St. Clair. Everyone knows the Powerball brand, whether they've played the game or not. And when infrequent players jump in when the jackpot is high, "we all know there are lots of non-winning experiences," she said. VIP Club members can now scan their non-winning Powerball tickets, and their numbers are converted into balls with which they can play fun games in the Arcade and be entered into sweepstakes. "It's a great way to extend the Powerball brand and keep people engaged and interested," added Schroeder.



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The Wooh Crew members are contracted through INTRALOT, but the Lottery pays their salaries. Historically there has been just one team, and they've traveled to events across the state. But the concept has proven so successful that it has been difficult to do a quick retailer event if that retailer happens to be eight hours from Boise. So it won't be long before there are three regional teams, which can more easily reach distant locations, and there may be more events throughout the year. "We want to make sure they are engaged year-round," said Moody-St. Clair.

In addition to bringing energy and entertainment to all of the Lottery's events, the Wooh Crew team is also

active on social media. Without a doubt, they are the brand of the Lottery, really engaging the public with Facebook Live, stories and posts.

One important factor in creating such great brand ambassadors is including them in monthly marketing strategy meetings, where everyone can review past events, explore what worked, what didn't work, and generally discuss all aspects of completed promotions. Upcoming events are also discussed, with team members helping with strategies. "I can't attend every event, so they are really our marketing strategists on the ground as well," explained Moody-St. Clair. That inclusion means they are more likely to take action if

something comes up. "There's nothing worse than doing a whole event with a promotion that's not working. If there's a pain point, we want them to change that on the spot." So the Wooh Crew is empowered to request and make changes at an event on the fly, if necessary, to make a better experience for the customer.

Record-Setting Birthday Bash

As befitting a 30th birthday, the Idaho Lottery planned something special. First was a family of anniversary games – 30th Anniversary tickets are available at \$5 (\$30,000 top prize), \$10



(\$100,000) and \$30 (\$300,000). It's the first \$30 ticket in the Lottery's history.

Then, the fun REALLY began. From June through mid-July, the Wooh Crew was traveling around Idaho in a 30th anniversary road trip, doing 30 radio remotes and fun things along the way, like parades, pop-up parties and other events. "It was important for us to make it a statewide celebration," explained Moody-St. Clair, to get away from the sense that it's the "Boise Lottery."

A search for the "fastest scratcher" was conducted at 10 of those radio remote events – players were officially timed and the 10 players at each location who scratched four tickets the fastest earned a trip to the big anniversary party in Boise on July 19. In total, 128 participants were selected to compete for the impressive title of "the fastest scratcher in Idaho" – those who qualified in timed events and others chosen by the radio stations.

But wait, there's more! The July 19 party was no regular party, although there was a live band, food trucks and plenty of entertainment. All the qualifiers competed head-to-head in a March Madness sort of "scratch-off," if you will. At the end of the evening, one person was to be awarded the coveted title along with \$1,000 in Scratch tickets, including the \$30 30th Anniversary game with a chance to win up to \$300,000.

There's still more! From the start, the event was planned to break the world record for the most people scratching a lottery ticket in one place at one time. Between the "fastest" qualifiers and the large crowd for the

party, Idaho expected to easily surpass the existing record of 338, achieved in the Philippines on August 11, 2018, as officially recorded by Guinness World Records®.

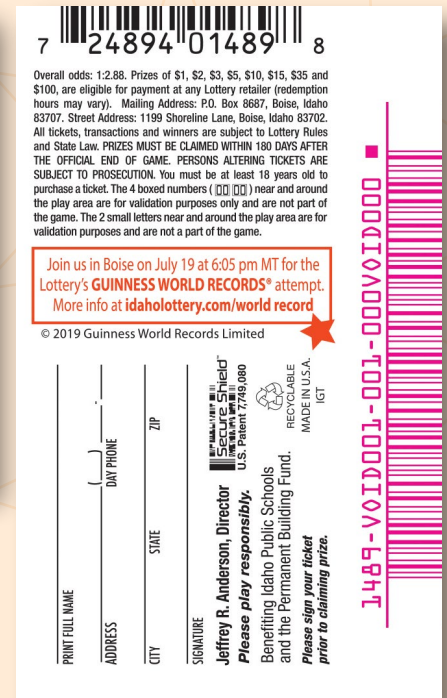
At precisely 6:05 p.m. Mountain time on July 19, Boise was rocking with hundreds of people scratching a special Guinness World Records Scratch ticket. The ticket went on sale on June 17, and the Lottery encouraged anyone who couldn't get to Boise on July 19 to buy the ticket at their local retailer and join in the fun from afar. "We wanted everybody in Idaho at 6:05 p.m. on July 19 to be scratching the Guinness World Records Scratch ticket," said Moody-St. Clair when the ticket was launched.

Media coverage was impressive. Well in advance, news stations had scheduled live broadcasts of the event, and the radio stations hosting the original remote events followed their local qualifiers to Boise, hoping one would be named the "fastest scratcher in Idaho."

The Next 30 Years

The big bash is a hard act to follow, but the Idaho Lottery team is ready. "We feel that if we provide the ultimate customer experience, that will drive sales and engagement," said Moody-St. Clair. "We are really excited – we thrive on innovation here."

Indeed, everyone is encouraged to think outside the box. Employees are urged to attend different conferences every year – especially outside



the lottery industry. "We try to challenge ourselves to look at other industries to see if we can use some of the information to make what we are doing better and to stay competitive," said Schroeder.

Director Anderson knows he's blessed to have smart, long-term experienced people who are willing to take calculated risks. "We have to be able to peek around the corner and try new things. And I've been very fortunate to have a Commission and [governors] who are very supportive of what we do," he said as he looks to the future. "They understand the why." ■



Focus On:
GAMES

SURVEYING THE GAME LANDSCAPE

New games, niche games, simple games – they all play roles in a lottery’s product portfolio.

- By Patricia McQueen -

It’s all about the games.

As a category, instant games dominate the industry in the United States; in fiscal 2018, they accounted for 63.5% of total traditional lottery sales. Daily numbers games (two- to five-digit games) brought in 13.5% of sales, Powerball and Mega Millions combined for 10.6%. Monitor games produced 5.7% of sales; they are now played in 21 American jurisdictions; keno is the dominant game but five lotteries also offer a second game and one, the DC Lottery, now offers three. More on that later.

Various lotto games accounted for most of the rest, with a smattering of other games out there serving small – but to the lotteries that offer them, important – niches in the product portfolios. The fastest-growing product in percentage terms, and not impacted by jackpots, is the group of games known as Fast Play, InstaPlay or other monikers. Still accounting for a tiny fraction of sales across the country, they were

available in 20 jurisdictions last year and are an important component of the product mix.

Most American lotteries offer between six and eight primary draw games – the staples of Powerball, Mega Millions, plus one or two daily numbers games and some other form of traditional lotto, perhaps an in-state lotto game or two and/or one of the much smaller multi-state games such as Lotto America.

Some lotteries offer a bundle option for these games, selecting a few that are included in one easy purchase by the player. Sometimes these bundles are sold at a discount, either during a special promotion or as an ongoing offer. Bundles may include the big national games for brand awareness as a way to introduce players to selected in-state games packaged together, or they may be used to encourage the use of the Power Play and Megaplier options for those big games, or they may focus on in-state games. For example, the Texas Lottery’s Lone

Star Lineup includes all six Texas-only games, bundled with a \$1 discount (\$6 worth of quick picks for \$5). And then there’s the Wisconsin Lottery’s 10 Buck Luck, which packages all eight of the Lottery’s regular draw games (excluding only the seasonal raffle) in a single non-discounted purchase.

Bundles are one promotional avenue designed to stimulate sales of certain games; these and other promotions with the same goals are described in our roundup beginning on page 52.

All but ten lotteries offer either Lucky for Life or Cash4Life, and one of those ten (Oregon) has its own version of a “for life” game; again, more on that later. The modern era of this format began with the original Lucky-4-Life in Connecticut in 2009. It expanded to other New England states as a regional game called Lucky for Life in 2012, and started spreading across the country in 2015. Cash4Life started in New Jersey and New York in 2014; additional

states were added beginning the next year. Lucky for Life is the larger of the two games based on the number of participating lotteries (26 compared to nine for Cash4Life), but with New York, Florida and New Jersey anchoring Cash4Life, that game produced the most sales in fiscal 2018. Still, as a group, this category produced \$475 million in fiscal 2018, only about 0.6% of total traditional lottery sales.

Both games have been drawn twice weekly, but Cash4Life moved to a daily draw in July. “Cash4Life has proven to be a reliable niche game, but hasn’t grown much since its startup,” explained Gordon Medenica, Director of the Maryland Lottery and current lead director of the Cash4Life group. He noted that the big states outperform the others, and there was a scarcity of top prize winners in many of the states, so the idea of daily drawings came up as a possible way of creating more winners across jurisdictions. “Another factor was that most game sales occur on the days of the draws, so daily draws are seen as a way to boost sales. Pennsylvania made a compelling case for daily draws based on one of their in-state games, which increased sales by 30% by going daily.” And because the game is small relative to its members’ other products, “the directors were more willing to try something dramatic that wouldn’t incur significant risk to their portfolio.”

Eleven lotteries offered raffle games in fiscal 2018; all the rage a few years back, some lotteries still find them valuable additions to their product portfolios, with players looking forward to them every year or every season.

The British Columbia Lottery Corp. offers the raffle BC 50/50 as a regular product; the game is drawn four times daily with an average jackpot of C\$3,000 per drawing. BC 50/50 attracts a strong player base from all ages 19 and up, from all regions of the province. The simplicity of four daily draws and a guaranteed winner drawn from every ticket sold fills a niche for players who enjoy being able to play lottery games for a smaller cost than some of BCLC’s other lottery games (such as Lotto Max and Lotto 6/49).

The Wyoming Lottery is one of two American lotteries limited to draw games only, and this summer is running its first raffle game, Ragtime Raffle. Launched June 9, the game runs through July 27; 100,000 tickets are available for sale at \$20 each. The grand prize is \$750,000, with three interim drawings



for \$75,000 prizes and five \$5,000 prizes awarded to the purchasers of selected tickets throughout the sales period (the 10,000th, 20,000th, 40,000th, 60,000th and 80,000th tickets sold). Each of those winning tickets is still eligible for drawings as players may win more than once.

Promotions are tied to Wyoming’s state rodeos this summer. “It has been a few years since the Wyoming Lottery launched its most recent game, Lucky for Life, and we knew our players wanted more options to play,” said Chief Operations Officer Robin Medina. “Adding the new Raffle game we believe will provide our players with another option that provides entertainment value with great odds and \$1,000,000 worth of prizes. Wyomingites support Wyoming products, such as our state game Cowboy Draw, and we feel that they will love the newest Wyoming-only game.”

North of the border, Canada’s lotteries have a considerably different game profile than most American lotteries. In fiscal 2018, instant games accounted for only 29.5% of total sales of traditional products, while the two big national games, Lotto Max and Lotto 6/49, brought in 34.9%. But that’s not the whole story. Across the country, the provincial lotteries have been tremendously successful with spiel games, and often as much as 70% or more of big lotto purchases include the optional spiel purchase. Spiels accounted for 7% of total sales in fiscal 2018, the third-largest category of games in Canada. Sports betting was another 6.4% – a category now being developed in the U.S.

Canada’s third national draw game

was launched in October 2016; Daily Grand follows the “for life” concept popularized in the U.S. It quickly grew to 2.3% of total sales in fiscal 2018. Other provincial lottery games, daily numbers games, keno (both quick draw and daily) and “watch and win” games fill up the remainder of the traditional products offered by various lotteries in Canada.

TIME FOR SOMETHING NEW

It’s always a challenge to try something new, because you have to accept the possibility of failure along with the potential of success. That’s not always an easy pill for a lottery to swallow, but it’s an important one, according to Kentucky Lottery President and Chief Executive Officer Tom Delacenserie. Kentucky is trying not one, but two new draw games this year – Quick Bucks and Win Place Show (the latter in a very limited 45-location test).

“When you are in an entertainment business, a product business, newness sells,” he explained. “Consumers are attracted to newness. I’m all open to trying newness, because you never really know until you try, but you still have to stay true to your core.”

He uses the example of General Mills and its Cheerios brand. “Cheerios is a core product and it pays a lot of bills for General Mills. It also gives them the opportunity to take flyers. Our core is definitely still the money themes on scratch games, along with Powerball and Mega Millions, but if you can take a flyer every now and then, sometimes



KENTUCKY'S **WIN** PLACE SHOW™

those flyers become cores. Sometimes they don't. But if you don't try, you don't know."

The daily Quick Bucks launched earlier this year. "What intrigued us about it was the fact that you have some options," explained Delacenserie. Players could buy a \$1 ticket for the base game which has a 4-of-31 plus 1-of-5 matrix. The unusual thing about it was the Wheel Bet option, which for \$5 gives the player all five possible Kentucky Balls and a guaranteed win of at least \$2. "I hadn't seen that before, so we thought we'd give it a try."

After about 12 weeks, Quick Bucks sales were running a little below projections. While it had media support at launch, it may have gotten lost in the fanfare around the Lottery's 30th anniversary \$30 ticket. More media campaigns are planned, and probably some promotions as well – increasing prize values, perhaps, and adding incentives for retailers. "We are going to give it an honest shot for at least a year. The key is to see if it can stand on its own two feet."

Initially the \$5 Wheel Bet – the priciest American draw game yet short of limited-run raffles – accounted for about 46% of sales, but that percentage has been dropping. People have to feel like they are winning enough to keep playing, noted Delacenserie. In that respect, it's no different than scratch tickets. "This is dipping our toe into the scratch model where you have higher price points, [which come with] a chance to win more."

Win Place Show has been in its 45 test stores since March 31, and looks promising. It started very high, and while sales have come down over time, it was

still exceeding expectations by about 64% after seven weeks. "That's a really good sign."

First marketed to the lottery industry as EquiLottery by company founder Brad Cummings, Win Place Show results are based on live horse races. "When I first saw it presented while I was at the Florida Lottery, I thought it was a different type of game that could attract a different type of player – even younger players," said Delacenserie. And that seems to be what is happening during the trial in Kentucky.

While millennials and the generation behind them have less discretionary income than older demographics, they still have SOME discretionary income. "They are worth going after if you can find something that appeals to them more so than just a Powerball or other numbers game."

After the test, which was scheduled to run through the end of June, all the principals – the Lottery and game designer plus vendors IGT and AmTote – would work to evaluate the game's performance and review the inevitable issues that came up given the entirely new game format. That gives everyone plenty of time to work out any kinks so that the game should be "ready for prime time" with a formal launch statewide expected next March.

Delacenserie knows that Win Place Show may have an optimum market in Kentucky, where horse racing is top of mind. It didn't hurt that the test launched at a time of heightened interest in horse racing with the Kentucky Derby and Triple Crown looming, but he hopes it will have staying power as something that really appeals to Kentucky players.

NEW IDEAS IN A NEW WAY

While lottery industry vendors are the most common source of new game ideas, the Atlantic Lottery has added another potentially viable option. Since 2016, it has held "hackathons" – intense design sprints that attract smart and creative young minds to create functional products or services. Atlantic's hackathon participants are almost always young adults under 30, who often have no previous experience with lottery products. They receive little guidance during a hackathon in order to stimulate the most creative thinking without the boundaries that often restrict game development using more traditional methods.

To stage a hackathon, Atlantic Lottery partners with companies that encourage innovation and provide incubation for startups. Nine hackathons have been offered to date, all with partner Volta Labs. The most recent one in February added Venn Innovation and Startup Zone, as it was expanded to include not only a Halifax location but also sites in New Brunswick and Prince Edward Island. Another hackathon is expected to be held this fall after college students return to the Halifax area.

Participants are charged with creating unique, innovative ideas for lottery games based upon the theme of each event. Past hackathons have covered areas such as esports, social lottery and scratch ticket design. Perhaps no theme was more indicative of the concept than "Space Lotto" – so named because Atlantic Lottery wanted to encourage out-of-this-world ideas for bringing lottery to new places or new spaces.

The top ideas from each hackathon are sent to the Lottery's test site for player evaluation. "It is fair to say that we have had success and that new games are coming from these events; most importantly they are testing well with lottery and non-lottery players," said Manager of Innovation Execution Michael Sandalis, who oversees the program. In fact, one idea that came from a hackathon will actually be launched on alc.ca in the next year or so.

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because of the calendar aspect," said Public Information Officer Neil Watson. "Our players get the concept of choosing their favorite dates and they enjoy it." Not surprisingly, currently about 62% of MyDaY plays are numbers chosen by players instead of quick picks, in stark contrast to most lotto games where quick pick selections dominate.

Although the date aspect is appealing for players, for Nebraska MyDaY fits perfectly into the product mix with its \$5,000 top prize – it fills a niche and provides consistent revenue, even growing incrementally each year. The game also responds well to coupon promotions. For example, twice in the last nine months the Lottery offered a coupon for three plays for \$2 – a \$1 discount. Sales increased in each week of these promotions, but when sales dropped down afterwards, they were above their previous base levels. "So we are seeing that incremental increase over time. [The coupons] bring the game to people who maybe haven't tried it before."

The Oregon Lottery has two long-running games that certainly both qualify as niche products – Win for Life and Lucky Lines. They remain in the portfolio because they consistently bring in a small amount of net revenue each week without any money being spent to support them. "As a product manager, I don't think I have another product in my portfolio that could make up that money, because we have a certain requirement for transfers that we have to make," explained Traditional Product Manager Tina Erickson.

Launched in 2001, the \$2 Win for Life's top prize is \$1,000 a week for life; drawings are held three nights a week. It has a different play style than today's multi-state "for life" games. Players receive 15 sets of numbers, grouped in prize categories. To win the top four prizes, players must match all four numbers in a line; they are provided a single set of numbers for the top prize, two sets for the \$50,000 second prize, four sets for the \$20,000 third prize, and eight sets for the \$10,000 fourth prize (see the ticket sample shown on page 40). Other prizes may be won by matching two or three numbers in any set, and if there are no numbers matching on a ticket, there is a prize of \$3. There are a total of 46 ways to win.

With those 46 ways to win, the game produces a big ticket and looks

FINDING A NICHE

New games do not have to be home runs – as long as a game remains profitable and provides incremental revenue, there's the likelihood that some players enjoy it and a lottery has nothing to lose by keeping it. Especially if there's nothing lurking around the corner as a potential replacement. Choosing a draw game portfolio – and deciding when to add or remove games – is no easy task.

Draw games are no different from instant tickets in one regard. "You need a balance," said Robert Tharp, Senior Director, Product Analytics, for IGT Indiana, working on behalf of the Hoosier Lottery. New games are necessary to offer variety and have that "newness" factor, while core games have

provided a steady stream of sales for decades. Yet games need to be nurtured, and too many products in-market make that more challenging. At the end of the day, though, variety is important. For example, Cash4Life isn't Hoosier's strongest seller by any means, "but it's certainly a different proposition than anything else in the portfolio for the most part. There is certainly a place for niche games."

Lottery games that use dates would seem to be a natural fit, with players choosing birthdays and other dates of significance – just look at the number of winners when a big lotto game's six numbers drawn are all 31 or under! Yet only a few such calendar-themed games have been tried over the years, and only one lottery offers such a game today – Nebraska. "MyDaY is unique

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complicated. But it does have a loyal player base and provides variety in the portfolio, and Erickson noted that based on tracking studies, it seems to attract a younger demographic. Not millennial young, but younger than the players of many traditional lottery products.

And they like their Oregon-only game. A few years ago, Lucky for Life was tested as a possible replacement, but players didn't like it. They knew they already had a similar game, and they didn't have to "compete" with players in other states.

With the \$2 Lucky Lines, there's also an appeal to a small group of players in the tic-tac-toe style game. This game format has come and gone in other jurisdictions, although the Connecticut Lottery still offers its version called Lucky Links.

Oregon's game has a small rolling jackpot, and like Win for Life, it has a loyal following and is profitable without any support. "Lucky Lines is easy to understand when you look at a ticket," said Erickson, because everyone knows how to play tic-tac-toe. It's something other than the "pick your six numbers and see if they match" lotto format. And while the jackpots are very small, rolls approaching \$100,000 are possible. "I

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	04	15	53	74	
	10	11	26	48	
	02	03	47	67	
\$10,000 PRIZE	13	24	48	62	
	07	43	61	77	
	08	25	59	64	
	19	22	43	68	
	16	55	62	65	
	01	24	31	37	
	14	20	42	53	
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think it's exciting for players because they aren't competing with a nationwide pool of people."

Both Win for Life and Lucky Lines may start getting a little push utilizing digital marketing; she thinks there is potential to grow with even a little amount of attention.

REDEFINING SIMPLICITY

One school of thought in the effort to attract new players is to simplify the games for the entry-level audience. That's the typical goal of two-digit daily numbers games and even single-number games, such as The Lucky One, a monitor game now offered by the DC and Ohio lotteries. Two-digit daily games are available in DC, Florida, Ontario and Pennsylvania.

"The Lucky One and DC2 are two things we have added to our portfolio as more of an introductory product," said Nicole Jordan, DC Lottery's Director of Marketing and Communications. Noting that lottery core players are aging, she explained, "We wanted to introduce lottery to new players in the least complicated way. It's kind of a strategic way to have games in our portfolio that aren't as complex, that would not be intimidating to a new player."

And simple is what The Lucky One is all about. "Just pick a number! That's how to play the game," she said. A successful March promotion offered a \$1 free play credit for every \$3 purchase of The Lucky One; that credit was good on any DC Lottery game. "It gave people an incentive to play, because sometimes you just need people to try" something new. "We had the conversation – this is a unique game; come and play!"

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Other promotions are planned this year, including cross-promotion with Keno, which has undergone a refresh to make it more DC-centric and appealing to local players. In the meantime, research is underway to find out just who is playing the most simple of games – Jordan thinks The Lucky One has successfully attracted newer, younger players who just dabble in lottery but she’s looking forward to the actual research.

The Lucky One is the third monitor game for DC, making it the only lottery in the country offering three such games. The game alternates with Keno on one monitor, while Race2Riches runs on a second monitor. “Monitor games are a growth area for us,” said Jordan of the addition, although she admits that The Lucky One will not be a “category killer.” It is good, however, to have something for everyone in a lottery’s portfolio, and she noted that the game is gaining traction with increasing sales.

The Florida Lottery was also looking for a less intimidating game when it launched Pick 2 in 2016, but had other reasons for going in that direction as well. In addition to Pick 2, Pick 5 was



added to the daily numbers portfolio, and the Lottery’s existing three- and four-digit games were rebranded to create a family of games under the Pick Daily Games banner. That provides some of the same advantages as family games on the instant ticket side, like advertising efficiencies with a common brand. A single commercial or campaign can advertise all four products, explained Product Manager Sarah Stanford.

In the first year after launch, Florida found that players were redistributing their daily game dollars to the new Pick 2 and Pick 5 additions in order to try out the games. Since then, sales of Pick 3 and Pick 4 have returned to previous levels, and combined sales of all Pick games continue to grow. Still, Pick 5 has proven stronger than Pick 2. The top prize of

\$50 in Pick 2 “is only going to appeal to a certain type of player,” noted Director of Product Shelly Gerteisen, but even with a small sales volume, it has been a consistent performer. “Moving to Pick 2 and Pick 5 games were a way to increase our appeal with players by offering two more differentiating top prizes (\$50 and \$50,000, respectively),” added Stanford.

MORE ABOUT GAMES

The remaining pages of this special *Insights* report cover various other game-related topics. Up next is a brief look at some of the highlights in the instant game category, followed by a review of add-on games and then a roundup from our member lotteries exploring how games respond to various promotional efforts. We also look at the big national games – Lotto Max and Lotto 6/49 in Canada and Powerball and Mega Millions in the U.S. Included with the latter is a rundown of some of the things lotteries are doing to promote those big jackpot games. Finally, there’s a detailed look at \$10 instant games provided by Scientific Games. Read on! ■

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Focus On:
GAMES

INSTANT DEVELOPMENTS

Local interest themes, special causes and a phenomenal game in Ontario help continue growth in instant games.

- By Patricia McQueen -

Instant games remain the dominant product line in the American lottery industry, producing nearly \$50 billion in sales last year alone. Price points continue to go up, driving year-after-year sales increases in most jurisdictions, but there are other tools being used to capitalize on the “instant gratification” mindset of today’s consumer.

Game families help move players up the price point ladder, and provide advertising efficiencies as well. Second chance drawings are commonplace these days, and ticket sales can respond well if the drawings offer players unique prizes and experiences.

There are big opportunities to capitalize on consumers’ passion for local brands and themes. The DC Lottery won NASPL’s Best New Instant Game award with its \$10 game Neighborhoods, with scenes

featuring some of the District’s most iconic neighborhoods. This summer the Nebraska Lottery is doing a limited run game for the Nebraska State Fair, on sale for a short period of time. A second chance promotion uses Fair-provided prizes. “We are really interested to see how that works,” said Public Information Officer Neil Watson.

The Louisiana Lottery’s appreciation of family games led to this year’s New Orleans Saints branded ticket (the 11th annual game) being offered at both the \$2 and \$5 price points – the \$2 version is new this year. Louisiana has also had a lot of success forging alliances with major local brands, most recently Zatarain’s, which manufactures foods with big, authentic flavors inspired by New Orleans cuisine. The Lottery’s \$2 Boil It Up! game produced an impressive performance index of 162.

Instant games dedicated to specific causes have been part of the Illinois Lottery’s lineup for years. Currently there are six such tickets, one each supporting Special Olympics; veterans organizations; research to fight HIV/AIDS, breast cancer and multiple sclerosis; and the newest one, police memorials. A seventh will be released in September, focused on homeless prevention efforts. In this year’s General Assembly, two new causes were identified – Alzheimer’s awareness and research, and STEAM education funding. Those two will take effect beginning in 2020.

“Our specialty tickets are uniquely Illinois, and we are proud to partner with organizations and causes that benefit from specialty ticket proceeds,” said Illinois Lottery Communications Director Jason Schaumburg. “We continue to build



the Lottery brand to promote its role as a champion for the people of Illinois and connect players with the purpose that drives everything we do. And, clearly, specialty tickets are a part of that.”

Where allowed by the laws that created them, the Lottery has modified the look of some of these specialty tickets, removing the front branding so they are more in line with other games. After all, players often choose tickets based on visual impact. The Blue ticket, for example, which supports police memorial funds, is dramatic and simple. These newer “non-branded” tickets (which still identify the supported cause on the reverse) have been successful in raising more funds for the charitable organizations. Digital and social media marketing helps make the emotional connection with all of the specialty games, particularly the non-branded ones, and the benefit organizations also market each game to their own audiences.

The biggest thing to hit the instant ticket market might just be Ontario Lottery and Gaming’s \$5 The Big Spin, and for good measure, The Bigger Spin at \$10. These games are designed with an extra measure of anticipation built

into the reveal – if a player scratches a “Spin” instead of a prize amount, they won’t know what that prize is until the ticket is scanned at retail. It’s all about extending the dream, noted OLG’s Luke Stilin, currently Director Customer Experience Design, when he presented The Big Spin at last year’s NASPL annual conference (the game was nosed out for Best New Instant Game by the aforementioned Neighborhoods).

At retail, a ticket presenting the “Spin” symbol prompts a wheel spin on the in-store terminal display to reveal the actual prize won. Every time the spin is displayed on a retail monitor, it’s a winning experience – either cash prizes or a spin on the life-size prize wheel at OLG’s Toronto prize center. As a result, retailers just love the game.

So do players! The Big Spin’s initial print run of 8.4 million tickets, expected to last six months, sold out in just three and a half weeks. Seven million tickets flew off the shelves in the first week. Fortunately, a second run was ready from Pollard Banknote, and The Big Spin success story continued – now with the addition of The Bigger Spin. ■



ADDING VALUE

By adding options to games for an additional purchase, lotteries can refresh existing games and offer more benefits to players.

- By Patricia McQueen -

One of many challenges lotteries face is what to do with older games, or even not-so-old games, to attract renewed interest and stimulate sales. These games typically have a loyal following, but there is always the desire by consumers for “something new.” Yet completely new games are costly and time-consuming to develop, and may not have the desired result. This is where add-on games serve a very important purpose – changing up existing games to offer more options for players. And when a lottery does choose to launch a new game, it often includes some of these same add-on features, again with the goal of offering players options.

Add-ons to draw games generally come in three basic types: an instant-win feature, a multiplier that increases prize amounts, and options that improve the odds of winning by providing more chances to win; the latter may include an extra number drawn, or a second draw that allows players’ numbers to match another set of drawn numbers. Most add-ons are \$1, except those for monitor games such as keno – with those games,

the cost of bet can vary widely based on a player’s choice, so the add-on typically doubles the price of the bet.

The national games, of course, have \$1 add-ons in the form of multipliers – Powerball’s Power Play and Mega Millions’ Megaplier. Lotto America, sold in 14 states, has something similar in its

“Those games have strong player support, so it’s a way to give those players yet another option.”

- Jeff Holyfield

\$1 All Star Bonus. In addition to those multipliers, thirty-four American lotteries offer add-ons to at least one of their in-state draw or monitor games, and 22 of those have them on more than one of those games. Clearly the lotteries that use add-ons, love add-ons!

A dozen lotteries offer add-ons to their daily numbers games, 18 offer them on their daily lotto games, and 15 offer them on other lotto games. All 20 American lotteries with monitor games have add-on options available, and most of them offer at least two different add-ons. Looking at these in another way, 15 lotteries use instant-win add-ons on a total of 25 games; 25 lotteries use multiplier options on 34 games; and 13 lotteries use add-ons that provide more chances to win on 26 games. The chart on page 49 summarizes these options.

“Add-ons are launched when the base game needs a refresh,” said Michigan Lottery spokesman Jeff Holyfield. Michigan recently added a Double Play option to both Fantasy 5 and Lotto 47. “Those games have strong player support, so it’s a way to give those players yet another option.”

Indeed, options are what these games are all about, but approaches to using them will vary lottery to lottery. In Illinois, for example, “Players seem much more attracted to add-ons that improve their odds in the core game over those

that increase their potential winnings,” noted Illinois Lottery Communications Director Jason Schaumburg. While multiplier purchases might not exceed 10% of a base game sales, the Fireball options on Pick 3 and Pick 4 are “in a league of their own,” with Fireball sales on Pick 3 historically running 18% to 20% of sales, and 25% on Pick 4. “Our core players love that Fireball gives them another chance to win a prize on the same numbers.”

OPTIONS FOR HOOSIERS

In Indiana, add-on games are available on five different products and there have been several adjustments to the mix in recent years, according to Robert Tharp, Senior Director, Product Analytics, for IGT Indiana, working on behalf of the Hoosier Lottery.

For example, EZ Match on Daily 3 and Daily 4 (first added in 2013) was replaced a couple of years ago with Superball (similar to Illinois’ Fireball). Hoosier’s general philosophy is that add-ons are better when they are part of a game and provide another way to play, rather than a separate game at the bottom of a ticket that has nothing to do with the base game. Superball brings an additional way to play to the players, as opposed to just an instant win unrelated to the game. Superball’s current attachment rate for Daily 3 and Daily 4 combined is about 5%. “Relative to most other attachment rates, that is low, but that’s not surprising to me given the nature of daily game players,” said Tharp.

EZ Match remains on Quick Draw, Hoosier’s twice-daily keno style game, even after Bullseye was added. About 7% of Quick Draw sales include EZ Match, while Bullseye brings in about 15% of sales (23% of boards). “Bullseye has a pretty high board attachment rate and has done well for us.” These results are an indicator that players prefer add-ons that are more related to the host game.

Hoosier doesn’t really put much marketing dollars behind these add-ons – even with the higher attachment rate of Bullseye, it would take a long time to earn back any marketing dollars based on any sales impact. Instead, these products are supported more through digital means and in-store materials.

The big story for Hoosier is with its flagship in-state lotto game. Years ago, Hoosier Lotto had the spiel Tag 6, and then EZ Match after that. But in April 2016, Lotto was relaunched as a \$2 game with a +Plus option for an additional \$1, and Hoosier Lottery officials have been smiling ever since. “We expected +Plus to do well, but it has exceeded our expectations from day one,” said Tharp. He noted that it has a very strong attachment rate. +Plus sales are about 12% of Lotto sales, or about 24% of boards, significantly higher than the experience with the big game multipliers. And, unlike what happens to those products, +Plus participation doesn’t fall off when the jackpots rise.

+Plus is a second drawing, completed right after the main Hoosier Lotto drawing, that applies a player’s regular lotto numbers to the numbers drawn in +Plus. The top prize in +Plus is \$1 million with a 6-of-6 match, with lower-tier prizes that are higher than those for the

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main Hoosier Lotto game. “I think the attraction to Lotto +Plus is that it’s a shot at a million bucks for \$1,” said Tharp. “It’s all about value perception for the player, and I just think that’s a very high value perception. I can’t replicate that on any scratch-off game.” Occasionally Cash 5 might get to a million, but not very often. “We are elated with +Plus.”

SEEING DOUBLE IN MICHIGAN

Another lottery that added a second drawing for lotto is Michigan. Called Double Play there, it was added to both Lotto 47 and Fantasy 5 in January. The Lottery now has two add-ons for each of those games, as EZ Match remains available.

As in Indiana, there is a second drawing conducted immediately after the main drawing on each game, and if the player has chosen the \$1 add-on, their numbers can also win on Double Play. In Michigan, the Fantasy 5 and Lotto 47 base games remain priced at \$1. The Double Play top prize is \$110,000 in Fantasy 5 and \$1.5 million in Lotto 47 (higher than the starting jackpots in both base games), and lower prize tiers are doubled from the base game.

Michigan supported the launch with radio, television and digital campaigns, with the primary message being that



“your favorite game now has a chance to win twice.” With its attractive prize structure, Double Play provides extra value for players. “We wanted to give players something new, so they would take a look at these games with their larger prizes,” said Holyfield.

From the launch of Double Play on January 20 through June 3, more Fantasy 5 players are picking up the option compared to Lotto 47, but both add-ons are strong. Double Play was 19.7% of Fantasy 5 sales, and 12.3% of Lotto 47 sales. Those rates are more than twice the pickup rate of EZ Match.



THE COMBO EFFECT

The Florida Lottery is yet another that is using add-on games on multiple products. The multiplier Xtra has been offered with Florida Lotto since 2009, and it was joined by EZ Match in January 2018. Fantasy 5 started offering EZ Match in 2006, and the add-on has also been used in other games no longer offered by the Lottery. Most recently, Florida launched Jackpot Triple Play, a game similar to a few others in the market but with one important distinction – options to win across multiple lines are only available with a \$1 add-on (Combo) to the \$1 base game, while implementations elsewhere have combo play built into the base game at the \$2 price point.

“We are big fans of add-ons here in Florida,” said Director of Product Shelly Gerteisen. “We think it’s a good strategy to get terminal players used to spending more than \$1 for the play.” Because it’s an optional purchase, players know they have the choice, that it’s not forced on them, but it still prepares them for higher price point draw games that may be coming down the road.

Indeed, research conducted in 2017 determined that Florida Lotto players were averse to fundamental game changes including increasing the base game costs and changing the game’s matrix. EZ Match was a clear frontrunner in the early research as a way to bring back some excitement to the game and provide incentives to play.

Gerteisen noted that EZ Match is attractive because it borrows from the success formula of scratch games – instant gratification and higher payouts. And because the add-on was already known to Florida players, it was easy to extend the brand to Lotto, creating advertising efficiencies across games.

That said, EZ Match pickup on Florida Lotto has not been very high – less than 5% – but the key is that it didn’t cannibalize play on Xtra. Xtra sales remain relatively high, sometimes reaching 22% of Lotto sales. EZ Match remains an option for those attracted to the instant win feature.

Flexibility was key to the introduction of Jackpot Triple Play in January as a \$1 game with a \$1 Combo add-on. Three plays for \$1 “is a great value proposition for the players, and they still have the option to buy the add-on for extra chances to win,” said Gerteisen. For the Lottery, the separate prize structure for Combo allows more flexibility to offer higher payouts while keeping the base game prize structure at 50%.

And players are loving Combo, which combines all possible winning numbers matches on a ticket. It’s by far the most-purchased add-on game offered by the Lottery, noted Product Manager Sarah Stanford, with a play through rate of about 64%, and has the highest concentration of players who play an add-on every time they purchase a ticket.

Recent research on add-ons with the Florida Lottery’s players’ panel perhaps explains the game’s success. Of all add-ons offered by the Florida Lottery, Combo ranked highest in four out of five statements:

- Enhances the overall value of the main game (59%).
- Adds some excitement to the main game (61%).
- Is worth the extra money to play (59%).
- Increases my chances of winning a big prize (62%).

ADD-ON OPTIONS

..... Type of Add-On			
Jurisdiction	Instant Win	Multiplier/Increased Prizes	More Chances to Win
Arizona	Fantasy 5, The Pick		
California		Hot Spot	
Colorado	Cash 5		
Connecticut		Keno, Lucky Links	Cash 5
Delaware		Keno	
District of Columbia		Keno, Race2Riches	
Florida	Fantasy 5, Florida Lotto	Florida Lotto	Jackpot Triple Play
Georgia	Fantasy 5, Jumbo Bucks Lotto	Keno	
Idaho			Pick 3
Illinois	Lucky Day Lotto		Pick 3/4, Lotto
Indiana	Cash 5, Quick Draw	Quick Draw	Pick 3/4, Lotto
Kansas		Keno, Racetrax	
Kentucky	Cash Ball 225	Keno	
Louisiana	Easy 5		
Maine		World Poker Tour	
Maryland		Keno, Racetrax	
Massachusetts		Keno, All or Nothing	
Michigan	Fantasy 5, Lotto 47	Keno	Fantasy 5, Lotto 47, Keno
Missouri	Pick 3/4, Show Me Cash, Lotto	Keno	
New Hampshire		Keno	
New Jersey		Jersey Cash 5, Pick-6, 5 Card Cash, Quick Draw	Pick 3/4
New York	Numbers, Pick 4, Take 5	Quick Draw	
North Carolina	Cash 5		Pick 3/4
Ohio		Keno	Classic Lotto
Oregon		Megabucks, Keno	
Pennsylvania		Keno	Pick 2/3/4/5
Rhode Island	Numbers	Keno	
South Carolina		Palmetto Cash 5	
South Dakota	Dakota Cash		
Tennessee		Keno	Cash 3/4
Texas		Lotto Texas	Pick 3, Daily 4
Virginia			Pick 3
West Virginia		Keno	
Wisconsin	Lotto		

Information compiled from lottery websites in early June 2019. In addition to the multipliers shown in this chart, all U.S. lotteries except California offer the multipliers for Powerball (Power Play) and Mega Millions (Megaplier); all Lotto America participating lotteries offer the All Star Bonus. Instant win add-ons may be called EZ Match, Instant Win, Extra (Arizona). Multiplier/increased prize add-ons include Bulls-Eye, Bonus, Spin, Xtra/Extra, All In, 2X Power, Kicker (Oregon); they apply only to non-jackpot prizes. More chances to win add-ons include Sum It Up!, Fireball, Superball, Extra Shot, Combo, Double Play, Kicker (Ohio). In most states, Keno has more than one multiplier or other mechanism to increase prize values.

On the fifth measure, ease of understanding, it ranked a little lower, meaning there is opportunity to improve “how to play” awareness and make the option even stronger.

EZ DOES IT

The Missouri Lottery is a big fan of EZ Match, offering it on four games, more than any other lottery. Launched initially with Show Me Cash in 2011, it was added to Lotto, Pick 3 and Pick 4 in 2016. Overall, EZ Match does well on these games – sales are fairly consistent week to week.

On average, more than 63% of EZ Match sales come from Show Me Cash – not surprisingly, as that is the game which has had the option the longest. That familiarity factor is important. The Lottery also provided marketing support when it launched; less support was given to the EZ Match additions to the other games and that is reflected in sales.

EZ Match on Pick 3 and Pick 4 together account for about 22% of the add-on’s sales, even though those daily games combined are more than four times larger than Show Me Cash. EZ Match on Lotto accounts for the remaining 15% of sales.

Missouri also offers three add-on options on its Club Keno game – Multiplier, Bulls-Eye and Double Bulls-Eye. Approximately 69% of all Club Keno transactions involve the purchase of an add-on. Double Bulls-Eye is the most popular, included in some 31% of Club Keno transactions, followed by Bulls-Eye (25.6%) and Multiplier (12.4%). Just under 31% of Club Keno is played without any of the optional add-ons.

Because of the popularity of the Club Keno add-ons, and the fact that 74.5% of all transactions are multi-draw plays, Missouri’s average Club Keno transaction is \$11.09, by far the highest of any of the Lottery’s products.

SOMETHING FOR NOTHING

Not all game features cost extra. Lotto games in Massachusetts, Missouri and Wisconsin, for example, include a random doubler, doubling all non-jackpot prizes if the doubler comes up in a given drawing. The Hoosier Lottery’s Lotto +Plus goes a step further with a

random multiplier, where non-jackpot prizes can be multiplied by up to 10 times.

For Missouri, the doubler on Lotto isn’t considered a big sales driver, but it does provide a talking point for the game and gives players a fun extra way to win. For 2019, the Lottery has increased the doubler frequency with the hope of creating more excitement, more winners and more sales.

When the Hoosier Lottery relaunched its Lotto game, adding the +Plus option for \$1 extra as well as an included random multiplier, players were a little bit confused at first, noted Tharp. They weren’t quite sure if the multiplier was an extra-cost add-on or included with the base game. But with a full advertising campaign for the relaunch and other support, that confusion passed fairly quickly. The multiplier is fun – “it’s designed to just add a little bit of excitement and variety to the game.”

The California Lottery has gone another route. While virtually all lotteries offer second-chance drawings, and some do so with their draw games, most are short-term promotions. Not so in California. Every non-winning scratch ticket, every day, may be entered into weekly second chance drawings with two \$25,000 winners, five \$5,000 winners and 25 \$1,000 winners each week.

Similarly, every SuperLotto Plus ticket (winning or non-winning) can be entered into a weekly second chance drawing for five \$15,000 prizes each week. And for every purchase of \$5 or more of Fantasy 5 on a single ticket (again, winning or non-winning) players may also enter a weekly drawing, this one for three \$10,000 prizes and 12 \$1,000 prizes each week. Entry codes are printed on every eligible ticket. The primary goal of the included second chance opportunities is to increase interest and sales in these games.

An average of 6.1% of eligible Fantasy 5 tickets are actually entered by players into the second chance drawings; for SuperLotto Plus, that number is 8.1%. Those rates compare to an average of 10.3% of non-winning \$1 Scratchers tickets entered into the weekly drawings. The lower the price of the ticket, the less likely they will be entered into the drawings – for example, \$2 Scratchers have an entry rate of 15.7%, all the way up to \$30 Scratchers, which have an entry rate of 37.2%.

CANADA LEADS THE WAY

While American lotteries are certainly making strides with add-on games, when it comes to attachment rates and add-on success, nobody does it like Canada. Spiel games are routinely purchased as add-ons to the country’s national games, Lotto Max and Lotto 6/49, generating tremendous additional revenue for the provincial lottery organizations. Spiels are also offered on many provincial lottery games – using a single brand in each province, the add-on options are instantly recognized by players.



In Ontario, for example, the add-ons come under the brand Encore, and are available for an additional \$1 purchase on most of the Lottery’s lotto products. Encore sales accounted for almost C\$222.5 million in sales during fiscal 2018. A full 73% of Lotto 6/49 tickets and 68% of Lotto Max tickets in Ontario are purchased with Encore.

Similarly, in the Atlantic Lottery’s experience more than 70% of transactions on the two national lotto games include spiels. Their impact doesn’t stop there. “These games account for over 70% of our regional game sales and have some of our highest profit margins,” said Shannon French-Demille, Manager, Marketing, Jackpot and Regional Games. And they have an added benefit for a smaller lottery participating in big games – winnability. “We don’t experience as many top prizes on national games but we pay out a lot of small and large prizes on spiels that are available only in Atlantic Canada.”

Some of Canada’s lotteries have gone beyond a simple spiel number added to a ticket. Atlantic, for example, offers its own regional lotto game – Atlantic 49 – modeled after the national 6/49. It can be played on its own, or added onto a Lotto 6/49 play. A whopping 90% of Atlantic 49 sales come from it being added to a Lotto 6/49 ticket. ■

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GAMES

DRIVING GAME PERFORMANCE WITH PROMOTIONS

Promotions are used for a variety of reasons, and are an important part of lotteries' marketing efforts no matter what their end goals. For this roundup, we concentrated on the relationship between game sales and promotions. We asked lotteries the following basic questions: What games respond well to promotions, and what types of promotions have the most impact on sales? It's not an exact science by any means, with numerous factors at play, but as you browse lotteries' edited responses in the pages that follow, you'll find many examples of successful promotions and innovative ideas to boost sales and awareness, hopefully beyond the term of the promotion.

Although the goal of this roundup was to look at how promotions are used to drive sales, some lotteries focus their promotional efforts on driving engagement through players club memberships, rather than looking at sales impacts, so you will see a mix of responses here. For more discussions on using promotions with players clubs, see the May/June 2019 issue of *Insights*.

MILLION DOLLAR GIVEAWAY
NOW - MAY 31

Enter non-winning \$10, \$20 and \$30 Scratchers® tickets for your chance to win.

ArizonaLottery.com

Must be 21 or older to purchase or redeem tickets.

Arizona Lottery

ARIZONA LOTTERY

Historically, Scratchers games have the highest promotional impact, because 75% of our sales come from instant tickets. Measuring this positive response as a dollar amount and the return on our marketing investment, the Bingo Crossword promotion has provided some of the most significant year-over-year sales lift. This evergreen promotion is always on and targets a very loyal group of players who enjoy extended play games with great frequency. We report the campaign metrics to the State of Arizona as part of a statewide lean management initiative. Through April of this year, \$66 million in Bingo Crossword sales have been generated, with more than 30,000 unique players entering two million tickets into the second chance promotion since July 2018. Notably, 43% of those tickets were scanned directly in from our new mobile app.

We have run multiple second chance million-dollar giveaway promotions, which have had significant impact, lifting sustained sales to record levels. In each of these, the qualifier was the submission of \$10, \$20 and \$30 non-winning instant

game tickets. This promotional approach exposes players to a variety of higher price point games while also generating awareness of large payout winners, lifting incremental sales over the long term. The 2018 May Million Dollar Giveaway had a positive sales impact that was realized for at least a month after it ended. We saw a 4.9% sales lift off for \$10, \$20 and \$30 scratchers, slowing our average seasonal sales decline from the prior three fiscal years.

On the draw side, we leverage the popularity of Powerball and Mega

Millions to expose players to in-state draw games, which include The Pick, Fantasy 5, Pick 3 and Triple Twist. Additionally, we regularly provide added value to Powerball and Mega Millions players by providing cross-promotional coupons that incentivize play of both multi-state and in-state draw games. Coupons are distributed via social media and through shared mail products delivered at the household level.

By far, our greatest redemption success has been through shared mail products delivered to the household level. We've had success with Powerball and Mega Millions outside large jackpot runs to the extent that we've kept those games top of mind for our players while leveraging them to promote our state games. As of the end of May, our in-state draw game sales are up 15.5% over the prior fiscal year.

ARKANSAS SCHOLARSHIP LOTTERY

We have run a group bundle game promotion annually since 2014. We typically run it in January and have added February the last three years. We used to call it the Jackpot Bundle and now it's called 5-Buck Bundle. The 5-Buck bundle requires only a single terminal button press by retailers, and players get a \$3 Powerball with Power Play, a \$2 Mega Millions, and a free \$1 Natural State Jackpot (our in-state cash lotto game). It's a \$6 value for \$5. Our players like a deal, and this promotion has been very popular to date. Players pay for the multi-state draw game tickets, so it works out well even if the jackpots are high while the promotion is active.

This year we ran a 10-Buck Bundle in February, similar to the 5-Buck Bundle. It

Win With Ten

ASK FOR THE 10-BUCK BUNDLE

Get:

- \$3 Powerball® with Power Play®
- \$3 Mega Millions® with Megaplier®
- \$2 Lucky for Life®
- \$2 Natural State Jackpot (2 Plays)

Get FREE:

- \$2 Natural State Jackpot (2 Plays)

Only in February

Arkansas Scholarship Lottery

CALL 1-800-522-4700 FOR PROBLEM GAMBLING HELPLINE. BUNDLE ELIGIBLE WITH QUICK PICKS ONLY.

included a \$3 Powerball with Power Play, a \$3 Mega Millions with Megaplier, a \$2 Lucky for Life, a \$2 Natural State Jackpot, and a free \$2 Natural State Jackpot – a \$12 value for \$10. We typically see some uplift while the promotion is active compared to similar jackpot levels; however, we see little if any residual after the promotion ends. Our players look and ask for the promotion every year, and the retailers appreciate having the promotion as it gives them something to talk about when asking for the sale.

For our instant products, we ran a second chance promotion through our players club this spring, from March 5 through May 31. The Spring Cash Giveaway Second-Chance Promotion had three drawings with a total of 470 winners from \$100 to \$500 each. Players could enter non-winning instant tickets that were launched in March, April or May, and any (winning and non-winning) Powerball tickets. Players entered eligible tickets using their players club account and received one entry for each dollar that the ticket cost. Monthly active users, new players club registrations and retail spend were all up during the promotion period.

ATLANTIC LOTTERY

Within the past two years, Atlantic Lottery implemented a new promotional engine that allows us significant capability to promote games. Over that time, we have been testing various promotional options to observe the impact, while maintaining the integrity of our national games. Obviously, the biggest discounts will always do quite well but – regardless of the offer – the ones that include a retail incentive are the most successful. As an example, a recent retailer incentive set specific, tiered Lotto 6/49 and Atlantic 49 sales targets in a one-week period ahead of a Lotto 6/49 Super Draw. Retailers could receive a gift card of a varying amount for a staff recognition lunch, depending on which tier they reached. In addition, the top-performing retailer with the highest percentage increase during that period would also receive a gift card.

When launching a new game, we focus on generating trial by leveraging the traffic created by our big national games. Buy-and-get offers get the new product in the hands of our big lotto players who may not normally try it. For our upcoming Watch ‘n Win launch, we are going to try a “every 20th Lotto

Max player gets a free “Hit-or-Miss” offer strategically during high jackpot mode.

BRITISH COLUMBIA LOTTERY CORP.

BCLC had a successful year in terms of introducing new and engaging promotions for our players. Specially, our Lotto Max Extra promotion, which gave players a free Extra when they purchased a \$20 Lotto Max pack, resulted in a 34.5% sales lift compared to the same period during the previous year. Our Keno Doubler promotion, which gave players the opportunity to double their biggest Keno win up to a maximum of \$250, was also successful, resulting in a 17.6% sales lift compared to the same period during the previous year. Promotions such as these generally increase our players’ awareness of games to help support continued sales growth.

COLORADO LOTTERY

We designed Bonus Draw promotions for our jackpot games (Powerball, Mega Millions, Lucky for Life, Lotto, Cash 5 and Pick 3) to allow players to enter winning or non-winning tickets that met the qualifier for a specific promotion. Our vendor IGT created a PDF417 barcode at the top of each ticket that contained all the necessary ticket information to create different promotion variables to qualify a ticket for a Bonus Drawing. For example, only \$10.00 or greater Lucky for Life tickets purchased during a set time frame could qualify to be entered into one of our Bonus Drawings.

For our initial launch in January we allowed any jackpot game ticket to be entered into the Premiere Bonus Drawing. To enter a ticket, players had to download the new Colorado Lottery App and sign up as a MyLottery member. Once they did this, they could scan the new PDF417 barcode on every jackpot game ticket and check to see if the ticket was a winner for the game drawing; if they were signed into their account the app would automatically enter the qualifying ticket. For the Premiere Bonus Drawing, we received a total of 610,723 entries and gave out ten prizes of \$2,019. We have since run one other Bonus Drawing, for Lucky for Life, which just ended during the first part of May.

Aside from these new Bonus Draws, we usually run statewide Buy X, Get Y promotions to cross-promote certain products. If one of our jackpot games is selling very slowly, we may run a promotion – for example, we would have players buy \$10.00 in Powerball to receive a \$2.00 Lucky for Life ticket to promote the Lucky for Life game. We have found that promotions do impact sales slightly during the promotion period, but really do not lift sales and keep them at the same sales level once the promotion has ended.

Our corporate sales group also utilizes promotions for chains such as King Soopers, to allow the chain to offer something that other retailers do not. They usually run these promotions for a couple of weeks at a time. They are usually set up to promote certain jackpot games that may be low-selling at the chain.

DELAWARE LOTTERY

Keno responds the most to promotions. With Keno, we rotate different promotions – one every other month. Players tend to like second chance offers best, and we've given away cash, a beach weekend, restaurant gift cards and VISA gift cards. In general, increases in sales are most likely to come from Buy One, Get One promotions, second chance drawings and discounted tickets. Second chance drawings seem to have the most lasting impact on sales, but only for a short period of time after the promotion ends. Right now, all of our draw game tickets are being used in monthly Collect 'N Win second chance drawings.

DC LOTTERY

Our daily numbers games and monitor games (Keno and Race2Riches) are those which respond to promotions with increased sales. For FY19, we created some unique promotions to bring attention to these games – Buy X, Get Y Free, increased payout and cash prizes on an Nth ticket basis are some of the promotions that excite our players. Sales have been incrementally impacted – the FY19 Race2Riches promotion in May was effective in raising sales and the game is performing 5% higher year to date.



The Doubler, Tripler and Sprinkler promotions for our monitor games have residual impact even after the end of the promotion. Through these promotions, we reward our regular players by paying

more and introduce the product to a new audience. Players increase play during the promotion period and we see continued play at the conclusion.

We promote our two new games, DC2 and The Lucky One (a monitor game) as easy to play. We had a Lucky One promotion in March where if you play \$3 or more on that game, you would get a \$1 free play credit on any game. It was a way to give players new to the game an incentive to try it out.

We continue to think creatively with our product portfolio. We approached our Holiday season differently and ran a Holiday Bucks Promotion that cross promoted scratchers and a Fast Play game. Additionally, we also operated a pop up shop for a week to reach new players. It worked – it was one of our best holiday seasons on record.

FLORIDA LOTTERY

Our Pick daily games have responded well to coupon promotions. In August of 2018, we launched a coupon campaign that corresponded to the extension of our Pick games' evening draw time. Florida Lotto and Powerball players received coupons with their respective purchases on draw days. This resulted in some crossover play, as we saw an overall redemption rate of approximately 28%.

We also use our product sampler, GROUPER, to promote established games, new games and cross play. Players get a great value when they play GROUPER because they receive a \$6 value for only \$5. Our most recent change to the GROUPER game lineup occurred in January. By adding a Florida Lotto with EZmatch ticket to the mix, we've seen a large increase in EZmatch Florida Lotto sales over last year.



HOOSIER LOTTERY

We have found little to no positive impact on sales performance when executing basic terminal-level promotions (i.e., Buy X, Get Y or Nth Free Ticket). However, we have demonstrated evidence within our Fast Play category of a positive sales promotion, Ask for



the Sale. In this promotion, retailers are encouraged to ask their customers to try a \$1 Fast Play game. If they don't ask a customer, that customer may be given a free ticket. We brought this promotion to retailers twice this last fiscal year and sales performance has been strong, and lasting. Overall, our Fast Play category has grown year over year; promotions have been a piece of this growth.

IOWA LOTTERY

The Iowa Lottery builds promotions that engage current members and attract new members to our VIP Club. They are designed to increase sales and strengthen awareness of various products within our game portfolio. Licensed properties like Frogger, Home Depot, Chevy Silverado and Ghostbusters allow us to involve other stakeholders in an effort to expand the scope beyond that of the licensed property. These promotions bring a greater degree of awareness to the featured game but also help cross-promote other products and build goodwill for the lottery throughout the state.

For example, we are featuring a \$5 Chevy Silverado scratch game promotion over the summer. In an effort to expand the awareness of the promotion, we engaged several other stakeholders as part of the promotion including a local group of dealerships, Shottenkirk Automotive Group. Shottenkirk procured the trucks for the Lottery to award as prizes and agreed to have several promotional events at their Iowa dealerships around the state. They're also leasing the Lottery a Silverado co-branded with Shottenkirk and Iowa Lottery logos for our summer interns to drive around the state to



retailer and other promotional events. During the first month of the promotion Shottenkirk sold out of their Silverado inventory.

Conversely, when we initially introduced InstaPlay in November 2016, we didn't build a promotion for it right away. However, when the game portfolio grew to the point where we were able to introduce two \$10 games (one progressive and one non-progressive) the Lottery launched its first InstaPlay VIP Club promotion called Jackpot Party. Players could enter to win concert ticket experiences around the state or \$10,000 cash to plan their own party. Other stakeholders involved were concert venues around the state like Wells Fargo Arena in Des Moines and Harrah's Stir Cove in Council Bluffs. We've seen an uptick in InstaPlay sales since last summer, which could be attributed both to this promotion and the addition of another \$10 InstaPlay game in January called Triple Play.



KANSAS LOTTERY

Second chance and flash sales are the promotions that have the most influence on sales. When we do flash sales or week-long promotions, Powerball and Mega Millions see a bigger response than the lesser known games when they are the feature. The flash sales provide opportunities to bring player awareness to the less popular draw games. While an increase is usually observed during a draw game promotion, sales commonly do decrease as they are jackpot dependent. One recent flash sale was the May 3 Mega May, where a purchase of \$10 or more of

Mega Millions on a single ticket gave the player a free \$3 Mega Millions Just the Jackpot ticket.

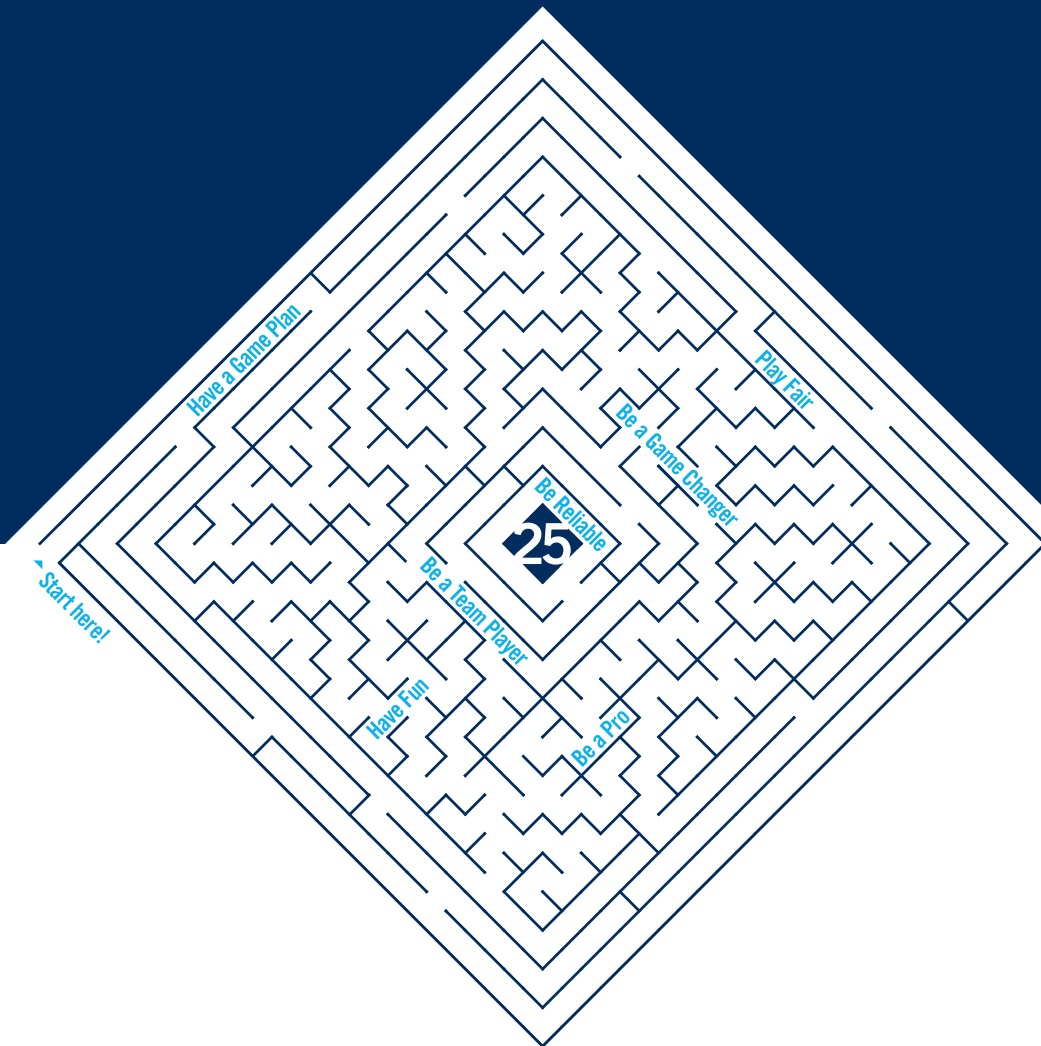
Second chance scratch tickets also have higher sales than those without a second chance opportunity. Scratch tickets will see a decrease as the tickets are normally pulled from the market shortly after the second chance opportunity has expired. Cash is king and is the most popular second chance or promotional prize. That said, we have seen a great response from our players to the experiential prizes given through PlayOn, especially the promos that offer the players the option to choose the trip of their choice.

KENTUCKY LOTTERY

Certainly Buy X, Get Y promotions perform the best, but can be costly. One promotion that stands out is our Keno Power Hours program that helps us double or triple the wins on tickets during a certain window of time. It gets players excited and it is controllable with liabilities so that we don't exceed limits and hurt the bottom line profitability of the game.

More Than a Game

For 25 years, Diamond Game has built a reputation for innovative products and services – and the people behind them. In everything we do, we strive to live by our seven core values. Follow our path to find out how, to us, it's much more than a game.





LOUISIANA LOTTERY

Due to budget constraints, the Louisiana Lottery doesn't engage in many draw game promotions. Instead, we focus our efforts on boosting player awareness and engagement. Last year we introduced a mascot for our Lotto game. As part of the introduction, we filmed a television commercial that follows the new Lotto mascot as he navigates living with Powerball and Mega Millions. In addition, we conducted a series of in-store promotions where players could take a picture with a Lotto standee and submit it via the Lottery's website for a chance to win a prize package. Our mascots have proven to be popular with players and are regularly seen at festivals, tailgate promotions at Saints games and

other events. We currently have mascots for Powerball, Mega Millions and Lotto. A mascot for our Easy 5 game will be introduced later this summer.

MAINE LOTTERY

Why do we do promotions? What is the objective? The answer is typically the same, to increase sales and generate profit for good causes. This may be true, but not all promotions are designed to have an immediate impact or can be measured in dollars and cents. In Maine, we have focused our efforts on increasing membership in our loyalty program RewardME. We have done so through a variety of promotions designed to drive players to the club. By increasing membership, we are able to position additional messaging and

Win a Minnie Winnie!



May 01, 2018 - May 31, 2018
 Enter this ticket for a chance to win!
 For details please visit mainelottery.com
 Keep it fun. Play responsibly.



Purchase a Powerball ticket with the Power Play option and enter for a chance to win a Jeep Rubicon or other great prizes!
 For details visit mainelottery.com
 Keep it fun. Play responsibly. mainelottery.com

content they find impactful such as current and future promotions, special prize drawings, licensed property games, points for prizes opportunities and new games.

Our campaign to drive membership has primarily focused on draw game players. Unlike instant tickets, draw games allow us the flexibility to put promotional information directly in the players' hands using ticket messages. Promotional information regarding special prizes along with messaging that directs the player to "enter this ticket" not only provides information but a call to action. Membership in RewardME has increased by 81.4% year over year; monthly active users are up 55.7%.

Some of the promotions we have done over the past year include:

- Megabucks Win a Minnie Winnie Promo: 4,505 new RewardME members.
- Powerball with Power Play Win Some 4 Wheeling Fun Promo: 2,177 new RewardME members.
- Mega Millions with Megaplier Win Up to \$25,000 Promo: 1,432 new RewardME members.

Promotions designed to increase player engagement and loyalty allow for increased communication, long term relationships and the opportunity to engage players to better understand their preferences and create products they are looking for.

MARYLAND LOTTERY

Our two monitor games – Keno and Racetrax – have traditionally been the most responsive to our promotional efforts. Keno has enjoyed the most

TICKET
CONCEPTS
EXPERIENTIAL
PRIZE OPTIONS
TICKET CALLLOUTS
ADVERTISING CLAIMS

LOGO DESIGNS

MERCHANDIZE
PRIZE
OPTIONS
GAME NAMES

TAGLINES

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Paul Lauzon, Senior Vice President
Lottery & Gaming Research

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success from a payout-driven promotion called Keno Sprinkler, in which 2X and 3X prize multipliers are distributed on an Nth-ticket basis for a specific duration. On our Racetrax game, players have responded well to our \$6-for-\$5 discount promotion. Players receive a \$1 discount on every \$6 transaction, with a maximum discount of \$5 on a single ticket (i.e., \$30 worth of play costs \$25).

The Keno Sprinkler promotion has boosted sales by as much as 20% during the promotion period, with a 5% residual boost in sales for four weeks after the promotion end date. Even if sales fall short of those numbers, Keno Sprinkler consistently offers the largest sales increase during and after the promotional period.

MASSACHUSETTS LOTTERY

KENO
AND
ALL OR NOTHING
BONUS
2X YOUR BONUS!

November 19 THROUGH December 9, 2017

The next time you play KENO, KENO to-go, ALL or NOTHING or ALL or NOTHING to-go, also play KENO BONUS* or ALL or NOTHING BONUS* for a chance to multiply your prize 1**, 3, 4, 5 or 10 times!

Starting November 19 through December 9, 2017, the Lottery will add an additional multiplier of 2X to KENO BONUS and ALL or NOTHING BONUS, giving you a chance to multiply your prize 1, 2, 3, 4, 5 or 10 times when you play the BONUS option! Adding the 2X means there will be half as many "no bonuses."

* Playing KENO BONUS or ALL or NOTHING BONUS will double the price of your wager. Additional information about the BONUS option can be found on the backs of the KENO and ALL or NOTHING bet slips.
** A multiplier of 3 (3x) equals "no bonus" therefore offers no additional bonus and will not increase a prize amount.

Download the MA Lottery app today! You'll be able to check your KENO to-go and ALL or NOTHING to-go numbers anytime, anywhere, locate a Lottery Sales Agent, and more!

Available here: [Google Play](#) [App Store](#) [Microsoft Store](#)

Search for "MA Lottery"
Look for the symbol.

You must be 18 years or older to play the Lottery.
If you have a problem with gambling, help is available. Call 1-800-426-2234.

Our Keno and All or Nothing 2X Bonus promo consistently performs well for us. In this promo, for those playing the Bonus option for an additional cost, a 2X multiplier is added into the usual mix of 3X, 4X, 5X and 10X, resulting in more games with a multiplier. We first offered this in November 2017 and we saw a 13.2% sales increase over the equivalent three-week period from the previous year. We have since tried other multiplier promos, including adding a 7X Bonus and increasing the amount of 4X and 10X, but they did not perform as well as the 2X Bonus promo. We have offered the 2X Bonus promo on several additional occasions since and it continues to post solid results.

Let's go!

I'MN TO SUMMER
WIN UP TO \$100,000!

MINNESOTA LOTTERY

2ND CHANCE TO WIN A RESORT GETAWAY, CASH AND MORE

MINNESOTA LOTTERY

We have found that promoting scratch games has the most impact in both a) increasing sales and b) adding new consumers. Sampling scratch tickets at events, festivals and retail is one of the strongest ways to convert non-players to customers. However, sampling does not have the reach that a state-wide incentive can offer. In Minnesota, we have a successful track record of promoting specific scratch games through point-of-purchase signage and both retailer and/or consumer incentives. These have been proven strategies to capture customers' attention and boost sales on those featured products.

Our I'MN to Summer scratch game includes a 2nd Chance promotion for consumers. This is a Minnesota-centric game that is full of state pride and encourages folks to get out and enjoy the summer! The prizes are a Minnesota resort package (with cash) and picnic/hiking merchandise packages plus \$100 gift cards.

Because Minnesota does not offer 2nd Chance promotions on all games, we do see games with a 2nd Chance feature garner more attention. Depending on the product or price point, the goal may be to increase sales, provide additional product value (extended play) or attract new consumers. Sales are not always the only indicator of success. There also tends to be advertising and other promotional components around featured products so it is difficult to isolate the sales impact to the promotion or the advertising.

Say I'MN!
& WIN UP TO \$100,000!

Lotto games present a challenge to promote with any lasting effect. Because sales are so jackpot driven, it is harder to create excitement around the product when the jackpots are low. Promotions or incentives tend to provide a short term bump, but do not seem to draw in new consumers. We have found that cross-selling games to existing players has been effective to add to the game base, as well as promoting big jackpots to catch players' attention.

When we do a promotion it most likely comes with additional in-store promotional materials or advertising, so it is difficult to attribute sales impact to any specific action. As an example, Minnesota conducted a four-week Lucky for Life promotion with a 2nd Chance component that exceeded expectations. We saw an average 36% weekly sales increase during the promo, and a residual 23% average lift in the six weeks following the promotion. More than 53% of the entry codes printed during the four week promo were entered into the 2nd Chance contest – a record for us! However, this was heavily supported by advertising and in-store POP.

A Retail Transformation



Camelot Illinois chose Fastrak Retail to help deliver a market leading retail point of sale make-over for Illinois. This amazing project has come to life in the last few months with installations now rolling out across the state.

We would like to thank Camelot Illinois for putting their faith in Fastrak Retail and congratulate them for embracing these exciting designs that really 'make a statement' in store.

"Our goal has always been to create an innovative lottery that will attract new players and grow sustainably, with Fastrak we have achieved that goal during our Retail and Technology Transition; the finished POS items speak volumes of that success. The Illinois Lottery brand stands out in every retailer location"

Andrew Caswell - Retail Director, Camelot Illinois



Over 2000 hours of design and engineering



Over 2 million components



52 different products



39,000 PPOS units manufactured in under 4 months

If you would like to learn more about how we can help to increase your retail sales, please contact mick@fastrakretail.co.uk or manal.bensalah@fastrakretail.co.uk

Fastrak
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It's a Sweetheart of a Deal!

FEBRUARY 14, 2019

Purchase a \$5
LOTTO
single ticket

receive a
FREE \$2
SHOW ME CASH
EZ Match

ONE DAY ONLY
WHILE SUPPLIES LAST



Play | Responsibly

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MISSOURI LOTTERY

Since nearly 70% of Missouri Lottery sales are Scratchers purchases, our promotions respond very well when Scratchers tickets are involved. The second chance drawings for our two \$30 games make up our longest running promotion to date, with one-third of \$30 tickets entered for the associated drawings. Our two big second chance promotions of the year – summer promo and holiday promo – have a track record for generating and sustaining sales. Part of that is because of the extraordinary experiential prizes that we offer in these promotions. Our top second chance prizes feature superior trips and experiences that the average player would not be able to put together on their own. Another reason these promotions are successful is likely due to our weekly drawings for merchandise prizes. These drawings keep players coming back week after week with newly purchased holiday (or otherwise qualifying) tickets throughout the full 12 to 14 weeks of the promotion.

We should note that Missouri players club members enter their tickets for more than just second chance drawings, as our ticket entries are also eligible to earn Rewards (such as Lottery coupons or e-merchandise). Still, our holiday and summer promotions always return a healthy ROI.

The Missouri Lottery periodically features Buy X, Get Y one-day promotions at retail to commemorate certain holidays. This serves as a great way to sample our in-state games,



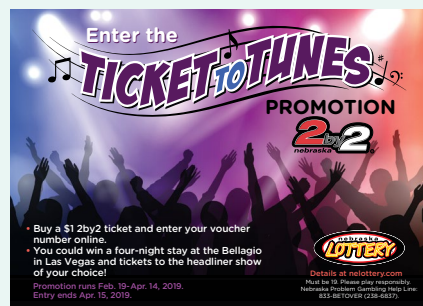
but multi-state games are sometimes sampled, too. We realized a profit for each one-day promotion offered in FY19 and also saw a ripple effect for sales into the next few days – though it can be hard to identify how much is jackpot driven and how much is promotion driven. For FY19, our one-day promotions included:

- Get to Know Your Customers Day: Players received a free \$2 Show Me Cash ticket with EZ Match for every \$10 Lucky for Life purchase.
- Boss's Day: Players received a free \$2 Mega Millions ticket with each \$10 Powerball purchase.
- Valentine's Day: Players received a free \$2 Show Me Cash with EZ Match ticket with each \$5 Missouri Lotto purchase.
- St. Patrick's Day: Players received a free \$2 Lucky for Life ticket with each \$10 Powerball purchase.

We do have successful promotions centered on Powerball and Mega Millions, as noted in some of our one-day promotions. Using the two multi-state jackpot games provides a strong enticement to sample some of our in-state games.

NEBRASKA LOTTERY

Lotto voucher promotions generally respond pretty well for us. On 2x2 we recently finished a promotion called Ticket to Tunes, which was very popular. That was a one-to-one buy-in voucher promo, where for every \$1 you purchased in 2x2, you'd get a voucher to enter online for one of four trips to Las Vegas. We did see a little spike in sales of 2x2 during that promo, but it's too early to tell if that increase will continue. We had a lot of player interest because the prize was very appealing – a trip to Las Vegas with the shows of your choice. We think voucher promotions are great because they give the player something that they have in their hand, that they HAVE to enter. Maybe they are a regular 2x2 player, and all of a sudden they get this voucher and it says to take this online and enter for a chance to go to Las Vegas. We saw that 40% of all the vouchers produced for the promotion were entered on the website – a really good response rate. When the player has something in their hand, that says "enter by this date for a chance to win,"



it's a really good call to action. We could put a note on the ticket itself, but one thing about lotto promotions is that there are so many variables, such as number of plays and value of plays. With the voucher promotion, if you buy \$5, we can give you five voucher numbers, so you get five entries. That's what we prefer to do. And it also kind of separates the promotion from the ticket, so you don't have to have a non-winning ticket.

NEW MEXICO LOTTERY

Promotional success can be measured multiple ways. In terms of actual dollars, success will tie directly to the largest brand with the largest audience and the highest sales. For



Take Your Game from Ordinary to Spectacular

Give your players the luxury of Las Vegas with Caesars[®]-branded lottery games and second chance prizes, available exclusively from IGT!

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example, in New Mexico, Powerball has the largest draw game player base, sales and brand awareness. So, sales will increase the most from a Powerball promotion. Promotional success can also be measured by a percentage increase in sales. For example, the percentage increase in sales of one of our in-state draw games could be higher than the percentage increase in sales during a Powerball or Mega Millions promotion. Thus, even though the sales dollars may not reach the level of a large draw game promotion, the promotion would still be successful because of the measurable percentage increase.

Additionally, promotional success can also be tied to a prize, not necessarily the game itself. Generally, players prefer cash prizes, so these promotions may bring in more entries. However, there is a place for merchandise and experiential pricing to reach new and lapsed players and give regular players something new to talk about.

ONTARIO LOTTERY AND GAMING

In FY19 we took The Big and Bigger Spin wheels on the road with the Take A Spin Tour. This promotional wheel is approximately six feet tall and weighs 660 pounds, and is just like the one that top prize winners of THE BIG SPIN or THE BIGGER SPIN would have a chance to spin at the OLG Prize Centre. Our goal for the Take a Spin Tour was to raise awareness of the brand, encourage trial and allow players to experience the thrill of spinning the wheel!

In the summer months The Big Spin wheel made stops at the Burlington Sound of Music Festival, Taste of the Danforth and Toronto Blue Jays games. In 11 activation days we achieved over 87,000 engagements giving more than 4,300 consumers the chance to spin The Big Spin wheel for swag prizes and lottery gift cards ranging from \$10 to \$50.

The Tour continued with the launch of THE BIGGER SPIN – a \$10 version of our incredibly popular THE BIG SPIN game – in October. This leg of the Tour included stops at Hamilton Comic Con, the National Women's Show in Ottawa and Toronto and the Gourmet Food and Wine Expo. In just 11 activation days we realized more than 118,000 engagements and more than 5,300 consumers took their turn on The Bigger Spin wheel. We offered lottery swag and gift cards



ranging from \$10 to \$100 as prizes at these events.

On-site brand ambassadors distributed THE BIG SPIN free play vouchers on both legs of the Tour, which demonstrated game play and entitled customers to a free \$5 THE BIG SPIN ticket when redeemed at retail. After distributing over 66,000 vouchers we have achieved a redemption rate of 80%. We were able to leverage OLG's social media accounts to increase awareness of the Take A Spin Tour and its various stops. Posting photos of the wheel at the different events and encouraging customers to use the hashtag #mybigspinmoment generated over five million combined impressions for the two campaigns.

We are thrilled with the results to date and we're excited to have amplified Take A Spin Tour plans for this summer!

PENNSYLVANIA LOTTERY

The games which respond best to promotions vary depending on the promotion and the game. One of the most important considerations for promotions is where a game is in its life cycle. We typically run successful promotions on newer games. New games for which there have been recent, successful promotions are Keno and Fast Play. In particular, a Keno Buy One, Get One Free system promotion exceeded expectations. Promotions are also effective when changes are made to a game such as an add-on feature. Promotions which have the most positive influence on sales, once ended, are those for new games. Second chance drawings are another large portion of the promotion segment for the Pennsylvania Lottery and are a cost-effective way to promote all traditional products.

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RHODE ISLAND LOTTERY

We've conducted a promotion for Lucky for Life for the past few years where we randomly award instant wins of \$50 or \$100 to players over the course of the promotion. This has consistently resulted in an increase in draw sales of approximately 15% during the promotion, and then we typically see sales remain slightly higher (about 3% to 4%) for the next few drawings after a promotion ends. We did a similar promotion with our in-state jackpot game for Presidents Day weekend this year, and saw a 26% increase in draw sales compared to sales for the game at a similar jackpot level. It's hard to say about residual sales because the Wild Money jackpot was hit right after, whereas the jackpot kept rolling for the comparison time frame.

Each year we also run a Keno promotion for a limited two week period where players will get a free \$1 4-spot ticket with every \$5 or higher Keno ticket they buy during a specified time period each day. That always results in an increase in sales as well. When we ran it this year, sales for the three weeks the promotion ran were 6%, 9% and 12% above the average weekly Keno sales for the year. Keno sales for the following weeks stayed at 7% to 8% above the average.

TEXAS LOTTERY

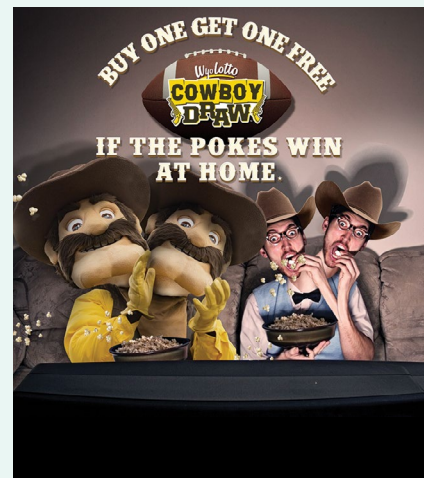
In Texas, we have found a very effective draw game promotion that we utilize with our corporate account partners and our retailer merchant associations. We call these promotions exclusive co-ops. The Texas Lottery funds the free tickets that are given



away during the promotion (typically one month duration) and the corporate account or retailer association provides the point-of-sale and advertising assets to promote the free ticket offer. While we have experimented with a variety of free ticket offers, the one that seems to work best and deliver positive results is "Buy \$5 or more of Pick 3 on one ticket, get a free \$1 Lotto Texas Quick Pick." The cross promotion between a daily game like Pick 3, drawn four times a day, and Texas' in-state multimillion-dollar jackpot game is appealing to retailers because they have many opportunities throughout the day to promote the offer to their regular daily game players. The retailer is willing to absorb the costs for the promotional support since they are the exclusive retailer providing the free ticket promotion. We know this type of promotion has a positive influence on sales during the promotion and we believe it has a good chance to have a positive influence on retailer behavior (asking for the sale) after the promotion ends.

WYOMING LOTTERY

Recently, we ran a Cowboy Draw promotion that was tied to three University of Wyoming football home games. During these specific games, if the Pokes won the home game, the following day players could go to their local retailer between 11:00 a.m. and 2:00 p.m. and get a Buy One, Get One Free. This promotion was a huge success for us and had a significant increase in sales during these three Sundays. Using our sponsorship with UW, we had in-game signage and live radio reads. At the end of the game, our players were reminded to take advantage of this Cowboy Draw giveaway. Wyomingites love their Cowboys and our state game Cowboy Draw, and this partnership brought us great success. Our plan is to execute this promotion again in the upcoming football season. ■



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Focus On:
GAMES

UPPING THE ANTE IN CANADA

Changes in Lotto Max designed to create exciting record-setting jackpots went into effect in May, while Lotto 6/49's \$1 million guaranteed prize draw has created hundreds of new millionaires.

- By Patricia McQueen -

Canada's biggest game, Lotto Max, received an overhaul in May, moving to a twice-weekly draw, adding two new prize levels, and upping the maximum jackpot amount to \$70 million – record territory for a Canadian lottery game (all amounts in this article are Canadian dollars). The previous record jackpot in the country was a \$64 million Lotto 6/49 prize won in October 2015; a Lotto Max jackpot was just won June 11 at \$65 million.

When Lotto Max was introduced in 2009, the \$5 game took Canada by storm, quickly overtaking Lotto 6/49 as the largest game in the country. At launch, the maximum jackpot was \$50 million (unheard of in Canada at the time), but the most unique feature of the game was the creation of MAXMILLIONS prizes once the jackpot hit that level. In 2015, the maximum jackpot was raised to \$60 million, another first in the country, but MAXMILLIONS prizes were still generated beginning at \$50 million. That remains the case today with the latest increase in the maximum jackpot – at \$50 million, both the main jackpot and MAXMILLIONS



will continue to grow with each draw until the main jackpot reaches \$70 million or is won. After the main jackpot reaches \$70 million, only the number of MAXMILLIONS will grow.

"Lotto Max is still hugely popular with Canadian lottery players, but we're always looking to improve our player satisfaction and offer the best entertainment value for their dollar," explained Jennifer MacDonald-Donovan,

Chair of the Communications Sub-Committee of the Interprovincial Lottery Corporation, which runs the national games. "Players had become accustomed to the jackpot amounts offered on Lotto Max."

Several concepts designed to improve the game were tested with players across the country via surveys and focus groups. Overwhelmingly, players wanted bigger jackpots and



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more prizes, but didn't want to pay more than the existing \$5 ticket price. To accomplish those goals, a second weekly drawing was added, the matrix was expanded (from 7 of 49 to 7 of 50) and two new prize categories were added. "We think these changes will be exciting for current players and have great appeal to new players."

While MAXMILLIONS prizes make more millionaires, and such opportunities always welcomed by players, the jackpot is still what drives sales – as is true of lotto games everywhere. "This is our national game that encourages players to dream BIG. We'll now have the opportunity to offer a jackpot of \$65 or potentially \$70 million. That will be national news when it happens, particularly when somebody wins!"

UNIQUE PROPOSITION FOR 6/49

Meanwhile, since the addition of a \$1 Million Guaranteed Prize Draw with each Lotto 6/49 drawing in 2013, the number of lottery millionaires grows with

each drawing on that feature alone – as many as 643 through May 29. Each 6/49 ticket includes a unique extra number, and from the pool of numbers issued for each drawing, one is drawn to win the \$1 million prize.

"That feature of the game has been great for players and for improving the perception of 'winnability' for lottery," said MacDonald-Donovan. "We can show players that there is a winner with every draw – and it could be them!"

This format also allows for promotional Super Draws – for special occasions, holidays or no reason at all – with any number of additional guaranteed prizes of varying amounts. This summer, every Wednesday night in July will be a Super Wednesday. With each 6/49 drawing on Wednesday nights, 20 additional selections will be drawn for guaranteed prizes of \$10,000, in addition to the \$1 Million Guaranteed Prize Draw.

While MAXMILLIONS and the \$1 Million Guaranteed Prize Draws are the hallmark features of Canada's big national games, there is one other feature that differentiates them from America's big lotto games. Both Lotto



Max and Lotto 6/49 have a free play prize tier. "We don't have specific data, but we know from some qualitative research that consumers have a positive view of the free play as a prize," explained MacDonald-Donovan. "Winning a free play allows the customer to carry forward their dream of winning to the next draw and keep up the excitement instead of feeling disappointed at not having won the jackpot or a cash prize."

Of course, free plays may be more attractive when the game odds are just 1 in 33,294,800 (Lotto Max) or 1 in 13,983,816 (Lotto 6/49). That's a far cry from the odds of winning the Powerball and Mega Millions jackpots, which are 1 in 292,201,338 and 302,575,350, respectively. ■

Focus On:
GAMES

MANAGING THE BIG GAMES

Powerball and Mega Millions continue to present opportunities, and challenges, to the industry.

- By Patricia McQueen -



Billion dollar jackpots do wonders for sales. They provide a lot of fun and generate a lot of interest, for lotteries and for just about everyone around the country, and around the world. But they have also changed forever the perception of lotto games in the eyes of the consumer, and the media. The industry just has to deal with that.

"I think we are in a good spot with both of our national games," said David Barden, Chief Executive Officer of the New Mexico Lottery and Chair of the Multi-State Lottery Association's Powerball Product Group. "I think having two games is wonderful," agreed Gordon

Medenica, Director of the Maryland Lottery and Lead Director of the Mega Millions group. "I think there's a nice dynamic between the two games." Certainly there has been a lot of fun with the dueling jackpots theme – when one \$500 million jackpot isn't enough to attract attention, two of them usually are.

Both executives also emphatically agree that the best way to move these games forward, and to attract new players for the long run, not just for the duration of a promotion, is through online and mobile sales. Unfortunately, that is something that is legal in only a few states. "Those options, to the states

that are allowed to do it, are so valuable," said Medenica. "We are moving in that direction," added Barden. "I think we'll be there in the future, but we are having to persuade our state legislatures to get to a point where we can actually make it convenient for our players to play our games. We spend a great deal of time talking about how we can make it easier for our players. They come first, and if we aren't making it easy for them, we're losing them."

Short of expanding into new distribution channels, moving forward means building the brands – through marketing, product extensions and

potentially international expansion. After all, “these are the games that, more than any other, bring in the infrequent players, who might play once or twice a year when the jackpots are in nosebleed territory,” said Medenica.

A MARKETING CHALLENGE

Concerns that came out of last fall’s \$1.5 billion Mega Millions jackpot remain valid, he noted. Sales acceleration is slower so it takes longer to build up the big jackpots. Earned media no longer jumps in with any real interest until the jackpots approach a billion dollars. “We saw that last winter with Powerball advertised at \$750 million – it’s hard to believe there was barely a response in the media at that level,” said Medenica. And direct marketing efforts hardly have any impact at lower levels anymore. “It’s a marketing challenge – we are still trying to figure out why people no longer think \$50 million or \$100 million is a good number to play for.”

“I think we are always looking to how we can market and do a better job with our overall package,” said Barden. To help with those goals, there is a very strong committee structure within MUSL. There are dedicated members who look at possible changes to Powerball, who look for new developments using the brand and provide other important feedback on where the game is headed. There is a new social media plan for Powerball, for example, with templates provided to make it easier for lotteries to promote the brand. There are products being reviewed as possible brand extensions, such as Power Spin (an instant game modeled after Ontario’s enormously successful game, The Big Spin) and Power Pack – Powerball bundled with Power Play and other new potential add-ons like PowerMatch and PowerBingo; it could even include an in-state draw game if a lottery wanted to go that route. These are all scalable options lotteries can choose from. “It’s all about complementing Powerball with add-ons that heighten our brand all year long, regardless of the jackpot,” said Barden.

“One of the biggest things we’ve done this year was to create a Powerball marketing fund,” he added. That idea was generated by the marketing committee, chaired by Tennessee Education Lottery President and Chief Executive Officer Rebecca Hargrove. “She has done a fantastic job in the past year leading new Powerball-related product initiatives.”

The Mega Millions group, which operates as a nimble consortium of its 10 member lotteries, is also looking at other potential



ROCKIN' WITH POWERBALL

Such is the power of the Powerball brand that when Dick Clark Productions was looking for new opportunities to enhance Dick Clark’s New Year’s Rockin’ Eve with Ryan Seacrest, a partnership with Powerball seemed to be just the ticket. “We thought this would be a great opportunity to add an exciting moment to the show, because it’s a chance to really change someone’s life,” said Kevin Patrick Smith, Senior Vice President of Business Development and Partnerships for dcp. So on January 1, 2020, just after midnight, a special drawing will be held for the First Powerball Millionaire of the Year during ABC’s live broadcast of the show.

Twenty-five lotteries are participating in the promotion, which officially kicked off in April but is in high gear this summer. Each lottery has set up its own mechanisms for offering entries into the second chance drawings, and a total of more than 300 winners will win VIP trips to experience the excitement of New York City, including an exclusive New Year’s Eve gala and, of course, prime viewing of the Times Square ball drop. One lucky winner will be randomly drawn to win \$1 million.

“This is a fantastic opportunity – everybody in this country will be in front of the TV on New Year’s Eve,” said David Barden, Chief Executive Officer of the New Mexico Lottery and Chair of the Multi-State Lottery Association’s Powerball Product Group. “The Powerball brand has always been looking to partner with somebody at this scale, who would see that we have a tremendous value. Everyone watching the show that night will be touched by Powerball. It will really heighten our brand more than any other promotion to date.”

It is the first time dcp has worked with lotteries, and they had their hands full. It was important to them to understand their new partners. “We had to do our homework to better understand the lottery business and their marketing objectives,” said Smith. He and his team were impressed at the depth of the conversations they had with talented lottery employees, from directors to those in marketing and operations. “As you might imagine, putting on a major broadcast show involves the same type of focus and reliability, attention to quality, and focus on execution. I’ve enjoyed working with the Powerball team and some of the state lotteries. It’s pretty cool.”

He added that his team has great respect and appreciation of the work lotteries do to raise money for good causes in each state. “These are major institutions in their states, and Powerball is certainly a national brand. New Year’s Rockin’ Eve is a national entertainment brand. We think it’s a great partnership.”

And the potential may not end with the First Powerball Millionaire of the Year. “As we become more familiar with the lotteries – their business, their marketing, their tactics and their campaigns – it informs us to perhaps become a potential marketing content partner for them. We’re excited as we learn more about their business and their objectives, and finding where we can work with them to help them accomplish their goals. So we are excited about the business.”

extensions for that game. When it was relaunched in October 2017, the innovative Just the Jackpot option was added. While sales have been marginal, it has accomplished at least one thing. “The beauty of that, if there’s a silver lining, is that it was always a state’s choice,” said Medenica. “I can see a future with perhaps a menu of options from which states could pick and choose.”

Current add-on ideas in various stages of development within the Mega Millions consortium include Double Play, a complement to Just the Jackpot that would offer a second drawing with increased lower-tier prizes. Other options are still in conceptual mode, such as a \$3 Mega Millions Plus and a Lucky State Side Bet.

With both national games looking at extending their brands and providing more options for players, there’s some danger in making the menu of items too complicated for consumers, which would limit their impact on category growth. And lotteries themselves may be a little hesitant. “Lotteries will always be reluctant to do things if they don’t think they are going to add up to anything meaningful,” said Medenica.

AN INTERNATIONAL SCOPE?

Another of Powerball’s working groups, also chaired by Hargrove, continues to explore international options for the brand. “I think there is an opportunity to do something on an international level that will spark a lot of interest on both sides of the Atlantic, and maybe even the Pacific,” explained Barden. There are obviously a lot of issues to explore, but he hopes there will be a good road map to international sales within the next year or so.

Medenica is a little more reserved about the prospects. He was very involved in the industry’s international working group, which he called “fascinating,” but wonders about the impact of adding the population base of another country or countries to either of the games, and of sharing the prize pools. “I’m very curious to see if that can be pulled off and what the impact will be.”

As a potential alternative that still helps build the brand, the Mega Millions consortium has a commitment from Camelot to offer a Mega Millions-branded instant ticket in the United Kingdom.

PROMOTION POWER

Meanwhile, the games go on. They grow slowly, and two \$1.5 billion jackpots in 3 ½ years is seen as a good thing. “I think part of the excitement of a billion dollars is the fact that it is such a very rare event,” said Medenica. “But when it happens, people really get excited, and you bring back all those infrequent players.”

As noted earlier, short of those billion dollar jackpots, it’s all about marketing and promotion. Barden thinks the industry can do a better job advertising jackpots at lower levels, something the New Mexico Lottery tries to do.

“I think part of the excitement of a billion dollars is the fact that it is such a very rare event. But when it happens, people really get excited, and you bring back all those infrequent players.”

- Gordon Medenica

Although national advertising campaigns would provide advantages, they will always be a challenge to implement. “We’ve always been huge proponents of a national marketing fund,” said Medenica. When he was head of the New York Lottery, for example, Mega Millions television ads were created and offered free of charge to other lotteries in the hopes that more lotteries would run the same campaign. There have been similar offers by other lotteries since then as well, “but we never get enough traction.” A lot of that has to do with regional differences in what is appropriate for advertising, so it’s difficult to reach consensus on a national campaign. Add in the tremendous cost of doing something that would be truly impactful, and it’s a double challenge.

On the promotion side, Powerball has been successful with recent large-scale promotions in which many lotteries have participated. The First Powerball Millionaire of the Year promotion is the broadest initiative to date, reaching more consumers than ever for its planned debut on Jan. 1, 2020 (see sidebar on page 71). The two Power Cruise promotions, designed by Alchemy3, were significant events that were seen as a great reward for Powerball players. “They demonstrated that our lottery customers have the commitment and power to market Powerball on a national level,” said company President Jeffrey Schweig. “The possibilities are unlimited.”

Ultimately, Powerball and Mega Millions are sold by individual lotteries, and how those lotteries promote and market the games varies dramatically. Read on for a sample of the creative ideas out there. Lotteries love to share!

Last year, the **Arkansas Scholarship Lottery** noticed a pronounced drop in local media interest in high jackpot stories. So it took matters into its own hands to make news. At the first high jackpot opportunity, the Lottery hosted a pop-up event during lunch hour outside the Little Rock Claim Center – giving away free tickets to the first 100 people who came out. It was only advertised on social media, and it was a hit! All Little Rock stations covered it. Since then, three more similar events have been hosted in other areas. The most recent one was advertised on social media a few days in advance, and the Lottery ran out of 200 tickets and all promotional giveaway items in the first 20 minutes (a valuable lesson learned). At each of these events, virtually every major media outlet in the area covered the story either live or in reporter stories. Social engagement improved as well, and the ad agency created six-foot tall play slips, which help demonstrate how to play. The media loves these new ways to cover “old” stories, and as proof of that, during a recent Powerball run, the coverage of two pop-up events and winner press releases earned the Lottery more than \$535,000 in earned media during a two-week period.

The **Colorado Lottery** has not put together a promotions strategy for Powerball and Mega Millions, but for fiscal 2020 is looking at a strategy of including promotions during high jackpot levels. During the last part of fiscal 2019, trigger levels were set for both games to increase jackpot awareness. From \$250 million to about \$550 million for either game, the jackpots were advertised with TV, radio,

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web and social. Another new plan is to run Buy X, Get Y promotions, which will give players a ticket for another of the Lottery's draw games during a run of one of the big games. And Colorado is ready for the First Powerball Millionaire of the Year promotion, using its mobile app to allow players to enter when they purchase a Powerball ticket of at least \$20. Ten winners from the state will go to New York, so there are two separate drawings with five winners each, one held in June and the other in August.

Second chance drawings are a hallmark of the **Delaware Lottery's** promotional efforts for the big games; players prefer cash prizes. Sales will increase during these promotions but there hasn't been any residual effect. Of course, it is much harder to gauge the success of these promotions because of the changes in the jackpot values. For Powerball, the Lottery had a \$150,000 cash second chance giveaway last fall – its largest second chance drawing ever, with a total of 100 prizes.

During high jackpot mode, the **DC Lottery** institutes its "Only in DC" campaign. In FY2018 and FY2019, the Lottery conducted a "Buy \$10 in Powerball or Mega Millions and get a \$2 Lucky for Life ticket" promotion once the jackpot reached \$300 million.

HIGH JACKPOT PROMOTION

★ ★ ★ ★ ★

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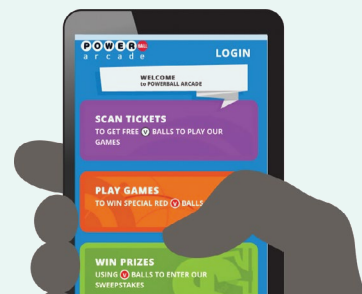


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Not surprisingly, this yielded a very good result during the \$1.5 billion Mega Millions jackpot run, producing a \$500,000 winner from the free bonus ticket. The promotion was modified in January of this year to use a \$2 DC2 ticket as the free bonus, and the jackpot trigger value was increased to \$500 million. The promotion is used both to introduce players to a new game they might not be playing, and to differentiate DC from its neighboring lotteries – why not play in DC to get something extra?

The **Florida Lottery** has a strategy to promote Powerball and Mega Millions when jackpots reach a level of \$350 million or higher, using avenues such as out of home, social media, carrier station news coverage and Fox Sports. In the future, there are plans to create buzz around Powerball and Mega Millions by using promotions during lower jackpot levels directly after a large jackpot series to stimulate sales and hold the attention of players that typically drop off after these often record-breaking levels.

In other promotions, Florida participated in the 2017 Powerball Power Cruise with Alchemy3. Over 140,000 unique players participated, the highest number of any Florida Lottery promotion over the last five years. In addition, there was a 4% increase in sales during the promotion. To celebrate Powerball's 25th anniversary, Florida ran a promotion in which every 25th \$12 or more Powerball with Power Play ticket sold was an instant \$25 cash winner. This promotion was well received by Florida players and helped boost Power Play sales as the jackpot increased. Lottery officials are excited to see how the First Powerball Millionaire of the Year promotion draws in players with the chance to win \$1,000,000 and VIP trips to New York City.



This spring, the **Idaho Lottery** introduced a new second chance product offering for Powerball called Powerball Arcade. It is an interactive online game played through the Lottery's app or website for all non-winning Powerball tickets. Players can play to win \$2,000 every other week or up to the top prize offering of \$30,000. Idaho is the first jurisdiction to offer this product to its player base. Although it has only been on the marketplace for a couple of weeks at this writing, the results and reception of the game have been strong.

In the fall of 2018, when the Mega Millions jackpot reached a near record-



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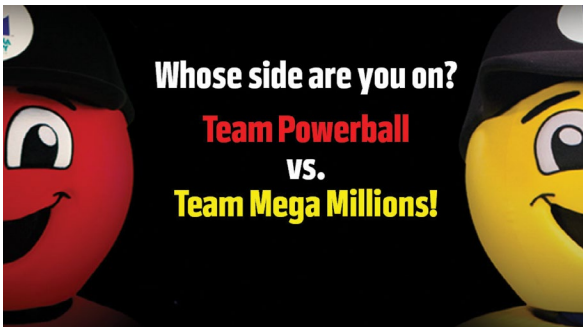
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BRAND-BUILDING FUN WITH MASCOTS IN LOUISIANA

With Powerball and Mega Millions going through matrix and price point adjustments, our focus has been on raising brand awareness and touting the positive changes that happened to each game. In 2017, we shot a series of six television commercials touting the number of Powerball millionaires created since Louisiana joined the game in 1995. The spots featured the Louisiana Lottery's Powerball mascot in various settings showing the exciting lives that winners are now living due to their newfound fortune.

For the price increase in Mega Millions, we shot a television commercial that featured our Mega Millions mascot in a humorous take on a Louisiana-based Rocky-style training montage. The commercial also included our Powerball mascot, who acted as a faithful coach to Mega Millions as he worked to bulk up to join the big leagues.

Last spring our focus was on pitting Powerball and Mega Millions as friendly rivals. We filmed a series of television spots where the two try to constantly "one-up" and compete with each other in the Louisiana Lottery office. The idea behind the spots was to accentuate the friendly competition between the two games since their prize structure and jackpot amounts had become similar. They were part of a larger campaign that included a website promotion where we asked Lottery players to "join a team." The campaign lasted for nine weeks and helped us a great deal with player engagement.

This Be a Team Player promotion was done as a way to boost player engagement. From Feb. 26, 2018, through April 26, 2018, the Lottery invited players to sign up to join a team on its website for a chance to win a Powerball or Mega Millions prize package, which included a team T-shirt, \$10 in scratch-offs and an assortment of red/black or yellow/blue merchandise.

Each Thursday, 10 winners were randomly selected from the winning team to win a prize package, which was determined by which game had the largest jackpot at the time of the drawing. In total, 4,642 players chose their team during the promotion period – 2,668 players for Team Powerball and 1,974 players for Team Mega Millions.

After the final regular drawing, the Lottery selected a grand prize "MVP winner" from each team. The two winners received a visit from their team mascot at their favorite Lottery retailer, a prize package and \$100 worth of Powerball or Mega Millions tickets.

- Louisiana Lottery

breaking high, the **Illinois Lottery** team set out across the state to host Mega Millions ticket giveaways at a variety of retailers to get players excited about the jackpots. A "ticket-grab" machine was featured at these events, and players had 10 seconds to grab as many Mega Millions tickets as they could. This strategy generated player engagement and great PR coverage across social and traditional media. Additionally, when the Powerball jackpot rolled during March Madness, the Lottery hosted an event at a local retailer with a basketball "pop-a-shot" machine. Players had the chance to shoot a basket to win a free Powerball ticket. Illinois is always looking for new ways to get consumers excited about life-changing jackpots.



The **Iowa Lottery** has had fun this spring with a Powerball promotion focusing on a \$1 million unclaimed prize. To enter this Iowa-only promotion, players must be a VIP Club member. The promotion has had a definite impact on Powerball sales, and has also significantly increased VIP Club membership and created more diversity in that Club, which has traditionally consisted more of scratch-oriented players. Typically, the Lottery's lotto promotion entries are jackpot-driven. However, the interest in the million-dollar giveaway has been significant, and has seen consistent growth even without a large Powerball jackpot.

Promotionally speaking, the **Kansas Lottery** follows the MUSL guidelines for promotions, such as Power Cruise and the upcoming First Powerball Millionaire of the Year promotion. With the first Power Cruise promotion, Kansas gave players additional symbols if they were to enter Powerball with Power Play tickets. The seven-week promotion saw an increase of 21% in total sales and an increase of 23% of Powerball with Power Play over the previous seven weeks.

During the 2018 holiday season, the **Louisiana Lottery** launched the Powerball with Power Play Holiday Bonus promotion to encourage players to purchase the Power Play option with their ticket. By purchasing Power Play, players received a raffle ticket for weekly bonus drawings for a share of \$60,000 per week for five weeks. As part of the promotion, there were also in-store promotions where players could receive a special "ugly" Holiday Powerball long-sleeve T-shirt with their lottery purchase. The Powerball with Power Play Holiday Bonus promotion was planned as a way to boost player awareness of the Power Play option and to increase player engagement. Players responded well, and a total of 886,475 entry tickets were printed for the bonus drawings during the promotional period.

In addition to using Powerball and Mega Millions in cross-promotions with other games during its one-day promotions, the **Missouri Lottery** has participated in both Powerball Power Cruise promotions. Each proved successful in terms of getting entries, garnering engagement from players and soliciting photos and testimonials from their cruises that can be used to support future promotions.



The **Nebraska Lottery's** promotions on Powerball and Mega Millions are not really intended to increase sales (because the games are so jackpot driven), but to encourage the purchase of the add-on games Power Play and Megaplier. Voucher promotions are popular in Nebraska; if a purchase meets the guidelines, the player receives a voucher to redeem and that helps the Lottery build its customer database. Using marketing funds provided from MUSL, the Lottery ran two Powerball Power Play voucher promotions last year – one with \$10,000 cash prizes weekly for three months, and one with \$25,000 cash prizes every two weeks for two months. The goal with these promotions is to encourage players not regularly buying the add-on game to start doing so on a regular basis, to change that behavior going forward. And while Nebraska passed on the Power Cruise promotions, it is participating in the First Powerball Millionaire of the Year promotion, gearing up beginning July 17. Although it has found that cash is king with promotions, a really good experiential prize, like the trip to New York, is something people will really want to play for.

For Mega Millions, Nebraska has done a few promotions tied to the Lottery's Husker football ticket giveaways, which have been pretty successful. The latest is the Big Red Blitz, which runs this summer from June 3 through July 14, offering a number of football prizes including coveted skybox season tickets.

The **New Mexico Lottery** has promoted Powerball and Mega Millions numerous ways. The promotions have varied from small grass-roots ideas to comprehensive campaigns. Quick, impromptu Facebook examples include ball guy activities promoting jackpots and giveaways like "Tell us the current jackpots for a chance to win baseball tickets." Large second chance promotions such as Power Cruise and the First Powerball Millionaire of the Year are supported with a variety of advertising media and span many months versus a single day. Feedback from players and entry counts certainly help measure success. However, sales are so jackpot-, media- and time-of-year-driven that it is often hard to correlate a promotional impact directly to sales. Therefore, New Mexico's strategy for jackpot game promotions focus more on the buzz of the prize, i.e. giving players something fun to talk about, and the opportunity to activate new or lapsed players.

There are three tiers to the **Pennsylvania Lottery's** Powerball and Mega Millions promotion strategy, based on jackpot amounts. Jackpot awareness is the focus, and the efforts intensify as each tier is reached, starting at \$300 million. From \$300 million to \$499

million, on draw days there is digital point-of-sale messaging, palottery.com banners, text messages and social posts to followers with boost as needed. From \$500 million to \$799 million, all of the above efforts are increased, and added to the program are website intercept banners and social buys to non-followers. Above \$800 million, once again all of these efforts are increased, with additional social posts by 8:00 a.m. on weekend mornings (both Saturday and Sunday), Nth text-to-coupon promotion accompanied by top-of-ticket messaging, and pool play forms.

Promotions with Powerball and Mega Millions can be difficult to plan for as well as evaluate since they are both jackpot driven games. The **Rhode Island Lottery** has done promotions giving out free tickets each time a player spends a certain dollar amount, as well as coupons for a free ticket at a later date to promote a game change. There have also been promotions offering a free ticket for every Nth ticket sold; this gives more control over costs if the jackpot is high when the promotion runs. Last year the Lottery tried a raffle promotion for Powerball, where every time a player bought a \$10 or higher Powerball ticket, they received a raffle ticket for the chance to win up to \$50,000. However, many players thought the raffle ticket was a second chance entry voucher, so they threw it away – resulting in a number of unclaimed prizes. Sales data for some comparable jackpot periods indicated there was an 8.3% increase in sales during that part of the promotion.

The **Texas Lottery** has run free ticket promotions with both Powerball and Mega Millions. Free ticket offers are attractive to most players, and therefore these promotions are successful. That being said, the jackpots are the real sales drivers for these games and Products Manager Robert Tirloni believes that draw game promotions are better focused on daily and in-state games. It's important to support these games and build your base sales levels with games that are not jackpot driven, since there is no control over the jackpot rolls for the two multi-state games.

For three months earlier this year, the **Wyoming Lottery** executed a Powerball Giveaway. Every ticket sold could be entered into the drawing for seven prizes: the grand prize 2019 Chevy pickup truck, the \$20,000 first prize, the third prize of a travel camper, and on down with other outdoor-focused prizes. Every day a unique daily code was printed on each ticket, so the more tickets purchased over time, the more chances a player would have to win one of the prizes. Given there was a Powerball runoff during the promotion, it's hard to quantify the results, but there were more than 75,000 entries, a record result for any previous promotion. And because to enter, players had to sign up for the Lottery's subscriber list, there was a 28% increase in that list. That was important as it brought in new players or those not yet reached through email marketing. There was also increased engagement on Facebook because of the promotion; at the end, winners were announced via a video on social media. ■



Focus On:
GAMES

ARE \$10 GAMES THE NEW \$5?

The meteoric rise of
\$10 products in the last decade.

It seems that Americans just can't get enough of \$10 instant games. Over the last decade, the product category has quickly risen to a top-performer in the U.S. and retail sales have more than doubled, skyrocketing from \$5.4 billion in 2008 to \$12.5 billion in 2018.

With instant games offered by all but two U.S. lotteries, sales of \$10 products grew \$7 billion+ in the last decade. That's growth of about \$1 billion a year in each of the last five years. They've climbed past \$5 instants to become the market share leader. With sales of \$5 games somewhat flat, the \$10 category has zoomed ahead with nearly 10% growth in the last 52 weeks.

These trend reports from Cameron Garrett and the team of analysts he leads at Scientific Games have customers asking about the reasons behind such stellar growth.

"Times are changing," says Garrett, VP Insights & Analytics at the company. "The first and seemingly most obvious question: Are lotteries launching and supporting more \$10 games?"

His team closely tracks Games in Market (GIM), which counts the total number of unique games that yielded sales in a given time period. GIM of \$10 instants grew steadily every single year from 2005 onwards, dramatically escalating beginning in 2013. Analyzing the years 2008, 2013 and 2018,





there were approximately 350, 471 and 700 \$10 GIM, respectively. With both the number of games AND retail sales doubling from 2008 to 2018, it sends a strong signal that the market is responding positively.

"It's important to understand that increasing GIM is not a silver bullet for increasing sales. While in this case it appears to be causal to success, there are other factors to consider," Garrett points out. "For one, consider adoption. How many lotteries are selling these products?"

As of 2008, 39 U.S. lotteries sold \$10 instant games, which increased to 44 by 2018. A major contributor to these numbers was a large West Coast jurisdiction that went from zero in \$10 sales in 2008, to more than \$1.3 billion in 2018 after receiving legislative payout relief.

Garrett shares that another influential trend is adoption of \$10 extended play instant games.

In 2008, fewer than 10 U.S. lotteries offered \$10 extended play games. By 2018, the number of lotteries offering the product jumped to more than 20, propelling the category's sales from less than \$100 million in 2008 to over \$1.8 billion in 2018. Virtually all of this growth stems from crossword products, the leading instant games extended play category. There were only five crossword-style games in 2008, yet over 60 in 2018.

"This really highlights the importance of focus, and the importance of evolving and enhancing product availability," says Garrett.



games where all prizes are redeemable at retail and games with a significant million dollar top prize along with our 'standard' \$10s. This variety allows us to keep our player base engaged and continue to grow the product line."

Jim O'Brien, who grew the Massachusetts Lottery's instant product category in the 1980s to its perennial spot at No. 1 in the world for per capita sales, has a lot to share about the category. His marketing strategies have been credited with revolutionizing the instant "scratch" game business for lotteries around the globe.

"Ten dollar instant games combine high revenues per ticket with the kind of affordability in today's market that allows for high volume consumer participation. This gives lotteries the flexibility to develop a product line that satisfies many different needs in the market, and offers tremendous growth opportunities," shares O'Brien, who has served as the Vice President of Strategic Marketing at Scientific Games since 2002.

A \$10 game portfolio can be designed to satisfy the full array of needs in the marketplace, as follows:

- Basic Games
 - Fantasy top prizes (e.g. \$1,000,000 and up) with strong chances to win \$100 to \$500 prizes.
- Spotlight Games
 - Enhanced levels of fantasy top prizes (\$1,000,000+) with strong chances to win \$100 to \$500 prizes.

MARKETING \$10 PRODUCTS

The South Carolina Education Lottery's Senior Marketing & Product Development Manager, Ammie Smith, shares, "We make sure that the \$10 product complements our other product lines; we also treat it as its own standalone portfolio. We provide a wide variety of games, including games with only two prize levels of \$50 or \$100,



A NEW VIEW

From an industry perspective, a \$10 wager from yesterday represents a bigger bet than today. The further you go back in time, the stronger the effect. Thinking about it another way, \$10 games are more affordable and accessible to consumers than ever before.

“When you shift from a product view to a macroeconomic view, inflation is a common consideration. We all know that year-on-year inflation affects many areas of our lives, yet lottery prices do not follow this same pattern,” says Garrett. “Perceptions of cash, the value of money and instant game price points have changed over the years.”

The Consumer Price Index inflation calculator from the United States Bureau of Labor Statistics quantifies the effect. Ten dollars in March of 2019 is the equivalent of \$8.40 in March of 2008, and the equivalent of \$7.37 in March of 2004. In 2004 money, the \$10 instant game of today is closer in value to the \$5 price point than \$10. These products are no longer niche and are now far more accessible to the wallets of consumers.

“Growth in the \$10 category is all the more impressive when you consider the immense rise in revenues from the total category of higher price point games in general,” says Garrett. “Where lotteries now have increasingly crowded portfolios of \$20 and \$30 games, the \$10 price point is the growth champion.”

It begs the question, “What’s next?” Is \$10 the new \$5?

One possibility is that \$5 games continue to lessen in importance and sales may begin to move from flat to declining in the coming years. The industry must keep a close watch, as the \$5 price point remains incredibly important to the success of the industry and support to good causes. ■

- Blowout Games
 - Some games offer \$50 and \$100 prizes, while others offer \$50, \$100 and \$500 prizes.
 - Offer only the prizes highlighted in the game’s name, and feature higher chances to win credible prizes.
 - Games feature a larger quantity of prizes than other games – chances to win are better than with traditional \$10 products.
 - The \$500 prize excites players because it is winnable and redeemable at retail.
 - Attractive to consumers with higher interests in other forms of gaming (e.g. casinos, sports betting, race tracks etc.) who have not regularly played lottery instant games.

additional discretionary spending. More importantly, he believes that players are understanding the value proposition of the higher price point games.

“Today more than ever core lottery players are aware of the odds, prizes and payouts that higher price point games offer and are willing to increase their purchase to take advantage of these benefits,” says Boardman. “Prize structures have been developed to enhance the experience and players are ‘feeling’ the benefits through better prizes.”

As with all price points, variety is key to attracting a broader player base. To achieve this, the Maine Lottery has incorporated an approach that provides a wide array of options for players.

- \$10,000,000 Cash Blast
 - Total amount of winnings incorporated in the name.
 - Scratch my Back feature on the back of ticket to add value.
- 25X The Cash
 - A multiplier feature to win up to 25X the prize.
 - Fluorescent ink to stand out in dispensers.
 - Part of a family of games offered at various price points.
- WILLY WONKA GOLDEN TICKET™
 - Licensed property with iconic imaging and name recognition.
 - Second chance opportunity to win a trip to the BILLION DOLLAR CHALLENGE® in Las Vegas.
 - Chance to win up to \$1 billion.
- \$250,000 Riches
 - Top prize called out.
 - Bonus spots to win \$20, \$50, \$100, \$200, \$500.

“Strong marketing can help a lottery offer a number of different \$10 instant products that would satisfy the needs of current \$10 players, and enhance its offerings to stimulate demand from consumers who play other forms of gaming,” says O’Brien. “The full range of these types of \$10 games offers immediate and long-term growth over many years.”

Mickey Boardman, Deputy Director - Lottery Operations, Maine State Lottery, says, “The \$10 market has shown considerable growth over the past several years. To date the Maine Lottery is up 13.2% over the last fiscal year and sales continue to exceed expectations.”

Boardman shares several key factors that are contributing to this success. First, the economy continues to be strong with low unemployment providing some

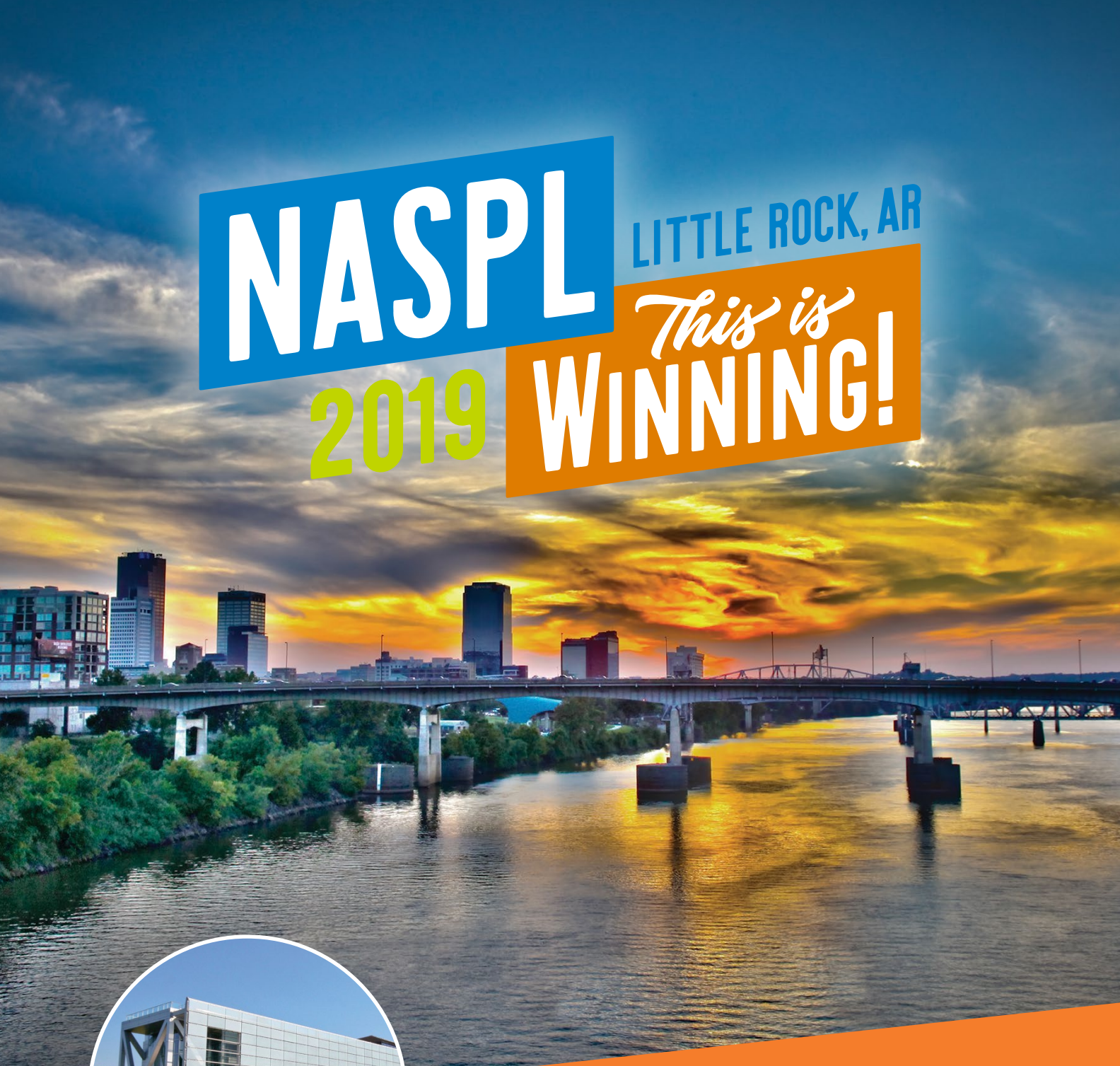


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2019 CALENDAR

July 22-26, 2019

NASPL Professional Development Seminar

Arizona Grand
Phoenix, AZ

Hosted by the Arizona Lottery

September 17-20, 2019

NASPL 2019 Annual Conference

Little Rock Convention Center
Little Rock, AR

Hosted by Arkansas Scholarship Lottery

October 28-30, 2019

PGRI Lottery Expo

Park Lane Hotel, Central Park South
New York City, NY

December 2019

*NCPG/McGill University RG Lottery
Holiday Campaign*

2020 CALENDAR

March 2020

*NCPG Problem Gambling
Awareness Month*

April 20-23, 2020

NASPL Lottery Leadership

Drury Plaza Hotel

Pittsburgh, PA

Hosted by the Pennsylvania Lottery

June 15-18, 2020

*NASPL Directors Meeting
& Dialogue*

Westin San Diego

San Diego, CA

Hosted by the California Lottery

July 20-24, 2020

NASPL Professional Development Seminar

Grand Hyatt Denver

Denver, CO

Hosted by the Colorado Lottery

October 26-30, 2020

World Lottery Summit

Vancouver Convention Center

Vancouver, British Columbia

Hosted by BCLC

December 2020

*NCPG/McGill University RG Lottery
Holiday Campaign*



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Match YOUR NUMBER to any number in the ROULETTE WHEEL, win PRIZE shown for that number.
If any of YOUR ROLLS add up to 7 or 11, win PRIZE shown for that ROLL.

7 • 11

HIGH CARD
IN EACH HAND ACROSS: If YOUR CARD is higher than the DEALER'S CARD, win PRIZE shown for that hand. Ace is High.

HAND	YOUR CARD	DEALER'S CARD	PRIZE
1	7	7	PRIZE
2	7	7	PRIZE
3	7	7	PRIZE

ROLL 4 ROLL 3 ROLL 2 ROLL 1

BONUS: Reveal a prize amount and win that amount instantly!

WINNING NUMBERS
YOUR NUMBERS

Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win the PRIZE for that number. Reveal a "Q" symbol, win DOUBLE the PRIZE for that symbol!

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