

The Official Publication of the North American Association of State & Provincial Lotteries

INSIGHTS

May/June 2019

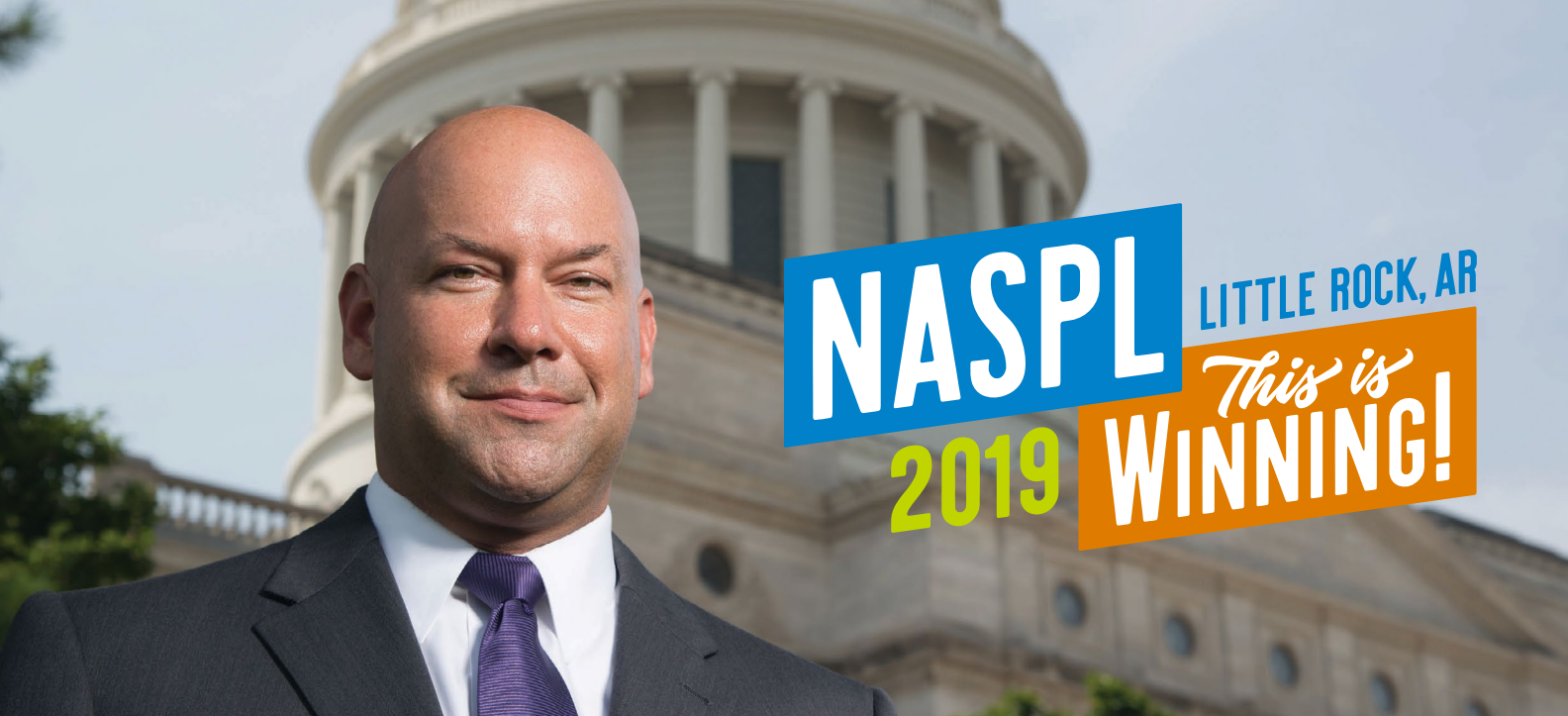
FOCUS ON:

Player Loyalty and Attracting New Players

Rhode Island Lottery

Lottery Leadership

Making a Difference



NASPL LITTLE ROCK, AR
This is
2019 WINNING!

Dear Lottery Friends,

I would like to extend a personal invitation to you to attend the **2019 NASPL Conference, September 17-19 in Little Rock**. The theme this year is **"This Is Winning,"** and our conference committee is working on an outstanding lineup of speakers and break-out sessions that should educate, motivate and inspire you. Plus, we're planning some fun activities with great food and music.

The conference will be headquartered in downtown Little Rock alongside the Arkansas River in close proximity to the River Market District. The Little Rock Marriott and the Doubletree by Hilton Hotel are offering rooms for a reasonable \$169 a night (plus tax). Both hotels and the Statehouse Convention Center are a short walk or trolley ride to many of our outstanding food and beverage establishments as well as the Clinton Presidential Center.

You will have the opportunity to explore the Clinton Library and its lighted pedestrian bridge on Tuesday night during the all-delegate event. The fascinating permanent and rotating exhibits of the center will grab your attention and talented Arkansas musicians will provide an enjoyable evening of music and dancing while you feast on a delicious blend of local favorites and internationally inspired cuisine.

I suggest you extend your stay and explore all that Little Rock has to offer. The city was named one of **"15 Southern Cities All Food Lovers Should Visit Now"** by *Food and Wine* and *Southern Living* magazines. With world-class attractions, great outdoor activities and unique neighborhoods with incredible restaurants, you are certain to experience a memorable visit to Arkansas' capital city.

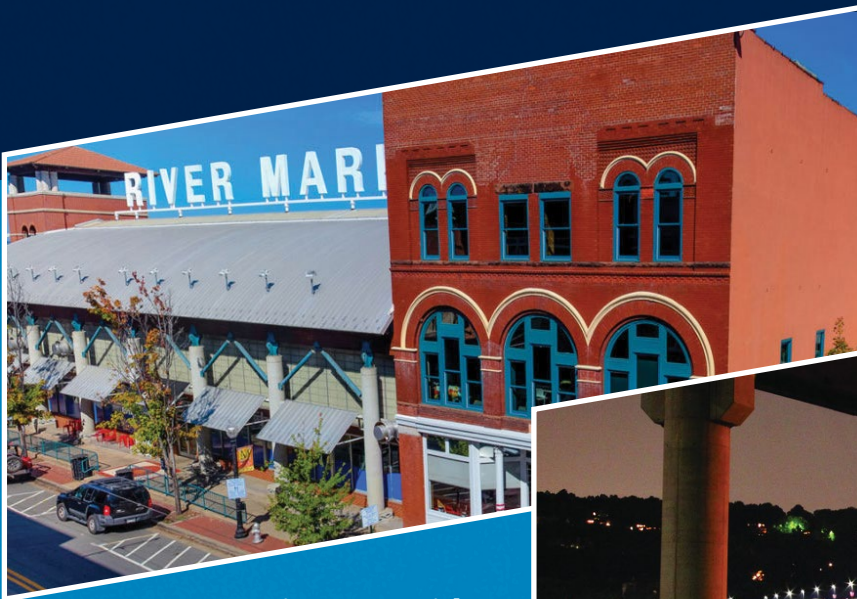
The 2019 NASPL Conference website is live at naspl19.com. You can register for the conference and make hotel reservations now through the website. As more details of the conference are confirmed, they will be added to the website.

I hope to see you in September!

Bishop Woosley
Director, Arkansas Scholarship Lottery

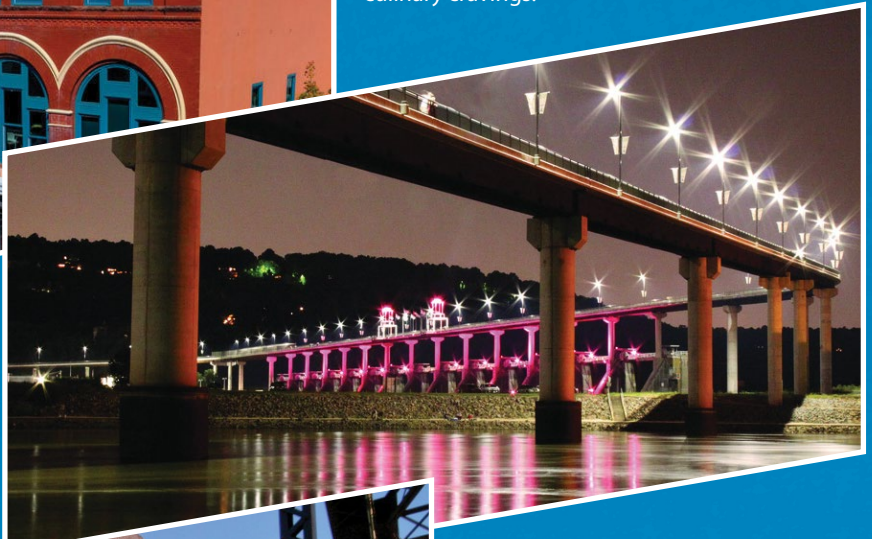
This is
WINNING!

See for yourself what Little Rock has to offer!



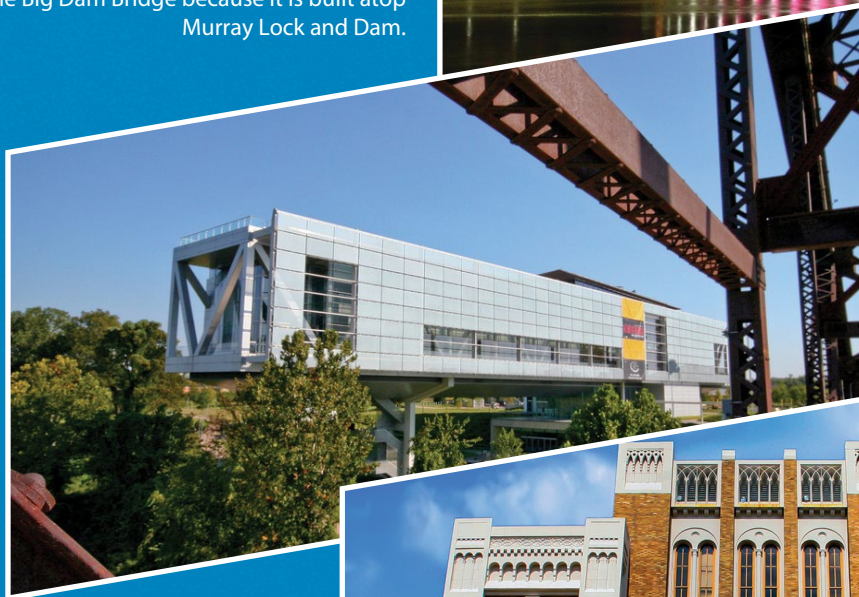
River Market District

In the heart of downtown Little Rock, the River Market District offers a market hall with an exciting mix of food vendors that fit any culinary cravings.



Big Dam Bridge

Experience the longest pedestrian and bicycle bridge in North America, built specifically for that use. This impressive structure was named the Big Dam Bridge because it is built atop Murray Lock and Dam.



William J. Clinton Presidential Center

This world-class cultural and educational venue has fascinating permanent and rotating exhibits of presidential memorabilia and Americana with an award-winning restaurant overlooking the Arkansas River.



Little Rock Central High National Historic Site

The only working American high school that's set in a National Park, Central High is a living witness to the civil rights struggle that played out there in 1957.

Visit naspl19.com for more details.



FROM THE NASPL PRESIDENT



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One of the biggest challenges in our industry is to build and maintain a loyal player base. And one of the best ways to accomplish that is by launching a players club. Think about it: How many purchasing decisions do you make each year that are influenced by the value you may get from what you purchased? From frequent flyer miles to free hotel rooms, to upgrades or free music, all of our decisions are influenced by what we may get in return for that purchase. I can't tell you how many codes I've watched my wife enter into her phone from the inside of a Coke bottle cap. It drives me insane. All for a free drink!

Lottery players are no different. They want something in return for their loyalty. And why not give that to them?

This issue is packed with examples of the affinity programs that exist in lotteries across the continent.

In Arkansas, we launched a loyalty program from the very start. The stakes were high. We were brand new and competing with five border states, so the need to establish a loyal player base was critical. As a result, we rolled out an aggressive plan to change the player behavior that had been created by years of buying in Texas, Oklahoma, Tennessee and (gasp) Missouri.

We offered second chance promotions, which drove our membership numbers and encouraged regular play of the games that qualify for second chance entry from early on. We also offered a Play It Again® program through our players club that not only attracted new members but also encouraged regular play among our existing members.

One of my favorite components of the players club is the reward points program called Points for Prizes®. Players are awarded points for tickets entered, and they can use their points to purchase prizes in our online store or for entries in other prize drawings. We make every effort to use local Arkansas products in these giveaways. For these drawings, we've given away Arkansas-manufactured boats and lawn mowers, home fitness equipment, Arkansas Travelers baseball season tickets, in-state vacation packages – even a year's supply of bacon.

Pro tip: People love free bacon.

Loyalty programs also provide lotteries with a wealth of information about their player base. A lottery may use players club data to track engagement and reveal the reach and success of promotions or player communications.

You want to know what your players think? What they like? It's right there in the data.

So, take a seat and spend some time digging into these loyalty club articles. If you don't have a loyalty program in your jurisdiction, maybe this will change your mind. If you do, maybe you'll glean a great idea or two.

And if you adore bacon, maybe you'll move to Arkansas and enter for a chance to win a year's worth of everyone's favorite breakfast meat. Unless you're from Canada, that is.

Enjoy.

Bishop Woosley

Director, Arkansas Scholarship Lottery

NASPL President



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2019

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LISTEN UP



Your Lottery Players Are Talking. We're Listening.

Focus groups. Player communities. UI and UX testing. Social media scraping. Sentiment analyses. Scientific Games uses all these methodologies and more to listen to what your players have to say. And we package what we hear in to actionable insights that can be used to create promotions, fine-tune product mixes, and drive sales. Because when it comes to understanding your players, we're all ears.

Let's Celebrate!

July 2019 promises sunny skies and new adventures – including a fresh industry initiative.

By Mackenzie Whitacre

Lottery Week

Beginning
July 15
2019

A Celebration of
Everything Lottery

Summer is just around the corner, and this year brings with it an exciting new campaign for the lottery industry. July 2019 marks the first annual Lottery Week – a weeklong celebration of lotteries across the U.S. and Canada, in recognition of the collective contributions they make in the communities they serve.

“We’re thrilled to get the ball rolling on the first Lottery Week in North America,” said David Gale, Executive Director of NASPL. “It’s important for the public to know what kinds of great programs and initiatives their lottery dollars support.”

After all, in FY 2018 U.S. lotteries transferred over \$23.4 billion to the causes they support, while Canadian lotteries delivered C\$3.3 billion to their beneficiaries. In just the past five years, these revenues have increased by 15 percent and nine percent, respectively. Lottery revenues help finance educational programs and scholarships, environmental conservation, economic development projects, programs for seniors, cultural activities and so much more.

Of course, the positive impact doesn’t end there. Lottery organizations provide tens of thousands of jobs across the continent – for their own employees and for those of dedicated industry suppliers. Some 250,000 retailers in the United States and Canada benefit from their

“It’s important for the public to know what kinds of great programs and initiatives their lottery dollars support.”

- David Gale

partnership with lotteries through sales commissions and increased in-store foot traffic, which helps them grow while serving their communities. Lotteries team up with responsible gambling groups to educate our retailers and consumers, to help encourage safe, responsible play. They support local causes, often hosting events like food drives and community clean-ups. And, of course, they provide a fun, exciting source of entertainment for their players – not to mention some big payouts for the lucky winners!

Lottery Week is a chance to recognize these positive impacts and improve public perception and awareness.

This new holiday draws inspiration from the first ever “National Lottery Day,” organized by the Massachusetts State Lottery in 2018. Mass Lottery aimed to provide players with a day of special promotions and products, while also recognizing the Lottery as the single largest source of unrestricted local aid in

the state of Massachusetts since selling its first ticket in 1972. Thanks to Mass Lottery, July 17 is now officially known as National Lottery Day in the U.S.

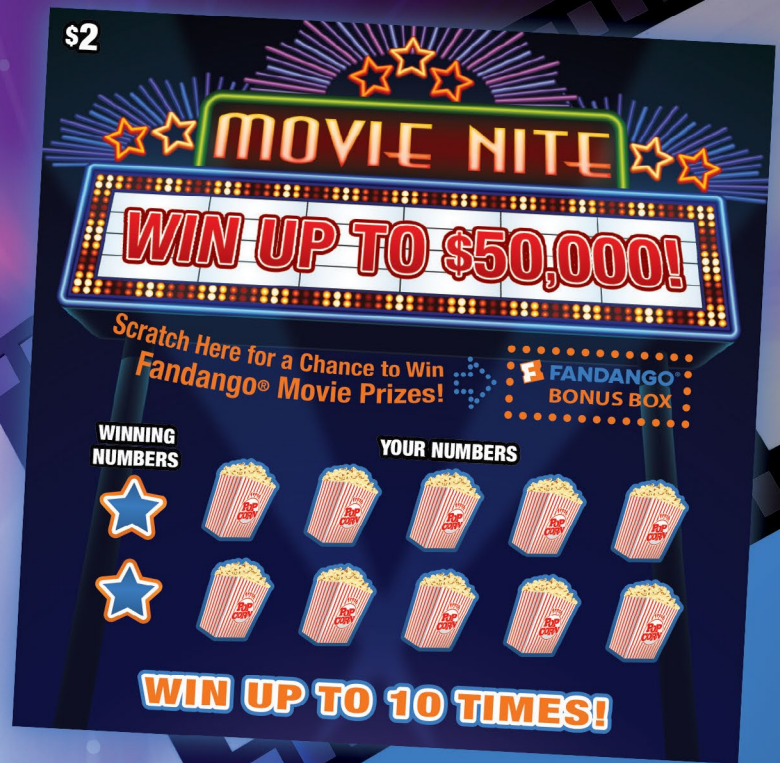
“We are excited that the initiative will be embraced nationwide,” said Michael Sweeney, Executive Director of the Massachusetts State Lottery. “It is a great opportunity to brand the importance of the missions that lotteries across the country are engaged in.”

This year, Lottery Week begins July 15, and lotteries invite their partners and players across North America to celebrate with them throughout the week. With daily themes – focusing on Beneficiaries, Winners, Retailers, Games and more – we hope to introduce a tradition that will carry on for years to come. ■

For more information on Lottery Week, contact NASPL at info@nasplhq.org.

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Neely T. Frye

Regional Vice President, Government Affairs, Scientific Games

Many industries exist within the confines of public policy, operating with the blessing of lawmakers, and the gaming industry is no exception. Policymakers in each jurisdiction have their own agendas, and whether they are in active session for just a few weeks or throughout the year, they need to stay informed on every possible issue that impacts their state and their constituents. No one knows that better than Neely Frye, who has spent his entire career navigating political waters as a government affairs specialist.

“Neely is a very talented and experienced government affairs professional,” said Rob O’Connor, Senior Vice President Government Relations for Scientific Games. “He has lobbied in the mid-Atlantic states for pharmaceuticals, and now for the lottery industry. He excels at educating busy legislators on the facts in a very complex ecosystem. Neely’s knowledge of government affairs and the strong relationships he has cultivated in state capitals from Pennsylvania to West Virginia benefit Scientific Games customers and the entire lottery industry every day.”

A relative newcomer to the lottery industry, Frye joined Scientific Games in January 2018. Previously, he held a similar role with Novartis Pharmaceuticals Corp., and earlier in his career was a lobbyist with a public affairs firm. A fifth generation Pennsylvanian, he is based in the Keystone State but his territory for Scientific Games also includes the District of Columbia city government and the states of Delaware, Maryland, New Jersey, Virginia, West Virginia, Ohio and Michigan.

For the region, he is the company’s primary manager of legislative, regulatory and public policy, responsible for

developing strategy on state procurements and legislation, and providing company communications to key stakeholders and state agencies.

There’s certainly a lot to talk about these days, especially with iLottery and sports betting often on the table. Yet those aren’t the only things keeping Frye busy – even products that have been around for a long time like draw and instant games need their own attention. “They all kind of go hand in hand,” he said. “Make no mistake, policymakers want to know how that traditional part of the business is going, because they know the dollars those games generate. But then you immediately shift into sports betting and new technologies. Each of these issues has its own approach and its own story to convey to policymakers.”

He’s most proud of the lottery in his home state, particularly its development of products using emerging technologies. “We have some fantastic things going on here in Pennsylvania that I’m very excited about. This is a state that can be a great example for others on how to do things right.”

By that he means not just lottery games, but about the entire legislative and regulatory process that has allowed the state to move forward in lottery and gaming.

A Freemason, Frye enjoys sporting events and spending time with family and friends, especially his wife and children. He loves being close to the major East

Coast metropolitan areas to take advantage of some of the things these cities have to offer. A self-professed art aficionado, he often frequents museums and has quite an art collection; he enjoys talking with local artists and seeing new work.

He has a bachelor of arts in political science public policy from Abilene Christian University in Texas, where he also played running back for the Wildcats football

team. He completed a leadership program at the University of California Los Angeles and a British politics law course at Regents College in London.

Why did you decide to join the lottery industry?

Many years ago when I was a contract lobbyist, I had worked on gaming issues, and they have always fascinated me. Pennsylvania in particular has one of the most successful lotteries in the world, and the Lottery here is so important because of the services it funds for our senior population. There isn’t a person I know who hasn’t had a family member receive some kind of benefit from the Lottery.

While I was at Novartis working on health care issues, I kept looking at what was going on in gaming because of my interest there. I knew many of the people working in government relations for Scientific Games – as you can imagine, the government affairs world is quite small. We would talk about the issues we were working on. I knew that there were going to be more changes in the gaming industry in Pennsylvania, and when the opportunity opened up at Scientific Games, it was a natural evolution for me. It’s great for me to apply the experience I’ve had in government relations to continue the success of the Lottery.

Is there anything applicable to lotteries from your previous work with pharmaceuticals?

The two industries have a lot in common. They are both huge economic drivers for the state of Pennsylvania, are heavily regulated and very complex industries, and require a lot of detail and understanding of the existing laws and legislation. It was always important for me to educate lawmakers in the facts of the health care industry, to show them the impacts of that industry and remind them of the services that are being provided. Many times policymakers have the same goals as big business in a state, but they aren’t always experts in knowing how





"It's impossible to be involved in gaming, especially in lottery, and not be relevant to lawmakers."



best to reach those goals. I like to try to help them understand what some of the nuances are, what important details they have to understand, as we work together in a partnership to achieve the best outcome we can for their constituency and for the people across the state. In this regard, my current work in the lottery industry is very similar to my previous work.

What have been the most challenging aspects of the lottery industry from your perspective?

Every day, lawmakers have hundreds of people coming to them about specific issues, whether they be business issues, advocacy issues or just input from their constituents. One of the most challenging things about the job in general is being able to break through all of the voices, to get someone's attention to help them understand where we are trying to take the industry and how we are trying to work together to produce the best outcome for the state.

The lottery industry always faces a tremendous amount of pressure, with sensitive issues especially given the beneficiaries of lottery revenues. When lawmakers are developing their budgets, lottery revenues will often impact their priorities. So it's very important that they have a strong understanding of what lottery does and what it takes to continue to have a strong lottery for the benefit of the state's citizens. Legislators often don't understand what actually goes on behind the scenes at a lottery and with trusted partners such

as Scientific Games. It's my responsibility to be able to show them not only the facts about what has been done, but what needs to be done to best serve state goals going forward.

Lotteries don't define public policy, but of course they are directly impacted by decisions made. Any advice for lotteries trying to effect change in order to keep up with consumer and competitive demands?

It goes back to educating lawmakers – regularly reminding them of the great work that is being done to modernize the lottery industry to keep up with consumers, and to ensure the security of the games and the trust the players have in them. It's also important to emphasize the important programs that lotteries fund, and the commitment lotteries have to continue to grow in order to meet the increasing needs of those programs. Whether lotteries fund education, senior programs, or even a state's general fund, the dollars raised help every citizen in every community. Lotteries help create a better place for us all to live in.

From your perspective, what are the biggest opportunities for lottery growth over the next few years?

This industry continues to undergo tremendous change. We have a lot of emerging technologies, new products and new ways to reinvent our industry. At a time when there is increasing competition for discretionary gaming spend, we are creating more opportunities for players

including iLottery and sports betting. I think a lot of states are moving forward in these areas because they trust lotteries and their partners to produce the best products possible in order to provide states with more funding for education, senior programs or other beneficiaries.

The challenge is to keep up the dialogue with lawmakers as policy is being formed, to keep talking about these emerging opportunities and the solutions that are available. All states struggle with balancing their budgets and funding state programs. We need to always be part of their discussions about how to make things better. Maybe a state isn't ready to have iLottery or to authorize sports betting, and that's fine, but it doesn't relieve us of the duty of explaining what is happening in the industry. It's always about the opportunity to create goodwill and grow the business.

What do you enjoy most about your job?

I enjoy working with my colleagues! I also enjoy representing this company because it's such a big responsibility to maintain the public trust. And I enjoy the legislative process, representing the lottery industry, because it has such an impact on the state's economy. From a personal standpoint, you always want to be relevant in what you do. It's impossible to be involved in gaming, especially in lottery, and not be relevant to lawmakers. This is the major league when it comes to government affairs, and it's very rewarding. ■

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COMPREHENSIVE
APPROACH.”



**Proven iLottery Solutions.
Powerful Results.**

Research and Informed Decision Making

By David Workman, Public Information Specialist, Idaho Lottery

Idaho, as a general rule, has a certain sense of place, an outdoor lifestyle and an identity full of rich history, character and charm. The diversity of geography is as plentiful as the size of the state itself, from the rich farmland of eastern and southern Idaho to the desert landscapes in the southwest to the jagged mountain peaks, opal blue lakes and rivers flowing through alpine forests in the north. Idaho is six times the size of Massachusetts, Connecticut and Rhode Island combined, with one-sixth of those states' population. At its furthest most point, Idaho measures 550 miles in length – about the same distance as Boston is from Cleveland. Yet no matter where you are in Idaho, whether you're skiing in Sun Valley or white water rafting the River of No Return, you always come away with what makes Idaho great: its strong sense of community.

Great communities are made with great families. While Idaho is a visually scenic place, what makes it unique are its people and the pride Idahoans have with their state and community. In the vast reaches of Idaho, lifestyles, opinions, economic conditions and leisure activities are as diverse as the state's geography itself. Meeting the needs of consumers in Idaho's Lottery marketplace has posed social, financial and geographic challenges for the Idaho Lottery since it was created in 1989. After nearly three decades of conducting traditional research to understand Idaho's demographics, views and interests, the Idaho Lottery was prepared to make a departure from conventional research methods and try a new-age, digital approach by partnering with Vision Critical.

Advantage: Digital

Based in Vancouver, Canada, Vision Critical builds customer trust and creates new business value through the collection and application of consent data. With its unique, relationship-based approach, Vision Critical's Sparq platform lets brands directly interact with communities of opted-in customers. Unlike traditional voice-of-customer methods, Vision Critical unlocks



the real-time feedback that companies need to build better products, deliver better services and achieve better business outcomes hand in hand with their own highly-engaged, well-profiled customers.

"The Idaho Lottery's innovative use of the Sparq customer insights platform from Vision Critical enables them to access consent data and engage important groups, like players and retailers," said Kelly Hall, Chief Customer Officer for Vision Critical. "These customers openly share data about their attitudes, motivations and preferences, which informs game development and improves the effectiveness and reach of marketing programs. Players appreciate the Idaho Lottery's customer-centric, transparent approach, and retailers love that their needs are being met as new value is created for all

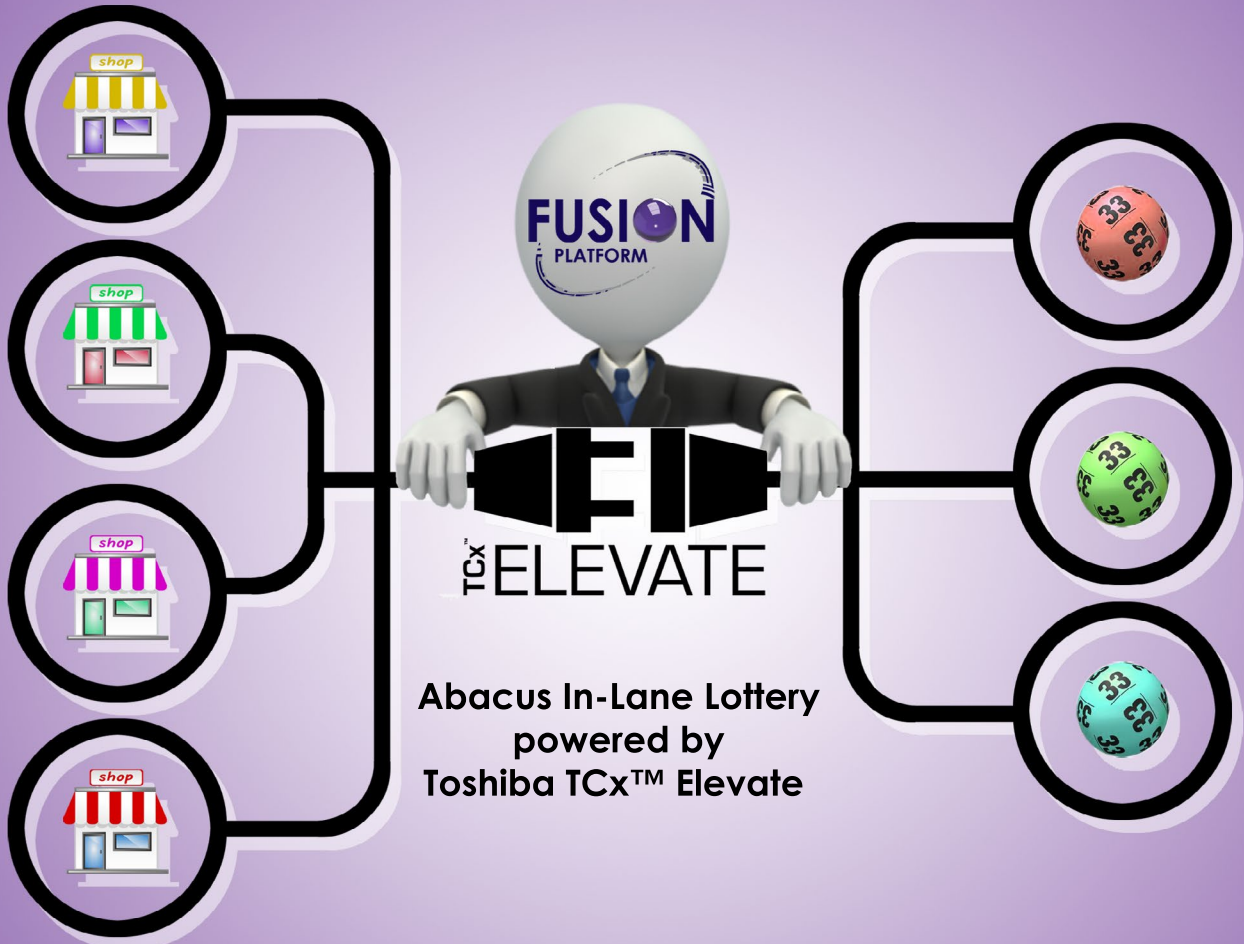
through the sharing of data and insights."

"We began our partnership with Vision Critical about two years ago, in the summer of 2017," said Sherie Moody-St. Clair, Idaho Lottery Marketing Director. "Traditional research methods, and results, could take as long as three months to develop, put into the field and then evaluate. With Vision Critical, and our three research communities, we can put a survey into the field as often as we like to gauge player insight and retailer reaction to current games, lottery services and future products."

This model of immediate, informed decision-making was also suited to benefit Idaho's distinctive and separate cities, towns and locales. With more than 82,000 square miles, and each population center at least 100 or more miles apart from the next,



ABACUS and TOSHIBA working together to provide the gateway of choice connecting lotteries to the BIG BOX retailers



**Abacus In-Lane Lottery
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The Abacus and Toshiba lottery solution is easy to deploy. Based on the NASPL API it will enable retailers to sell lottery products through Toshiba POS systems. Combining Abacus's lottery experience and Toshiba's #1 grocery POS market share in North America*, this is a game changing development in the lottery industry .

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TOSHIBA

*Source: RBR London, June 2018. RBR defines Grocery to include Supermarkets, Hypermarkets, Convenience Stores, and Drug Stores.

the digital platform from Vision Critical allows the Idaho Lottery to bring together three distinct profile groups: regular players (light, medium and heavy), occasional players and retailers, for quick, results-oriented surveys and studies. These results guide decisions about future games, feedback on past games or services, trends taking place in the state, and perceptions of the Lottery and its messaging channels.

When we set out to create our research communities, and learn from them, we had four primary strategic objectives. We sought to understand lottery player motivators, barriers and general perceptions, and to generate product innovation through ideation. Another goal was to identify areas of customer growth and sales opportunity while promoting responsible gaming behavior. Finally, there was also a need to understand retailer strengths, challenges and general perceptions at the point of sale.

These objectives would in turn lead to an informed, internal business decision-making process, a comprehensive sales strategy, cohesive marketing and advertising campaigns, and a product development process aligned with player and retailer expectations.

Three Research Communities

By the fall of 2017, the Idaho Lottery had begun to create the research communities. There were three groups for recruitment: Playmakers, Game Changers and Lottery Insiders.

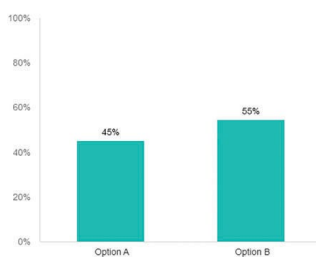
Members of the first group are Playmakers. This community is the general population of players including light, moderate and heavy players that play a variety of our games including scratch games (both extended play and fast play), draw games, terminal-based instant games, and traditional and electronic pulltabs. They also participate with the Lottery daily, weekly and monthly. This group has the widest mix of demographics, where recruitment extended beyond the scope of the Lottery's VIP Club members. There are 2,736 members in this community at this writing.

The second research community group is made up of Game Changers. This community consists of occasional players, including jackpot chasers and specialty/promotional scratch players. This group includes all age demographics, including enough players in each age group to isolate groups depending upon identified opportunities. Players in this group purchase lottery a minimum of two or three times per year and play no more than once a week. "Occasional" is more of a mindset, with members not as engaged with lottery as are Playmakers. This group includes those who gift lottery for others and only play occasionally for themselves. This group took the longest to recruit,

HOLIDAY SCRATCH GAMES

© \$3 HOLIDAY GAME OPTIONS

Which of the following \$3 holiday games would you prefer?
Total participants: 295



Extended play players ONLY

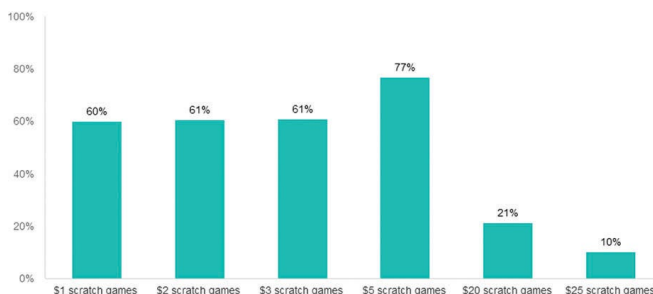
OPTION B



HOLIDAY SCRATCH GAMES

☑ HOLIDAY SCRATCH PRICE POINTS

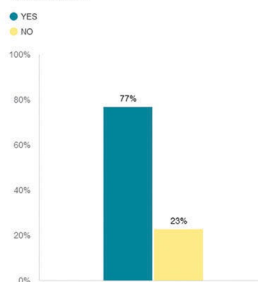
When purchasing holiday scratch games which price points do you normally purchase? (check all that apply)
Total participants: 698



HOLIDAY SCRATCH GAMES

☑ SCENTED OR UNSCENTED

Do you think this ticket should have a wintergreen scent when scratched?
Total participants: 698



OPTION A



OPTION B



Lottery doesn't always make it on the shopping list



Nearly half of lottery purchases are unplanned, which makes being seen critical to being top of mind. Our integration with big box retailers and 91% of grocery make us the gateway to new players. Our access to high-traffic areas like checklane and gift card racks allow you to connect better with your players and increase sales to infrequent and casual players.



with recruitment occurring in a variety of channels (web, social, in-store, etc.). There are currently 300 members in this community.

The final group is made up of Lottery Insiders, a community of retail partners. This group includes clerks, managers and corporate staff. All corporate chain staff were recruited by the Lottery's Key Accounts Manager, while clerks and managers were recruited by the Lottery's Field Sales Representatives and via terminal messages. These community members use their personal email accounts to be a part of this community. The Lottery Insiders group has seen more challenges in recruitment, but still has 163 members in its community. As a whole, the Idaho Lottery only has 1,170 retail locations, so this group is still large enough to be representative.

Each month, participants who answer surveys are entered for a chance to win one of two \$50 Amazon gift cards in each community. In addition, being a part of the community in a way is like being a part of the decision-making family of the Lottery. Moody-St. Clair describes it as "Lottery Love" because they have the opportunity to provide feedback that makes, in some cases, an immediate difference.

Valuable Results

The results have been remarkable. The Idaho Lottery is now capable of making data driven business decisions to increase sales.

"What used to take three months to accomplish, we can get answers now in a single day," said Moody-St. Clair.

Evidence of this success was the Idaho Lottery's 2018 Holiday Scratch Game

campaign. Each game was test-marketed during the summer months for play style, prize, and artwork/design before sending the tickets to print. Specifically, the Lottery showed players two different concepts/designs for the holiday \$3 game, asking them to choose between a \$3 Starry Night Slingo game and the \$3 Jolly Holiday Crossword game. So sophisticated was the survey tools capability, that the Lottery was able to focus this choice on players who predominantly play extended play games. The clear vote, 55 percent to 45 percent, was in favor of Jolly Holiday Crossword. And at 36 percent, this price point had the highest year-over-year sales increase of all the holiday-themed games.

In addition, the Lottery developed its promotional campaign based on research conducted prior to the start of the games. The Holiday Second Chance Bonus allowed non-winning, holiday-themed ticket to be entered for a chance to win one of five \$1,000 prizes.

The games' performances were strong. With the input on artwork, play formats, prizes and second chance opportunities from the research communities, the Idaho Lottery realized a 10 percent increase in holiday game portfolio sales for fiscal year 2019 over the previous year.

"What works in Sandpoint might not work in Pocatello or Boise," said Moody-St. Clair. "Our research communities are a great way to bring diverse points of view from across our entire state to help develop a cohesive strategy that brings product and marketing together for successful results."

The research communities offer the opportunity for the Idaho Lottery to have an open dialogue and meaningful conversations with players. At the end of

each survey, there are always open-ended questions to see if there is anything else going on that the Lottery may not know about or to find any new opportunities.

The data and information is not limited just to products, sales and lottery services. Recently, we were able to survey players about which c-stores they preferred, and we honored the number one retail chain as voted on by their communities. We have also just recently used the data platform to make media buying more effective by querying players on which radio stations they listen to, which television stations or other sources they receive their news from, and which social media channels they most often frequent.

In a state as geographically and demographically diverse as Idaho, the creation of these communities is empowering the citizenry with effective decision-making opportunities to influence one of their favorite pastimes. This dynamic relationship gives participants a sense of purpose, pride, personalization (not to mention inside advance notice for upcoming games and promotions), family and community with the Lottery. ■



David Workman
Public Information Specialist, Idaho Lottery



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STRATACACHE

Focusing Treatment on Harm Reduction



Lori Rugle, Responsible Gambling, NASPL

This article is the first in a new series that will take a bit of a different focus than my earlier columns on responsible gambling. Previously I have focused more on lotteries' responsible gambling practices and universal and public health approaches to responsible gambling. Problem gambling and its treatment haven't yet been specifically addressed. Therefore, the next few articles will focus on a range of topics related more explicitly to addressing the needs of individuals and families struggling with a gambling disorder and how this is related to responsible gambling practices.

I thought the topic of harm reduction might be an interesting place to start. In responsible gambling (RG) discussions, we often talk about reducing the harms and potential harms of gambling in a more universal and public health focused way. That is, in a way that is designed to inform the widest community possible, from those who don't gamble, to those who gamble in a healthy, recreational manner, to those who are at risk or having problems with gambling. This broader RG discussion involves all of the issues and recommendations presented in NASPL's responsible gambling guidelines. However, in terms of RG we rarely talk about how harm reduction strategies are used in the treatment of gambling disorder.

Indeed, as I thought about this, I wondered if lottery staff and retailers were aware that harm reduction strategies are even available as treatment options for gambling disorder, particularly since the pervasive forms of addiction treatment in the U.S. are abstinence-based models requiring (as does

Gamblers Anonymous) at least a desire to completely stop gambling or other addictive behavior.

This thought reminded me of an experience I had a few years ago when I did a test call to the problem gambling helpline in the state in which I was working. I wanted to see how help line counselors would respond to a person calling in who wanted to just learn how to control her gambling. When I said I wanted to find a counselor who could help me control my gambling, the helpline counselor was stumped. There was a long moment of silence before the helpline counselor said, "Most of our counselors work with people to stop gambling." I pursued my focus on wanting to control rather than stop gambling for a while longer before I took pity on the poor helpline counselor who clearly did not know how to respond to my request. I let him know this was a test call and thanked him for trying his best. I also let him know that counselors in that state did receive training on how to help clients who were motivated to control rather than stop gambling, and provided some brief education on harm reduction strategies.

We also subsequently did a series of trainings for our helpline counselors on harm reduction and put a mandatory question at the very beginning of the helpline intake asking what the caller's goal was for their gambling:

- What is the goal for your gambling?
- Do you want to stop gambling?
- Do you want to cut down or control your gambling?
- Do you want to reduce the harm from your gambling?

The Treatment Approach

Harm reduction as a treatment approach can really be considered an overarching category which includes the traditional abstinence-based approaches to addictive disorders that people are probably more familiar with, as well as approaches that include reduced or limited engagement in addictive behaviors. Harm reduction approaches reduce the moral judgment often associated with addictive disorders and focus on compassionate pragmatism, supporting practices that work towards positive change and healthier choices. For example, in the treatment of intravenous drug use, a harm reduction approach would include supporting the use of clean needles to reduce the incidence of infectious diseases rather than a stance that drug use is wrong and needle exchange programs only support "bad" behavior.

With a harm reduction approach, a counselor would ask a client what his/her goals for their gambling are and would suggest a range of options from stopping gambling altogether to controlling or limiting their gambling activities and/or reducing the harm of their gambling. Limited or controlled gambling approaches consider an individual's goals to limit the amount of time and or money spent gambling as well as limiting types of gambling. While most people think of controlled gambling as involving monetary or time limits, I have worked with clients who have been quite aware that they were more likely to lose control and have difficulty with some forms of gambling more than others. This is very individual. One client I worked with was able to play poker with a group

“One way to think about this is to imagine a scenario in which the only service dentists offered was to pull teeth.”

of old friends without loss of control, but clearly recognized that he was unable to bet on sports. Another person was able to play bingo weekly with his wife, but he couldn't buy scratch-off tickets. Still another person could buy a weekly Powerball ticket, but couldn't maintain control when playing slot machines.

Developing a plan for reducing potential harm to a person's or family's finances while working on controlled/limited gambling goals is a key harm reduction strategy. Making sure that money for rent, mortgage, car, utilities and other necessities is safeguarded from lapses in control is essential to minimize potential damage to the individual's and their family's well-being, safety and security. Counselors working with the issue of problem gambling must be skillful in having these difficult discussions around protecting their clients' money from the harms of excessive gambling.

The goals of a harm reduction approach are:

- To reduce the stigma associated with having a gambling disorder.
- To reduce obstacles to accessing counseling for gambling problems.
- To offer a comprehensive, person-focused range of counseling options to best meet each individual's needs and motivations, which will increase the likelihood of early engagement.
- To recognize incremental successes in changing gambling behaviors towards goals that better support health and well being (rather than just the all or nothing, gamble or don't, standard of abstinence-only based programs).

Abstinence-only treatment approaches set a high bar for treatment entry, while harm reduction approaches recognize that not everyone experiencing

problems with gambling is ready to commit to total abstinence from all types of gambling. A Canadian study of women meeting criteria for a gambling disorder looked at reasons why these women did not seek treatment (*Voices of women who gamble in Ontario: A survey of women's gambling, barriers to treatment and treatment service needs*. Boughton and Brewster, Report to the Ministry of Health and Long Term Care, 2002).

Individualized Goals

One of the notable reasons that these women reported for not obtaining treatment was their concern that they would be “made to stop” gambling. Harm reduction approaches seek to meet clients “where they are at.” In other words, to respect an individual's autonomy in choosing their own goals. By offering the option of working on controlled/limited responsible gambling goals that reduce or eliminate the harm of gambling, we are setting the bar for treatment entry lower and thereby increasing our ability to engage more individuals at lower levels of gambling severity. It recognizes that not everyone with a gambling problem is at a point where they are motivated to completely stop all gambling behaviors.

One way to think about this is to imagine a scenario in which the only service dentists offered was to pull teeth. They didn't do teeth cleaning or prophylactic care, they didn't fill cavities or put caps on teeth. They only pulled teeth. I imagine it would take most people a lot longer to decide to go to the dentist and a lot fewer people would be scheduling appointments.

As the Canadian study mentioned, most people are likely to assume that if you have any form of addictive behavior, in order to get help you have to be willing to stop. A challenge for treatment

providers and advocates is to increase awareness that counselors will help individuals on a much wider range of goals for managing or controlling their gambling activities. This is where lottery RG efforts can be of great help. Here are some ideas for how lotteries can increase public awareness of harm reduction counseling resources:

- Make sure staff (especially those who have contact with the public) and retailers are aware of harm reduction options and resources.
- Work with stakeholders and service providers in your jurisdiction to understand the harm reduction services that are offered and by whom. (If harm reduction/limited gambling counseling is not offered, advocate for providers to be trained to offer these options.)
- Work with stakeholders, advocates and preventionists to craft effective public service announcements informing the public of resources for help with controlled/limited gambling and harm reduction goals.
- Work with stakeholders to make sure customer information (brochures, etc.) regarding counseling resources makes it clear that harm reduction and controlled/limited gambling goals are available.
- Include information on lottery websites on ways counselors can support controlled/limited gambling and harm reduction as well as abstinence-based goals. ■

I would greatly appreciate any feedback on this article; please let me know if you found it interesting and/or useful. You can email me at lrugle@nasplhq.org. Also, feel free to email me about any problem gambling or responsible topics you would like addressed in future articles.

A NEW PERSPECTIVE ON LOTTERY GAMES

PART
TWO

This perspective may be “new” in the sense of “newcomer.” I hope it is useful to those who are overly familiar with the games, as well as those new to the lottery industry.

STEPHEN WADE, PRINCIPAL, LOTTERY MANAGEMENT CONSULTING, LLC.



The first part of this article, in the March/April issue of *Insights*, described lottery draw games as a kind of performance. This second part describes instant games as manufactured products.

The most salient feature of this kind of game is the fact that every ticket already has its final value when it is created. Winning or losing is just a matter of buying a winning or losing item, from among many that look the same. Another way to look at this key feature is to say that since the value is already predetermined, that value can be revealed instantly whenever the purchaser gets control of the ticket. The instant games category is complementary to draw games; the term “instant” presents predetermination as a user benefit.

SECURITY AND INTEGRITY

The most familiar instant games are printed on paper. A game typically comprises millions of individual tickets. The value of a ticket is revealed by scratching off a protective coating. Contemporary instant tickets include many features designed to assure that the value of the ticket is revealed only to its buyer, and not to others who may handle it as it makes its way from warehouse, to retail store, to display, to the hands of the buyer. Those who are lucky enough to get a guided tour through one of the few manufacturing facilities that produce these games can learn more about these “hiding” features. The design of the printed products also makes it difficult to alter the apparent value of the ticket, once that value is revealed. These design features have evolved over time, in response to frauds attempted by various parties.

With instant games, as with draw games, the most fundamental threat

to integrity comes from insider fraud. Knowledge of which instant tickets are most valuable is deliberately obscured, even to all those involved in manufacturing the games. The manufacturing process is heavily computerized, and employs complex algorithms that precisely control the aggregate value of all the tickets in a game, while maintaining uncertainty about the individual value of any ticket. Since these algorithms are secret in any case, there is no need for them to be simple or easily explained. This is in marked contrast to draw games, where the rules determining value must be simple enough to explain to a player. The ability to employ value-determining rules of great complexity allows the designer of an instant game to have practically complete control over the prize structure of the game. There can be few, or many, value levels of prizes, as preferred. Within each value level, the count of prizes can be specified as desired.

This is not to say that the value of the ticket appears to the player to be arbitrarily determined. Rather, the game rules as explained to the player provide a story about “how to tell what it’s worth,” and the scratched-off ticket displays artwork that is consistent with the value of the ticket according to this story. The rules as explained to the player can be simple and/or entertaining, and essentially unrelated to the rules implemented during the manufacturing process.

While the application of hidden rules to populate a file of outcomes is integral to the manufacture of printed instant games, an outcome file can be packaged, sold and revealed to players piecewise in other ways than by printing tickets. The presentation can be purely electronic, as is the case with video lottery terminals (VLTs) and online instants. “Online” here can be in the 1980s

sense of “served through a dedicated lottery retail terminal,” or it can be online in the modern sense of “served to your device over the web.” For clarity, I will conform to custom by calling the former online instants and the latter e-instants.

Online instants in the old sense generally display the wager result, obtained from a file, in a form that suits the special printer used to produce lottery draw game tickets. This is a simple printer. Still, the outcomes can be represented in ways corresponding to a great variety of games. It is also possible to represent the instant outcome as resulting from matching with an independent draw game wager. This is used to position the instant game as an add-on to a draw game.

The electronic presentation of instant outcomes to the player can take a huge, perhaps unlimited, variety of forms. VLTs are hard to tell from slot machines. Many e-instants borrow the graphical format of successful printed instants. The draw game Keno can be represented in an e-instant, though it can also be implemented in instant form as a “single player vs. lottery” draw game.

INTENSITY OF PLAY AND RETURN TO PLAYER

The creation of an instant game results file is not, in principle, much different than running the pick and draw of a draw game repeatedly, and creating a file recording the sequence of outcomes. We could imagine,

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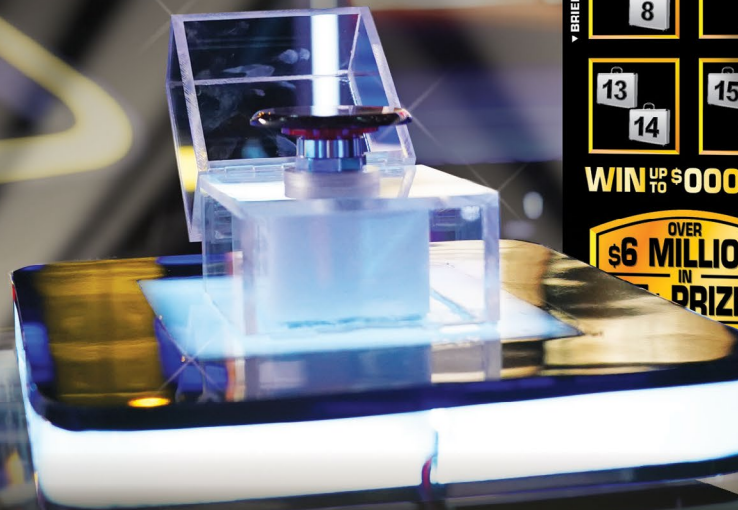
PRIZE BOARD	
\$5	
\$10	
\$15	
NO DEAL	
\$20	
\$25	
\$30	
NO DEAL	
\$40	
\$50	
\$100	
NO DEAL	
\$150	
\$250	
\$500	
NO DEAL	
\$1,000	
\$5,000	
\$150,000	

BRIEFCASES

1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18

WIN UP TO \$1,000,000

SEE TICKET BACK FOR PLAY INSTRUCTIONS



SCIENTIFIC GAMES

DEAL OR NO DEAL

PULL AND SCRATCH each BRIEFCASE

1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18

WIN UP TO \$1,000,000

OVER \$6 MILLION IN PRIZES

SCIENTIFIC GAMES

DEAL OR NO DEAL

WIN UP TO \$1,000,000!

ENTER YOUR NON-WINNING TICKET FOR A CHANCE TO PLAY
A NON-BROADCAST VERSION OF DEAL OR NO DEAL AND A
CHANCE TO WIN UP TO \$1 MILLION!*

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of the WINNING BRIEFCASE NUMBERS, win prize
shown below the matching number. Reveal a "D" symbol,
win prize shown under it automatically. Reveal a "C"
symbol in the BANKER'S BOX, win
prize shown under it automatically.

WINNING BRIEFCASE NUMBERS

1 2 3

YOUR BRIEFCASE NUMBERS

16 17 18 19 20 21 22 23 24 25

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for instance, creating an e-instant Keno game by using a random number generator to create a player pick, then the lottery draw, and recording the resulting prize (or non-win), one result at a time, to populate a file of millions of results. How would playing against this file differ from playing five-minute Keno in a live setting, for a player who chooses to let a random number generator choose quick picks, rather than selecting the numbers herself? A key difference is that the instant Keno player can play as fast as she wants, rather than waiting for the draw. There is no schedule to moderate the intensity of play.

It is well accepted that the more intensely a player plays, the more generously the player must be rewarded in order to sustain engagement. The faster the results come, the more encouraging they need to be. Consequently, an instant Keno game may earn more for its provider if it pays out more, and/or more frequently, than the standard five-minute game. The metric that represents the lottery's cost in providing this experience is the Return to Player (RTP): the prize cost as a percentage of the cost of wagers. In Michigan, where both Club Keno and instant Kenos thrive, the instant games return upwards of 85 percent of spending to the player, while Club Keno returns about 65 percent.

An e-instant game that has a completely flexible prize structure, not tied to a draw game, can return 95 percent or more of the money wagered to the player as prizes. With such games, as with VLTs, the top line sales dollar is largely meaningless, and reporting is based instead on Net Win or Gross Gaming Revenue (GGR) – that is, the value of wagers minus prizes.

PRICE AND PACKAGING

In printed instant games, the intensity of play is reflected not so much in frequency of play as in the dollars put at risk with each play – the price of the ticket. Tickets priced at \$1 return the least to the player; tickets priced at \$20 or more the most. The rate of return to player is significantly lower for printed games than for e-instants. This is because the printed games have a higher cost of sales. It is worthwhile to understand this in some detail.

The retailers who deal with the player typically are paid a percentage of the sales price of each ticket; they may be paid at a rate that reflects their labor in redeeming winning tickets, or they may be paid for redemptions separately. The costs of handling physical inventory drive those who sell these games to emphasize the higher price points: Selling 100 \$20 tickets might earn the retailer about five percent of \$2,000, or \$100; redeeming one-third of these as winners might involve about 30 player transactions. In contrast, selling 100 \$1 tickets would earn the retailer \$5, and might well cause 25 redemption transactions. From the retailer's point of view, the efficiency of the premium-priced games is clear.

The lottery pays not only the retailer, but also the manufacturer of printed tickets. Tickets that sell for \$10 apiece allow the printer to excel in crafting an attractive product, while tickets that sell for \$1 invite only efficiency. Premium-priced tickets give the printer scope to innovate and differentiate.

Finally, the lottery pays the provider of the computing infrastructure, usually in a way tied to sales volume. It is thus not uncommon for lotteries to bear a direct cost of sales on printed instant games that amounts to 10 percent of sales. A game that returned 90 percent of sales to the player and incurred a 10 percent cost of sales would earn the lottery exactly nothing. In practice, most lotteries find the marginal return more sustainable if the maximum RTP is below 80 percent. At an 80 percent RTP, with 10 percent cost of sales, the lottery earns as much from the transaction as its partners-in-sales. With higher RTP, the game could be said to operate more for the benefit of the partners-in-sales than for the state.

Lowering the cost of sales is one of the main benefits of "going

online" in the modern sense of e-instants. In e-commerce, the enterprise is not burdened with the logistics of handling a physical product, and prize redemptions can be handled over the e-platform as well. Consequently, intense play can be supported by speed, at any cost-per-wager. Offering wagers at less than \$1 each is thus practical.

Printed instant games are packaged, for practical distribution, in packs of certain size. Retailers, in effect, buy packs of tickets from the lottery, usually at a cost of hundreds of dollars per pack. Although the value of any particular ticket is unknown and can be zero, the law of large numbers (and certain practices of the manufacturer) make it possible to guarantee that the pack has at least a certain aggregate value. Thus the retailer may (for instance) buy a pack of tickets for \$500, with a guarantee that the value of the individual tickets totals at least \$300. The practice of making some guarantees about the properties of a pack of tickets evolved to accommodate retailers.

The existence of this minimum value guarantee is known to some players. These players may prefer to buy whole packs from the retailer, choosing to engage at a very intense level: "If I spend \$250 on some assortment of tickets, I could lose it all, but if I spend \$500 on a pack of this game, I will not lose more than \$200 and I could still win big!"

In the future development of e-instants, it may be worthwhile to consider selling wagers in virtual packs – high-priced aggregates with some guaranteed properties.

TOP PRIZES

Most of the growth in lottery GGR in this century has come from the instant game category. The appeal of instant games seems to depend less on offering top prizes of fantastic size than on delivering wins of an engaging size, with an unpredictable but not too sparse frequency. Still, the opportunity to play for a really big prize is a proven attraction. In printed instant games, the ability to support a big top prize depends entirely on the size of the print run. A game with tens of millions of tickets can distribute the cost of a big top prize very lightly.

Some VLTs and online instants have also provided big top prizes by distributing the cost of that prize widely, in the form of wide-area progressive (WAP) top prizes. The wide area part: Multiple instances of these electronically-served instant games each have "a shot at the big prize" as a defined prize level. The big prize pot resides on a server somewhere, and a shot at the big prize lets each individual game try to win it. The progressive part: Within the prize structure of each participating game, some dollar value is allocated to the shot at the big prize. That value is added to the pre-existing value of the big prize pot each time one of the wide-area games tries for it. The top prize then grows over time, with a speed that depends on the intensity of play over the whole wide area. Not only does this scheme provide a big top prize, it provides some of the sociality that is a valuable property of draw games.

SUMMARY

Instant games hide prize values, determined during manufacture, to be revealed only to their eventual purchaser. Instant games support intense player engagement with constant availability, and return a relatively high proportion of the wager cost as frequently-won prizes. Instant games printed on paper have defined the category, and have been responsible for most recent growth of the lottery business. Electronic presentation greatly expands the variety of forms the games can take, and reduces the cost of both sales and prize redemptions. ■



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Learning and Leadership Go Hand in Hand in “The Land”

A one-of-a-kind industry event, Lottery Leadership Institute blends lottery knowledge with leadership development skills.





- By Mackenzie Whitacre -

Attendance continues to climb for NASPL's Lottery Leadership Institute, a unique conference focused on industry education, effective communication techniques, emotional intelligence and other critical factors that help make us all better leaders within the lottery industry.

A record number of participants gathered this year in downtown Cleveland, Ohio, to participate in informational lectures and discussions, team building exercises and other interactive sessions comprehensively designed to help attendees improve skills, build confidence and become stronger leaders.

"We always get such a great group at this conference," said David Gale, NASPL's Executive Director. "You couldn't ask for a more enthusiastic, engaged set of individuals. Everyone is really eager to make the most of their time here, and bring that new knowledge back to their lotteries."

The four-day event kicked off with a few words from Gale and Ohio Lottery Director Pat McDonald. After an introduction of the NASPL staff and a warm welcome to "The Land", Gale dove into Lottery 101. In this brief but comprehensive overview, he discussed the history of lotteries and NASPL, as well as current and future NASPL

objectives. Topics included responsible gaming initiatives, ongoing retail efforts, government relations programs and the ever-evolving sports betting landscape.

Next up, NASPL's Director of Administration Tom Tulloch took to the stage to introduce the NASPL Matrix. A digital home to all things lottery, the password-protected Matrix contains a wealth of valuable industry knowledge, including the NASPL Resource Index for lottery sales and beneficiary information, conference presentations and videos,

responsible gambling materials, job postings and much more. Tulloch provided attendees with a high-level overview of the tools and resources available and tips for navigating the site.

The conference's first keynote speaker, Erica Merritt, led a meaningful and honest discussion on Cultivating a Culture of Diversity and Inclusion.

In small groups, attendees were asked to discuss a number of prompts, such as a time when diversity presented a challenge for them, or what assumptions they thought others made about them, and what kinds of assumptions they made about others.

Most importantly, Merritt noted that diversity is just the start. "Diversity gets you the photo," she said. Inclusion is equally essential.

After lunch in the historic and elegant Cleveland Arcade, attendees reconvened

"We always get such a great group at this conference."

- David Gale



for a presentation by NASPL’s resident responsible gambling expert and *Insights* contributor, Dr. Lori Rugle. She discussed the history of problem gambling and the progression of awareness and treatment options. Rugle spoke specifically about the initiatives that NASPL and its members have been involved with, such as Problem Gambling Awareness Month and NASPL’s Responsible Gambling Verification Program. In keeping with the conference’s interactive structure, participants spent part of the session working in small groups, discussing what responsible gaming means and how it is addressed by their individual lotteries and organizations.

Later, attendees broke into groups for a classic team challenge. As at

previous LLI conferences, each group was given the task of creating a stable, freestanding tower using only spaghetti, string, masking tape and a marshmallow. All the teams quickly got to work, determined to take their marshmallow to the greatest height. It was a tight competition, with each team performing admirably. Most importantly, the contest acted as an effective ice breaker and team building exercise. While seemingly simple, it compels participants to work together and really think outside the box to achieve their goal.

“I’m definitely using this challenge at one of our next team meetings back home,” said one attendee.

To close the day’s educational track, everyone broke into working groups once again, this time by department. This session served as a great opportunity for participants to network with their industry counterparts and share questions and ideas about their individual lottery’s challenges and triumphs.

Finally, after a busy and informational first day, LLI attendees went across street to The Corner Alley bowling alley to unwind, connect with their peers and knock down some pins.

Building Skills and Industry Knowledge

On day two, returning guest speaker John Rodgers presented an engaging seminar on leadership training using the Dale Carnegie method. Citing Carnegie’s famous “How to Win Friends and Influence People” – required reading



for all LLI attendees – he reminded listeners that leadership doesn’t require a management position. Everyone is a leader, in one way or another. And everyone can always build on their leadership skills.

Throughout the daylong course, Rodgers presented key tools and strategies for developing personal leadership, highlighting the importance of building mentor relationships and leading without authority. In his demonstration, Rodgers inspired attendees to create a winning culture, focused on recognition and appreciation.

The following day’s agenda focused more closely on the lottery industry and its players. The morning kicked off with presentations from Adam Perlow, Lottery Growth Solutions Vice President at IGT; Vasia Bakalis, Marketing Director at INTRALOT; and Bryan Dettrey, Marketing Manager at Scientific Games. Each speaker provided insight on an important industry subject, with the topics “Product Roadmap Drivers,” “Attracting New



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Players,” and “Expanding Forms of Gaming,” respectively. These presentations are available to view on the NASPL Matrix.

Day three also included a session titled “Women and Power – Leaders Driving Change.” This panel featured three individuals who have consistently made an impact in the lottery industry: Rebecca Hargrove, President and CEO of the Tennessee Education Lottery; Rose Hudson, President and CEO of the Louisiana Lottery; and Tamika Ligon, Director of Program Planning at NASPL. Each panelist shared her thoughts on leadership, self improvement, problem solving, navigating challenges and more. It was an inspirational dialogue, ending in a standing ovation from the crowd.

That afternoon, the group headed offsite to visit INTRALOT’s facility in Strongsville, Ohio. The hosts gave attendees a tour of the location and a summary of their day to day roles. Later, at an Ohio Lottery retailer, those without restrictions were able to try their luck on a few games.

For the final day, NASPL welcomed back Dr. Kay Potetz, an LLI favorite. In a presentation filled with humor, Potetz discussed the importance of personal mastery and the pitfalls of “excusitis.”

She provided attendees with tips to identify their own locus of control, and ways to shift their focus to better recognize and achieve their true goals – all important skills for becoming better leaders.

Over the course of these four days, LLI attendees gained a more complete view of the lottery industry and what it means to be an effective leader, in both their professional and personal lives. Through insightful, enthusiastic speakers and interactive exercises, the group learned to recognize their own strengths and weaknesses, forged new relationships with their peers, and took home real tools for continuous self improvement and individual growth.

Lottery Leadership Institute is headed to Pittsburgh, Pa., for 2020. We hope to see you there! ■



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An aerial photograph of the ocean with vibrant blue waves and ripples. The water's surface is textured with small, white-capped waves, creating a dynamic and rhythmic pattern. The color transitions from a deep, dark blue in the shadows to a lighter, turquoise blue in the sunlit areas.

Rhode Island Lottery Forges Ahead

The Rhode Island Lottery has been busy of late, opening a new casino and jumping into sports betting, with more to come after 45 years of operations.

By Patricia McQueen



THINK YOU KNOW SPORTS?

BET ON IT.

As anniversaries go, the 45th isn't a milestone necessarily celebrated with much fanfare. That's true in the case of the Rhode Island Lottery – the ninth American lottery in the modern era when it began selling tickets on May 18, 1974 – but the birthday comes at a time of significant ongoing growth in the veteran lottery organization.

"We've almost doubled in size in five years, going from 53 employees to 103 employees," noted Director Gerry Aubin. "We are small, but we are going to generate almost \$400 million in revenue for the state this year – a large number for a small state!" He attributes the growth to a diversified product portfolio, which currently includes scratch tickets, five traditional draw games, two monitor games, casino gaming (gaming machines and table games) at two facilities, and the latest addition, sports betting. Aubin lives by the phrase "you can't have all your eggs in one basket," and there will soon be more to come with the launch of online sales next year.

In fiscal 2018, Rhode Island Lottery delivered almost \$365 million to the state's general fund. That revenue came from \$258,369,586 in traditional lottery sales, \$481,372,523 in video lottery gross gaming revenue and \$145,831,110 in table game gross gaming revenue.

Among traditional lottery products, instant tickets generate the most sales (\$98.7 million in fiscal 2018), closely followed by keno (\$82.4 million). A second monitor game, Bingo, has been on the market for several years and has

a niche following, producing about \$1 million in sales annually. Daily Numbers games provide a steady flow of revenue, with \$23.2 million in sales last year. The final Rhode Island-only product in the mix is Wild Money, a jackpot lotto game with almost \$4.5 million in sales.

The Lottery also offers Lucky for Life (about \$5 million in sales), Powerball and Mega Millions. Those two games, of course, will vary dramatically based on jackpot rolls – fiscal 2018 sales were \$30.2 million and \$13.3 million, respectively. Rhode Island had its first Mega Millions jackpot winner in 2017, but has seen eight Powerball jackpot wins, including a whopping \$336.4 million winner in 2012, back when that number was still able to set the world on fire.

Although technically not the first to offer video lottery terminals at racetracks, Rhode Island was the first to do so in a large-scale fashion when the machines were installed in 1992 at its two pari-mutuel facilities, the former Lincoln Greyhound Park (now Twin River Casino; live racing was discontinued after the 2009 season) and Newport Jai Alai (jai alai ended in 2003; the facility became Newport Grand).

Voters approved table games at Twin River in November 2012; the games were introduced the following June. When Newport voters twice rejected table games at Newport Grand, up stepped the town of Tiverton with a proposal for a new casino there, complete with VLTs, table games and a hotel. "Tiverton is exactly 500 feet from the Massachusetts border, so it captures the Southern

Massachusetts market, even up into Boston," explained Aubin. "Strategically, it is a very good location."

Newport Grand closed last August 28, and the Tiverton Casino Hotel had a soft opening the next day, with 1,000 VLTs and 32 gaming tables. The Twin River Casino Hotel remains the state's largest, with about 4,100 VLTs and 125 gaming tables.

In addition to getting the Tiverton Casino up and running ahead of schedule, sports betting was launched at the two casinos in late 2018.

All About Sports

Anticipating a favorable decision last year regarding the Professional and Amateur Sports Protection Act, which was essentially repealed as expected in May 2018, Rhode Island issued an RFP for sports betting in April 2018. Legislation authorizing sports betting was passed last June, and it wasn't long before a contract was issued to IGT, with William Hill as the bookmaker. Exclaimed Aubin, "I never thought I'd say that we had a bookmaker, but we do have one!"

Twin River opened its sports book November 26, followed by Tiverton on December 3. Lines were incredibly long as people clamored to try their hand. "Initially we were overwhelmed because football season was on, and we had new employees taking bets from people who had never placed a sports bet before." Roaming ambassadors were sent to the gaming floors, taking advantage of the long lines to educate new players as they waited so they would know what



to do when they got to the teller. Tills (the betting windows manned by tellers) were added throughout both properties to accommodate the demand. While the crowds were incredible, Aubin is proud that there were never any technical problems; the system worked flawlessly from day one.

In March, self-service kiosks were added to the properties to provide players with another option to place their wagers. And it won't be long before remote wagering becomes available – the state passed legislation authorizing online and mobile wagering at the end of March. Aubin hopes to get that up and running before the launch of pre-season football. To participate, players will first have to register at one of the two casinos; upon verification of identity and address, they will be given authorization to download the app and begin playing.

Through March, the two facilities combined wrote \$77.1 million in sports wagers and paid out \$75.2 million in winnings, netting \$1.8 million in book revenue. That doesn't tell the whole story – if there's one thing about sports betting, it's volatile. The sports books won \$957,913 in December and \$159,978 in January, lost \$890,623 in February (the Super Bowl; 85 percent of wagers were on the New England

Patriots), and won \$1,548,230 in March. While no operator wants to lose money, having the Super Bowl come in the early stages of the new product offering was probably a good thing. "People won, and it gives them a pleasurable experience. Hopefully that gives them the desire to return."

In its contract with IGT, there is a guarantee that the Lottery will not lose money on sports betting over the course of a full fiscal year. Aubin isn't concerned about month-to-month fluctuations, and he expects long term profitability as has been the experience in Nevada over decades. But it does require new thinking for a lottery. "It's not your typical lottery game; there are situations and events that are totally out of your control. There are days we'll lose hundreds of thousands of dollars, the next day we may break even, and the following day we might make those hundreds of thousands back. You have to look at it over the long term, and try to keep growing the market."

By all indications, Rhode Island will be successful in that growth. "William Hill says our numbers are extraordinarily good compared to other jurisdictions in the country, so we are very pleased." All parties share in both the revenue and the marketing expenses for sports betting.

The Lottery share is 51 percent, IGT receives 32 percent and the casinos take 17 percent. "Collectively we are doing everything we can to make it successful."

Still, he considers sports betting as an amenity, not a big revenue producer. "It brings people into our casinos who will play VLTs and table games, and it adds to the food and beverage revenues. It's an added feature, just part of our menu of games." Aubin also emphasized the importance of bringing in a younger demographic, noting that currently sports bettors are predominantly males in the 30 to 50 age range. "These are probably people who have not been to our casinos, and who are not necessarily traditional lottery players." He expects that once the mobile app launches with the ability to place wagers, an even greater number of younger players will come into the system. "We are very confident that our revenue stream will continue to rise, especially when we go mobile."

Casino Developments

Sports betting seems to have done its job at the casinos – getting new players in the door. "We had our best December in history [at the casinos]," said Aubin. And given that 62 percent of VLT revenue goes to the Lottery, that's significant for Rhode Island's general fund. "We are very pleased."

Rhode Island has perhaps been fortunate in that plans for a full casino in Southeastern Massachusetts have stalled. Massachusetts' first gaming facility, the slot parlor at Plainridge Park Casino near the northern Rhode Island/Massachusetts border, opened in 2015. While it has had some negative impact on Rhode Island, it was not as bad as expected. "I think we held up very well," said Aubin, noting that strong customer service at the casinos, heavy use of free play promotions to support players,

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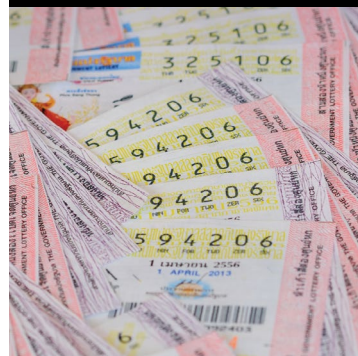
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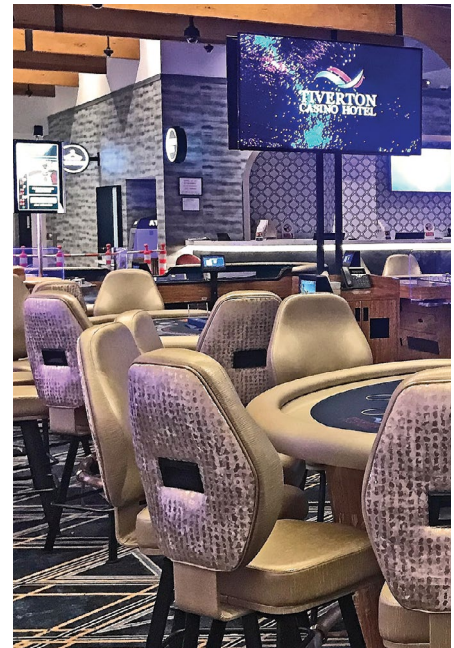
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The sports book at Twin River.



and even designated smoking areas (smoking is banned in the Massachusetts properties) have kept players coming to Rhode Island's casinos.

Still, it's a very competitive environment, and will become even more so when the Encore Boston Harbor casino opens in June. "People will always go out and 'kick the tires' to try something new," so Aubin expects some impacts from that property. "It's competitive, but we can all play in the sandbox together – I'm sure everyone will continue to be successful."

He's confident that adding new games – premium games and licensed products – will keep Rhode Island competitive, despite the associated licensing fees. Stadium gaming is another new product offered at Rhode Island's casinos. The relatively new concept in table games puts players in individual seating, using interactive screens for betting; there is still a live dealer but that dealer can now serve many more patrons than a traditional gaming table. There are currently 48 Stadium game positions in use at Twin River, and they have proven fairly popular.

The latest product is skill-based games, still in an experimental stage in Rhode Island with six such games at Twin River. "It's almost like playing a challenge video game," explained Aubin, where a player's skill will determine how far he/she will go into bonus plays. They have

been performing better than the house average, but time will tell if that is the "newness factor" or if the games have a real following.

Paths to the Future

With all the emphasis on its sports and casino operations, it might be easy to think that not much else is happening at the Rhode Island Lottery. While resources are indeed thin throughout the organization, there is a separate group of dedicated professionals who remain focused on traditional lottery products.

Aubin – currently the longest-sitting lottery director in the country at 23 years, so he knows lottery products – is confident that instant tickets will continue to grow; sales have increased 16 percent over the last five years. Although he'd like to see instant per capita sales more along the lines of its New England neighbors, he understands that the multiple wagering opportunities in the state take their toll on any given product line.

As for other products, Rhode Island is always looking at new monitor games. And while the big jackpot games are what they are, they do present their own challenges. "We all realize we have to address the younger demographics," to get more young adults to play these games. "Otherwise sales will continue to decline across the country." He's also

open to expanding these games to international audiences to support ever-larger jackpots.

Aubin sees a couple of ways to improve lottery sales among young adults. One is providing in-lane sales, to have lottery products available to everyone as they carry on with their regular shopping habits. More importantly is the chance to offer online sales, something that will eventually come to Rhode Island.

The same legislation that authorized online and mobile sports betting also provides the Lottery with the ability to offer other products online. Early in 2020, Aubin expects to launch e-scratch games along with keno, with the higher payouts that makes those games successful online. Ultimately other current lottery products will be offered online as well.

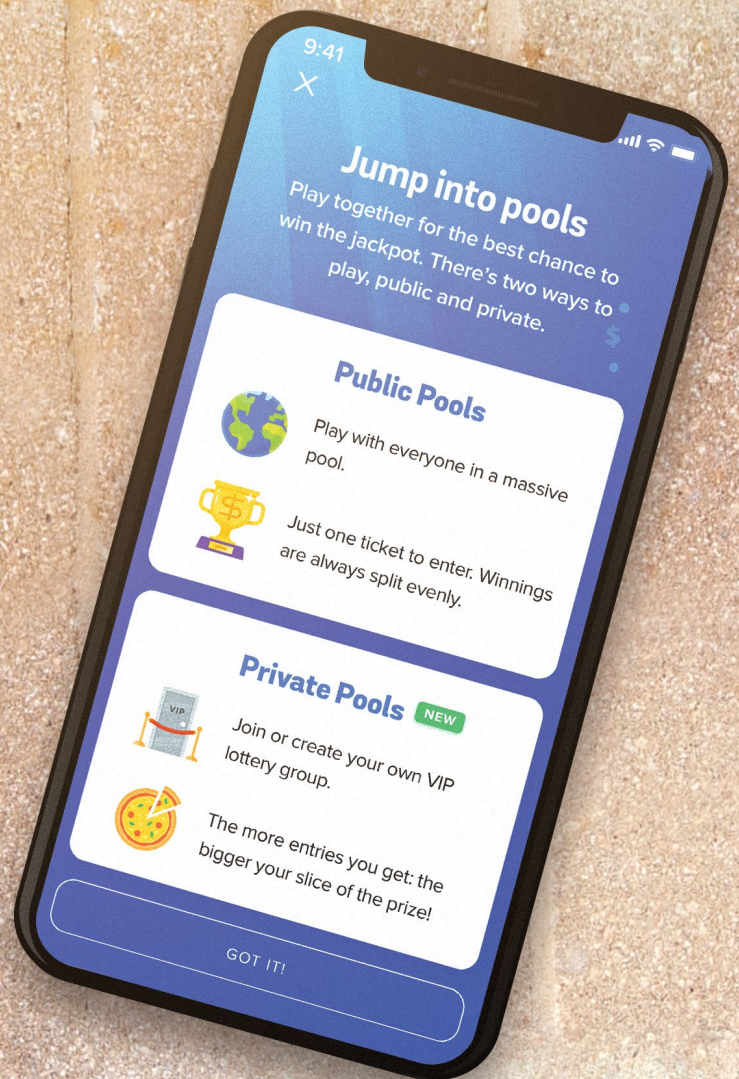
That's the critical path. "I don't think there's another option to maintain our revenue streams. We need to go online to stay competitive, and offer more enticing games to attract the younger generation."

Aubin knows Rhode Island is very fortunate to have a supporting governor and legislature, open to new ideas to drive new revenue for the state. Because of this, he'll continue to focus on things he can change as a single lottery – offering new and innovative games, online sales, sports betting, skill-based and other forms of interactive VLTs. "Those are the waves of the future." ■

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FOCUS ON:
**PLAYER LOYALTY AND
ATTRACTING NEW PLAYERS**

Fostering Player **LOYALTY**

Most North American lotteries use players clubs of some sort, from simple programs that send notifications and offer easy entry into second chance drawings to full-featured loyalty programs offering valuable rewards.

- By Patricia McQueen -

Most well-known companies, from retailers to travel to hospitality, use loyalty programs – how many company apps are stored on your phone, and how many cards do you have in your wallet? According to Forrester Research, more than 70 percent of American consumers belong to at least one loyalty program, and those consumers report an average of nine such memberships.

People join loyalty programs for brands they like, and while saving money is an important motivator, most also do so because they want to feel special, to get special offers and experiences not available to just anyone. A recent Forrester report shows that loyalty program members are more likely to rate their customer experiences higher than non-members and to appreciate nontransactional rewards (experiences, for example). Members are also more likely to respond to requests for feedback if additional rewards are offered.

Companies use loyalty programs to influence customer behavior and gain repeat business – after all, it costs much more for them to attract new customers than it does to increase revenues from existing customers. While the same general concepts apply to lotteries, the unique nature of lottery products means that it is imperative to not only keep current players playing, but also to attract new players to maintain long-term sustainability. Loyalty programs can do both if designed and utilized properly.

Keys to an effective rewards program include providing outstanding rewards, making the emotional connection with customers, providing an optimized digital experience (a mobile app that is both responsive and interactive) and going beyond transactions to provide multiple ways of engagement. In fact, player engagement is critical, and social media helps drive that engagement. All of these things are important to lotteries, and many lotteries have taken their players clubs to new heights, building sophisticated loyalty and rewards programs that offer features rivaling those of the most revered general consumer brands.

There is a tremendous amount of research available on loyalty programs and how to evaluate their effectiveness. Some of that research exposes opportunities for consumer products and services companies, including lotteries. For example, consumers say loyalty programs are lagging in ways to earn points without specifically incurring a transaction (such as buying another product), and also that current levels of personalization leave a lot to be desired. Highly personalized programs lead to markedly improved customer satisfaction ratings, build customer loyalty and are effective in inspiring purchases.



An Emotional Connection with Strong Incentives

With more than half of people abandoning at least one loyalty program within the last year, according to a 2018 study across industries, lottery marketers must be smart about who they are targeting and how to keep customers happy once they join their lottery's rewards program. In addition to delivering rewards that are relevant and have a strong perceived value, we must also provide strong customer service support to avoid any consumer frustration.

When designing a rewards program, the incentives must be strong enough to encourage participation. Just offering chances to earn a prize such as a product or a trip are not enough. We know that most customers sign up for loyalty programs to save money, so including discounts on products, cash and other money savers will compel more customers to take part in a program. However, to keep a program newsworthy, quarterly promotions with aspirational prizes can inject excitement and remind consumers to participate.

Customers remain loyal to a program when they feel a sense of connection to the brand. A 2017 study conducted by Customer Thermometer tells us that the top five reasons customers gave for feeling a connection with a brand were all related to "caring":

- Cares about me
- Cares about the world
- Understands me
- Has an audience of people like me
- Makes me feel special

With that, the prize offerings need to be truly relevant and have an emotional connection for the consumer.

"Our idea of a good loyalty program is rewarding behavior with items that players want and fulfilling as quickly as possible," said Alchemy3 Chief Executive Officer Paul Guziel. "Lottery players want lottery tickets, money or monetary instruments like gift cards. All these items can be awarded instantly through our mobile application to provide more immediate gratification – which is incremental reward. Gamification and player interaction add additional value to a good loyalty system. Just accumulating points behind purchases isn't enough to keep the player engaged in a program; they are rewarded by accomplishments. The combination of using tokens as rewards and applying those to complete a puzzle or a game card, engages the player and stimulates an internal reward system beyond the ultimate prize. Mobile games that do not have a physical prize payout are extremely popular for this very reason."

– Contributed by Alchemy3

That said, personalization can be tricky. Based on the responses from our questions about players clubs (see the roundup beginning on page 42), few lotteries are taking full advantage of the data their programs provide by venturing too far into personalization. That's not surprising, because many companies across industries are in the same boat, according to a report by McKinsey & Company. After all, there is a fine line between "cool" and "creepy" personalization. According to McKinsey, customers want value that is relevant to them. "Customers see value as a function of how relevant and timely a message is in relation to how much it 'costs,' meaning how much personal information has to be shared and how much personal effort it takes to get it." Trust in the brand increases overall value, but that trust will vary over time depending on the quality of the interactions.

One of the best ways to make sure you are going down the right path is to constantly test and evaluate your customer messaging and engagement in

order to identify potential issues before they backfire. Not only do successful companies examine their likes, opens and clicks, they also explore negative actions like unsubscribes and notification blocks. They keep close tabs on social media discussions in order to understand the impact of personalized communications.

Lottery Loyalty

Almost all lotteries use players clubs, with varying levels of loyalty measures built in. Social media is another critical way for lotteries to drive loyalty; the key there is regular communication with players and responsiveness to their needs. An easy-to-use mobile app is another way to keep players engaged.

And while lotteries offering online sales have the advantage that comes with knowing the details of online transactions, current players club programs can be quite sophisticated in the ways they learn about retail players' activities.

On the following pages you will find lotteries' responses to our questions

about how they use players clubs and these other features to build customer loyalty.

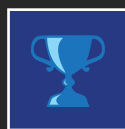
As you browse through their responses, you'll find that second chance drawings are always a big hit with players, but how lotteries implement those drawings varies. Most allow entry using non-winning instant tickets, whether a selected game, specific group of games, or all games. Some lotteries expand that to include draw games as well. The common denominator is usually "non-winning," but there are exceptions – a few lotteries allow second chance entry with all tickets, regardless of type or winning status. Their philosophy on the latter is that second chances shouldn't be limited to those players who have only losing experiences.

These activities produce more data than ever, and some lotteries are starting to dive deep into the data, utilizing that information in various ways to focus their marketing and communications efforts. As mentioned, personalization efforts are still fairly new in the industry, but one promising use of the data is to create "lookalike" groups which lotteries can then target, with the hope of converting non-players to players. ■

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FOCUS ON:
**PLAYER LOYALTY AND
ATTRACTING NEW PLAYERS**

Loyalty Rewarded

Lotteries utilize their players clubs and other programs to encourage player loyalty, building the lottery-player relationships that are so valuable. We asked lotteries to describe some of their most notable programs and successes; their edited responses follow.

Arizona Lottery

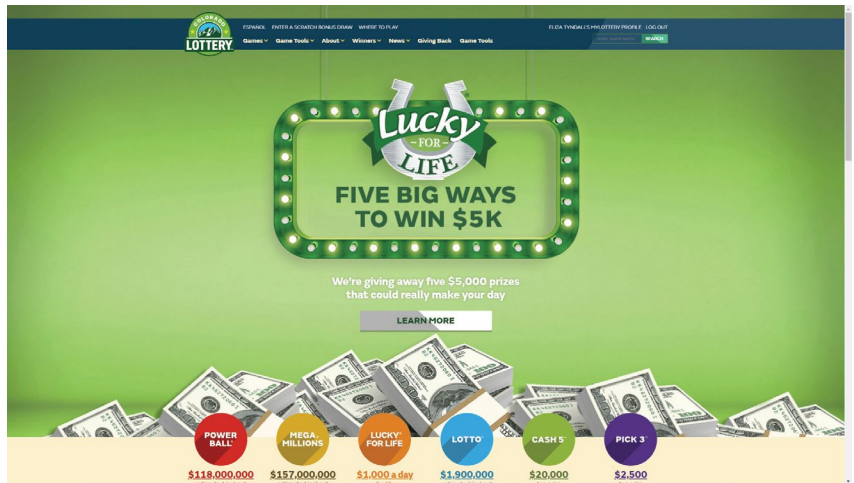
What players club features and campaigns have the most impact?

Our mobile ticket checker and our mobile second chance drawing entry system are our most effective players club tools to drive player loyalty and to encourage regular play among existing members. The mobile ticket checker allows players to scan their tickets with their smartphone to see if they are winners and the same app also enters their non-winning tickets into our online second chance drawings. Our popular licensed games, such as the Willy Wonka ticket and our upcoming Wheel of Fortune ticket, are instantly recognizable and attract casual and core lottery players, alike.

In May 2018, we held our May Million Dollar Giveaway second chance drawing that proved to be extremely successful in attracting new players, while also appealing to our core players. Qualifying entries were non-winning \$10, \$20 or \$30 dollar Scratchers tickets, with the number of entries dependent on the face value of the tickets entered (\$10 = one entry, \$20 = two entries, \$30 = three entries). Prior to this promotion we were facing a seasonal decline. With it, we saw a 4.9 percent quarterly sales lift year over year, equating to a \$6.2 million net sales increase attributed solely to this promotion, for an investment of \$2.55 million in prizes and marketing.

How else are you utilizing your players club, or other programs, to foster loyalty?

We are launching a social media loyalty program, based on points, that will help us identify, recruit, activate and engage the Arizona Lottery's most loyal players. This will empower them to act as word-of-mouth ambassadors for the brand, through social media campaigns, contests and social gamification that live within the platform. We have 125,000 Facebook followers and, like the old shampoo commercial says, if they tell two friends, and then they tell two friends, and so on, the potential for success is huge. Additionally, 70 percent of our Facebook followers are women, while our player demographic is split evenly between men and women, so we can target a segment online without switching platforms. This is the first step in our strategy to eventually monetize our social media audience.



What data from your players club is most valuable?

The data that allows us to compare it to all Arizona metro populations is most valuable because it helps us to project lookalikes to create density maps. These tell us which regions are home to our highest volume of players club participants and allow us to compare those to the areas that have the highest ticket sales. We then use that data to leverage geo-targeted digital impressions to be the most effective within those regions that were most appropriate to these campaigns.

Arkansas Scholarship Lottery

What players club features and campaigns have the most impact?

Second chance promotions drive our membership numbers and encourage regular play of the games that qualify for second chance entry. We also offer a Play It Again program through our players club that not only attracts new members but also encourages regular play among our existing members. Each month we spotlight featured game(s) and offer a multiplier on the reward points earned for that game or games. These featured games drive loyalty with our existing members.

How else are you utilizing your players club, or other programs, to foster loyalty?

Through The Club we offer winning number and new game emails as well as jackpot alerts to keep our regular players engaged and informed. We also offer a

reward points program, Points for Prizes, that awards points for tickets entered. Players may use their points to purchase prizes in our online store or drawing entries for other prize drawings. In 2015 we launched an app through which our players have the option to scan their tickets into their account rather than entering every number by hand. Each of these efforts has fostered loyalty and regular play among our current players.

What data from your players club is most valuable?

We track Monthly Active Users (MAUs) to see what percentage of our players club is actively engaging with us in real time. We also look at MAUs over time to see what promotions or features tend to drive engagement. New player registrations is another important number that we look at weekly to gauge effectiveness of promotions aimed at drawing in new players. In addition, we use the players club to recruit members for participation in qualitative and quantitative research projects for product and marketing insight as well as other marketing research projects.

Colorado Lottery

What players club features and campaigns have the most impact?

Our players club is called MyLottery and has over 220,000 active members. Benefits of being a MyLottery member include receiving customized notifications (email, text and push) for winning numbers, alerts when jackpot amounts reach a chosen threshold, new



scratch games announcements, Bonus Draw start and end dates, Bonus Draw winners, and events/promotions in their neighborhood. The event/promotions email has had a strong positive impact in fostering interaction between players and the Lottery. It increases participation and awareness in the events and promotions, and has had a measurable effect, as tracked in our research studies.

We achieve great success with our integrated marketing campaigns directly reaching out to our MyLottery members with the campaign message. Specially designed emails for scratch and jackpot campaigns are sent to members and often include contests where members (and non-members) can enter to win Lottery games. Campaigns that incorporate contests result in higher click-throughs for emails and homepage features that link through to the contest. Player participation is highest for contests that award jackpot draw games and scratch packs that include different price points of scratch games.

Recently we introduced Jackpot Bonus Draws to complement the scratch second chance Bonus Draw program to encourage cross-play. MyLottery players can now enter winning and non-winning jackpot tickets that meet specific criteria into a Jackpot Bonus Draw using the Colorado Lottery's mobile app. They simply scan a special 2D barcode that is placed on the top of the ticket when a Bonus Draw is in effect, and it is automatically entered if the ticket meets the criteria of the drawing. The first Jackpot Bonus Draw was for all jackpot games purchased Jan 3 - Feb 27 and resulted in 610,721 entries and over 19,350 new MyLottery signups (a 150 percent increase over the same period the previous year).

How else are you utilizing your players club, or other programs, to foster loyalty?

One way the Colorado Lottery fosters player loyalty is to offer a variety of "base" games at the various price points. For example, we always have a \$1 7-11-21 game available, as it is our best-selling \$1 offering. The same can be said for other games such as the \$2 7s Series, \$3/\$5 crossword and bingo and \$10 spotlight game. Consistently having these games in the market ensures our core players have something they know and like, and keeps them coming back. In turn, that provides us the opportunity to introduce them to other products being offered.

What data from your players club is most valuable?

Currently the only data that we have available on players is demographic information. The information is tracked to view trends in the age, gender and geography of members participating.

Connecticut Lottery

What players club features and campaigns have the most impact?

The CT Lottery will be launching its Players Club later this calendar year, with a focus on coupons, second chance drawings and experiential events that appeal to a broad swath of demographics. We believe that in offering something for everyone, the program will bring in new players, help retain our current players and foster a greater sense of positivity and affinity for the CT Lottery.

How else are you utilizing your players club, or other programs, to foster loyalty?

Beyond trying to offer an attractive and fun portfolio of games, we offer a

number of promotions for our players, including second chance drawings for vacations. We also hold Keno parties at retailers where we engage one-on-one with our customers, and we offer promotions via social media for prizes like tickets to movies and local sporting events. Above all, we ensure we're making our players feel valued by providing quality customer service and engaging with them directly in a personalized manner over the phone, email, social media and even "snail mail."

Delaware Lottery

What players club features and campaigns have the most impact?

We've had a players club for about 15 years but it is not technically a loyalty program. We ran a monthly promotion but there was no accumulation of points, etc. Players may also sign up for winning numbers emails and informational e-blasts.

How else are you utilizing your players club, or other programs, to foster loyalty?

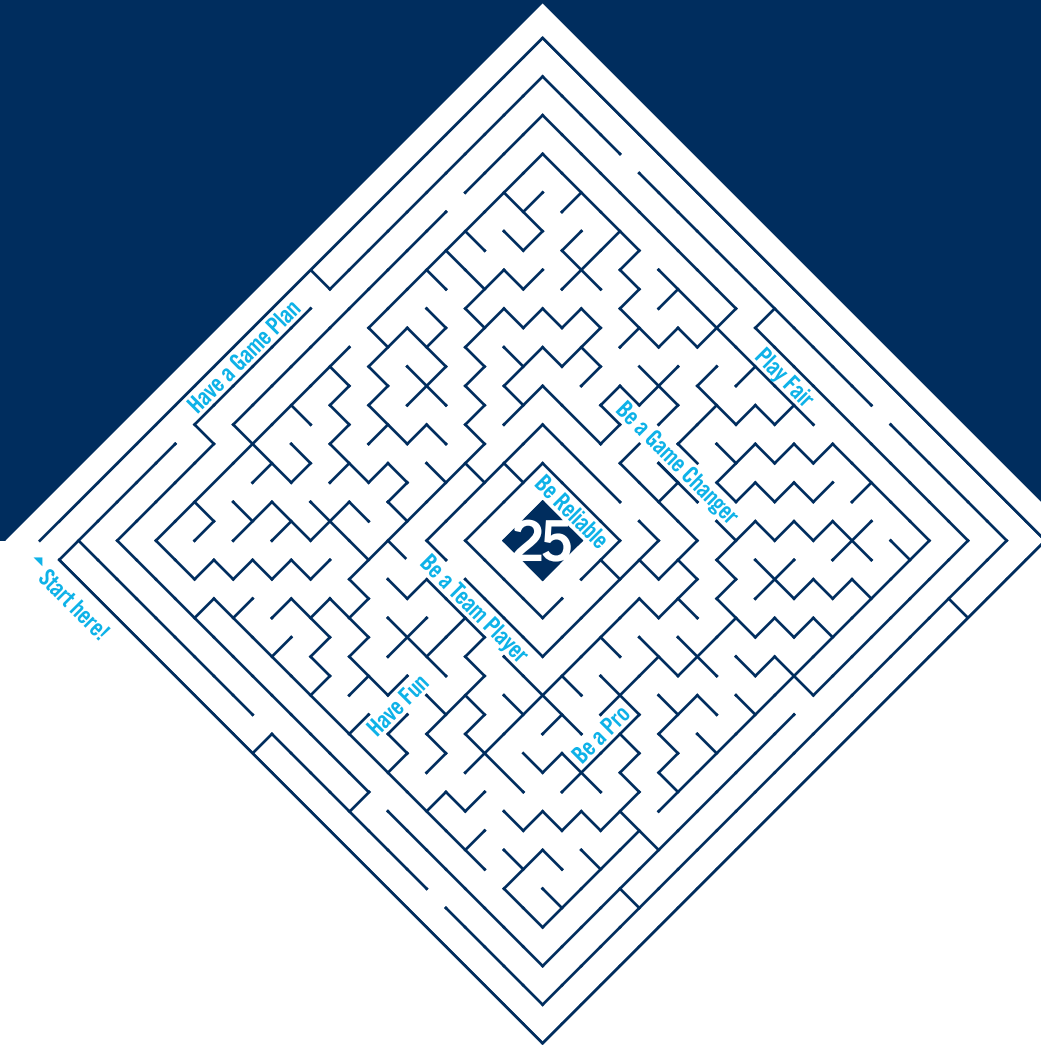
We are currently testing Alchemy3's Collect 'N Win program. We just started on March 1, and it will run through Jan 31 next year. We also sponsor over 30 events statewide each year so that our staff can directly interact with potential players. We also have approximately eight Keno parties a month to encourage play.

What data from your players club is most valuable?

We've learned that players want to be more involved with the lottery other than just purchasing tickets. Players love promotions and we have "groupies" that follow our events.

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.



Georgia Lottery

What players club features and campaigns have the most impact?

Giving our players the ability to play online is a significant driver for getting new members. However, to continue to drive players to the Players Club, we've seen great success with our email contests. These email contests go out only to members of the Players Club and consist of concert or sporting event ticket giveaways. We also saw significant growth in numbers by expanding onto Instagram. As well, our automated email campaigns keep us in constant contact with our Players Club.

Hoosier Lottery

What players club features and campaigns have the most impact?

Our free myLOTTERY program, available on our app and website, offers players the chance to enter select non-winning tickets into 2nd Chance promotions; receive jackpot alerts and winning numbers; receive exclusive Hoosier Lottery coupons and promotions; and customize their profile based on what communications they want to receive and how they want to receive them.

We work to drive loyalty with our players through myLOTTERY by ensuring our communications are personalized and relevant. We see the biggest impact to drive player loyalty through 2nd Chance promotions and draw game communications (jackpot alerts, winning numbers and winner awareness).

We are constantly focused on ensuring our myLOTTERY and digital platforms are evolving. Through innovation, we have optimized the user experience on the website and app. For example, last year myLOTTERY was integrated into the app, giving players a mobile experience that included all of the myLOTTERY benefits and features previously only available on the website. During this process, we integrated app and myLOTTERY features, such as ticket scanning and digital playslips, to create a streamlined and seamless player experience. Our efforts have allowed us to continue to provide players with engaging and relevant communications. Jackpot periods, 2nd Chance promotions, winner awareness communications and ticket scanning have all helped attract new members.



How else are you utilizing your players club, or other programs, to foster loyalty?

Our mobile app allows us to stay engaged with our players, whether or not they are myLOTTERY members. Additionally, we utilize our social media platforms, promotions and events, sponsorships, winner awareness communications, advertising and retail efforts to drive engagement and loyalty.

What data from your players club is most valuable?

Once a player utilizes the ticket scanner feature within the app, we identify what games they play and if there is 2nd Chance promotion available and simple method of entry. We utilize these scanning behaviors to provide communications (via push and in-app messaging) that may be of interest. For example, we notify a player when there is a winning experience on a game they played or prompt them to enter eligible 2nd Chance promotions. It is also important to ensure our communications are timely – if there is an upcoming deadline on a promotion or drawing for jackpot/draw games.

We collect location information including when a player visits a retailer and if they are loyal to a specific retailer. We are able to notify players based on

their retailer behaviors about events and promotions available at that specific location or retail chain.

The data collection, scrubbed of personal player information, is synced with our Data Management Platform to drive media decisions. If a player interacted with a digital ad from the Hoosier Lottery, they would receive extended messaging to continue to drive engagement.

Idaho Lottery

What players club features and campaigns have the most impact?

The Idaho Lottery was the first U.S. lottery to create a web-based VIP Club in 1999. In 2007, Idaho was the first lottery to offer points for purchases that were then redeemable in an old online store. New players receive a card prior to making purchases to get their draw game points. Scratch game points are accumulated through self-entry online. The idea behind this was much like a frequent flyer program for airlines, only instead of offering tickets we offered purchasable items – like bicycles, iPads and other items of real intrinsic value. Today, the club offers weekly and monthly sweepstakes prizes, along with limited time only purchasable prizes.

The Idaho approach is to really improve the overall playing experience. For many players, it's adding value through second chance draws and sweepstakes offerings. This extends a ticket's lifetime and engages the players with the Lottery on a more consistent basis. The best VIP Club membership campaigns occur when we offer second chance draws for things like Boise State Football Bowl Game tickets, \$1,000 shopping sprees during the holidays, or even large cash prizes, like the \$30,000 prize on our 30th Anniversary family of games.

Having direct communication with our players is the most valuable part of the VIP Club for the Idaho Lottery.

How else are you utilizing your players club, or other programs, to foster loyalty?

We try to make gaining information about our products, and draw game results, as easy and convenient as possible. Modern players need to get information when and how they want it. It's our responsibility to provide

LIGHT UP your lottery sales

FastrakTM
●●●●● RETAIL

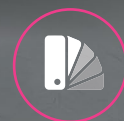
Sales have increased in store, where illuminated products are located, in excess of 30%!



- We have a variety of lighting products including **instant ticket illumination**
- Our lighting techniques are at the **cutting edge** of the retail industry
- We can provide you with **bespoke lighting** to suit your exact needs and requirements



increased
visibility



multiple
colour
options



cost
effective

Fastrak Retail are a world leader in providing specialist point of purchase to lottery retailers around the world

To find out how we can help to increase your sales, please contact mick@fastrakretail.co.uk or manal.bensalah@fastrakretail.co.uk

the platforms necessary to get the information they seek in an expedient manner. We offer three apps for players: a MyPlaySlip App for draw games, a Check-a-Ticket App for checking results of draw and scratch games, and the Idaho Lottery Utility App, which coordinates all three. Through the mobile game function in the Utility App, players can enter second chance opportunities by playing games on their electronic devices – phones, tablets or PCs – for the chance to win additional prizes. They can also play these games for free without even purchasing a ticket if they desire; the free version does not connect to prizes. These games enhance their overall playing experience and keeps them engaged with the Lottery.

The Idaho Lottery also has a robust social media program, providing touch points, information sharing and contesting through our Facebook, Twitter and Instagram platforms. Our social media channels allow us to have a better connection with our regular players and a forum for more casual participants.

What data from your players club is most valuable?

The information we utilize most frequently, and effectively, is the direct contact we now have with our players. This is done through direct-market e-mail and text. With this contact, we have developed online research communities. (These are described in the article beginning on page 14.)

Iowa Lottery

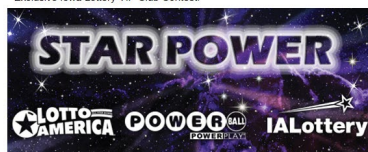
What players club features and campaigns have the most impact?

The Iowa Lottery has had a VIP Club in one form or another since the beginning. In 1985 you could join our Birthday Club and register to receive (by snail mail) a coupon one time per year on your birthday. We've come a long way since then. Now our Play It Again promotions offer great incentives for players to join our VIP Club. Previously, the Holiday Promotions have traditionally been the biggest new member sign-up drivers, but in recent years our summer promotions have begun to eclipse the holiday promos.

In addition to added chances to win cash and prizes through Play It Again promotions, other benefits of VIP Club membership include surprise Pop-Up



Exclusive Iowa Lottery VIP Club Contest!



Surprise, Teri

Shoot for the stars with a chance to win FREE Lotto America® and Powerball® coupons when you enter the "Star Power" pop-up contest.

Click the "Enter" button below for your exclusive chance to win one of 40 stellar lotto coupon prize packages! Each lucky winner will get 20 Lotto America game coupons and 10 Powerball game coupons, plus some lottery swag (a \$60 total package value).

Don't miss your shot at winning! Click the "Enter" button by noon on Friday, November 16, and soon you could be playing the lotto to win big!

Click the [DETAILS](#) button for rules and complete details.

DETAILS

Click the [ENTER](#) button to be automatically entered for your chance to win a lotto coupon prize package!

ENTER

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contests to win free plays, tickets and experiential prizes; Lotto and InstaPlay promotions; and a chance to learn about promotions before they are publicly announced.

How else are you utilizing your players club, or other programs, to foster loyalty?

Our Pop-Up contests are a great way for our players to win something for just being a VIP Club member, and members also get a free coupon every month. Experiential prizes that players can't traditionally buy for themselves perform very well in Iowa. The promotion that generated the most new member VIP Club joins was Tiny Home Big Wins with 8,080. It appears that unique merchandise prizes (a tiny home, and 120 \$500 Home Depot gift cards) and the total number of available prizes (121) plus length of the campaign (238 days, or 34 weeks)

attracted the most new members.

Other than our VIP Club features/promotions, we distribute free plays during large lotto jackpots to encourage play. We keep our website up to date with lots of information about our games/promotions, including winning numbers, and we offer an email with winning numbers for players. We try to give great customer service whenever we touch the customer, since we believe this has a lasting effect on player loyalty. Positive affirmations from players are great, but we hope the player tells all their friends how great we are too.

Players like to give their opinion, so we engage them through the web survey on our homepage which runs two to three times per month for about a week. The survey asks a variety of questions about player likes, dislikes, habits, game preferences, media viewing and listening habits, etc. We average about 1,250 entries per survey.

Our summer street team implements about 30 retailer events where they engage our players at the point of sale through promotional games and wheel spins where players can win tickets and prizes.

What data from your players club is most valuable?

Conversion rates for various promotions are a good indicator of engagement. With the unique player number this tells us how many players are actually entering the promotion. We review what price points and play styles of scratch tickets are preferred by our VIP Club members. We also look at what kind of Play It Again prizes motivate them to keep their membership current and enter promotions.

We gather data from each promotion and try to do comparisons between like promotions to determine if they are appealing to players. We pay special attention to average age since one stumbling block to lotteries that have been around awhile is an aging demo. We can also learn which promotions appeal to which age groups.

We study physical demographics and geographics to see which areas contain the most interested players.

For a recent promotion, we looked at the number of players who joined the club during that promotion and how many of those said "Yes" to receive email, how many entered the promotion vs.

TICKET
CONCEPTS
EXPERIENTIAL
PRIZE OPTIONS
TICKET CALLLOUTS
ADVERTISING CLAIMS

LOGO DESIGNS

MERCHANDIZE
PRIZE
OPTIONS
GAME NAMES

TAGLINES

**With our gamified testing tool,
you can rapidly and reliably identify
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Paul Lauzon, Senior Vice President
Lottery & Gaming Research

Direct: 587-952-4871
paul.lauzon@ipsos.com



didn't enter, and how many entered our surprise Pop-Up email contest. These three measures help us gauge why people are joining and how they behave once they have joined.

We use this information to craft more engaging promotions, buy media more efficiently and design tickets or new games that we believe players will respond to.

Kansas Lottery

What players club features and campaigns have the most impact?

The Kansas Lottery has a players loyalty club called PlayOn. PlayOn gives players the opportunity to spend their points on drawing entries for high value prizes or on rewards such as coupons or tickets to events. The experiential events have the highest impact on player engagement. Redeeming points for coupons is one of the most sought after rewards. We see an increase in player membership during our holiday tickets and second chance promotions which run from November through January.

How else are you utilizing your players club, or other programs, to foster loyalty?

In the loyalty program, we send push messages for jackpot alerts and in-store events in the member's local area. We also send marketing emails detailing specific promotions to our loyalty players.

What data from your players club is most valuable?

Purchasing habits based on gender, age and geographical location are valuable data. The data has been used by our advertising agency to identify various populations for targeted advertising. Data from surveys has also been used to make business decisions about instant game design and draw game prize matrices.

Maryland Lottery

What players club features and campaigns have the most impact?

The Maryland Lottery introduced a player loyalty club called My Lottery Rewards in 2013. The club underwent a significant format change in 2018 and player engagement has remained consistent in the first six months since the changes were made. Members are awarded a variable number of points

when they reach certain ticket entry thresholds (called Achievements). The club awards prize points, which may be redeemed for merchandise in an online "store," and draw points, which may be used to enter a variety of merchandise drawings. The club is also an entry portal for numerous second chance drawings, which are linked to the purchase of specific tickets. The membership base is quite engaged in all three of these options. Gains in the number of new members are driven by two factors: second chance promotions linked to specific scratch-off tickets, which often have popular themes (i.e. Ravens, Orioles, etc.), and high jackpot rolls.

How else are you utilizing your players club, or other programs, to foster loyalty?

We are constantly evaluating and updating our game portfolio to ensure that we offer a range of products designed to appeal to a broad cross section of players. In addition, we maintain a robust social media program that communicates with consumers in engaging ways. We have found that

the combination is effective in fostering player loyalty.

What data from your players club is most valuable?

The data gathered from My Lottery Rewards regarding player purchase behavior aids in the development of a robust customer relationship management (CRM) program, allowing us to send targeted messages that players find relevant. This type of communication is an important step in fostering engagement with, and loyalty to, our brand. The Maryland Lottery recognizes the value of data analysis and is working to develop this capability within our newly implemented central system. We expect to establish a CRM program later in the calendar year.

Michigan Lottery

What players club features and campaigns have the most impact?

With the launch of iLottery, Michigan's loyalty platform has shifted to an omni-channel approach. We implemented a new Spin to Win feature (in January 2018)



that allows players the opportunity to log in and spin a wheel one time per day for the chance to win entries into a monthly drawing, free play redeemable at retail or online bonuses. The idea was to create a loyalty activity that was easy for players to participate in, increase sales with buy X, get Y offers, and that would also generate more regular activity on the website to increase the ability to market to players. Since implementation, daily logins for iLottery players have tripled and daily logins for retail players have doubled.

In terms of features driving loyalty, Michigan has learned that besides cash prizes, awarding players with coupons or free games traditionally has been the most requested prize and made the most impact on encouraging regular play among existing members. That same offering in addition to free iLottery play upon sign up has also been a key driver for attracting new members.

How else are you utilizing your players club, or other programs, to foster loyalty?

Michigan has focused on providing both online and retail players with the most compelling game content as well as tools and resources (big winners, top remaining prizes, ticket scanner, lucky number generator) to keep them engaged, and this has helped contribute to fostering player loyalty. We also send regular player communications that are personalized to a player's typical activity via email, SMS and push notifications in order to inform players of upcoming product launches, jackpots, winner awareness and resources and tools on the website and in the app. iLottery players receive about five communications per week, while our retail players receive one to two communications per week.

What data from your players club is most valuable?

It's important to note that we require one account for all Michigan Lottery online activities. This means that a player will need to sign up for an account whether they want to participate in loyalty, scan retail tickets to check for winnings or play games online. All activities require the same account access. Because of that, the game level activity is the most important data that we are collecting. We are able to see what retail tickets players are scanning, what iLottery games they are playing and whether



**SECOND CHANCE OF A LIFETIME:
HAPPY RAILS**
May 13 – Aug. 20, 2019

or not players are taking advantage of iLottery or retail free play. This allows us to understand whether players are omnichannel, retail focused or iLottery focused so we can personalize our marketing efforts in the most efficient manner. It also helps us associate a value to our players across the different distribution and product categories for forecasting purposes. This is the most valuable data to us because of those factors.

Missouri Lottery

What players club features and campaigns have the most impact?

The Missouri Lottery has the My Lottery Players Club, which offers incredible Second Chance of a Lifetime drawings, as well as a loyalty program that awards redeemable points to members for entering tickets on the website or

through our mobile app. We offer around eight new "Rewards" each month, which serve as qualifiers for earning points. Once a Reward is met, the player earns a wheel spin to reveal Prize Points, Draw Points or instant-win coupons. Draw Points are redeemable for a wide variety of Points for Drawings prizes, while Prize Points can be redeemed for e-prizes like gift cards or music downloads, as well as for Lottery products. In fact, about 91 percent of Prize Point redemptions are used for Scratchers and draw games coupons, which then drive players back to retail – helping to achieve the churn we want for our retailers.

Our Second Chance of a Lifetime promotions offer deluxe experiential prizes that players couldn't put together themselves, including personalized tours and excursions in some of the world's most interesting locales. In addition,

the weekly merchandise drawings keep players coming back (and entering tickets) not just month after month but week after week.

We work in a variety of ways to attract new and younger players, while continuing to meet the expectations of existing players. The Missouri Lottery offers relevant licensed properties within our Scratchers portfolio, easy-to-use app features like check-a-ticket and digital playslips, as well as second chance promotion prizes designed to appeal to millennials' desire to explore and experience the world.

This year's summer promotion offers players the chance to ride the rails on a luxury train through Venice and Paris, Ireland or Royal Gorge in Colorado.

How else are you utilizing your players club, or other programs, to foster loyalty?

We have an active social media following, and we bill our social platforms as another place to win. We routinely have giveaways specific to our social followers, awarding sporting event tickets, concert tickets, merchandise prize packs, T-shirts and more. Many of the giveaway items are obtained through sponsorship agreements or by incorporating items from current second chance merchandise drawings. We also provide My Lottery members with a message and coupon each year on their birthday. It's a nice way to reach out to them, and it's also an easy way to get them to swing the door at retail. The redemption rate on our birthday coupons is approximately 20 percent.

Statewide in-store promotions are also a player favorite, whether it be "buy x, get y" offers, discounts on soda and hot dogs, or a free prize for playing. These events have also been proven to help build relationships and loyalty between customers and the retailer.

MO Money Mondays are another way we encourage player loyalty. We know that players get excited about new ticket launches and new opportunities to win, so having a standard release date for new Scratchers games gives them something to look forward to and a reason for visiting retail on the last Monday of each month.

The Missouri Lottery also works hard to make sure promotion details, winner awareness pieces and jackpot alerts are shown consistently and concisely at

retail to encourage player engagement. This includes targeted ESMM slides, informative play centers and sell-ins.

Results from our annual SWOT (Strengths, Weaknesses, Opportunities & Threats) analysis are used to inform and mold future player offerings and help us stay connected to what our players want. Examples include everything from new draw game ideas to holiday ticket designs to promotional prizes.

What data from your players club is most valuable?

We collect demographic information to look for patterns or activity levels based on location, age, gender, race, income, education, hobbies, etc. We may look at specific tickets our players have entered and then generate targeted messaging based on their past activity. For example, "We see you like our \$20 Scratchers games... Have you tried our \$30 ticket? It comes with a \$1 million drawing!" In the future, we'd like to approach it from the other side, as well, to bring back light or lapsed players. For example, "We see you entered Powerball tickets in the past but haven't been back in a while. Here's a Powerball coupon if you'd like to rejoin us."

The number of monthly active users (MAUs) within our loyalty program is also important to track, as we seek to develop strategies for player retention and engagement. Understanding who comes back, when they come back, the tickets they buy and the promotions they enter can only help us develop bigger, better and more relevant offerings for our players in the future.

Nebraska Lottery

What players club features and campaigns have the most impact?

Our eCoupons system encourages player loyalty and regular play among MVP Club members at nelottery.com. Every two months, active members receive an eCoupon to print and redeem at their local lottery retailer. They are notified via email when the new coupons are available, along with follow-up messages if they have not clicked the original email.

Response to each offer varies, but generally over two percent of eCoupons are redeemed before the expiration date. We've also had great success with targeted eCoupon offers to specific

nelottery.com | f t @

If you are unable to view this email, contact Nebraska Lottery at lottery@nelottery.com.

Attention, MVP organism! It is essential you print your eCoupon NOW!

OK, maybe a meteor isn't crashing toward Earth, but don't wait to click anywhere on this email to be taken to a page where you can log in and print out an eCoupon for a FREE Nebraska Pick 5 quick pick. You also can redeem your eCoupons by logging into the MVP Club at nelottery.com, then clicking on the "eCoupons" button. Hurry... and keep your eye on the sky, just to be safe.

pick5
It's our game.

Watch for more coupons from the Nebraska Lottery in the months to come.

10505572

nebraska LOTTERY

nelottery.com | f t @

Home | MVP Club | Winners | Contests | Retailers | About Us | Beneficiaries | News

Must be 18. Please play responsibly. Nebraska Problem Gambling Help Line: 833-BETOVER (238-6837).

We value your privacy and respect your decision regarding communication you receive from us. If you would like to stop receiving messages from us, please click here or contact us in writing at Nebraska Lottery, ATTN: Email Preferences, P.O. Box 48001, 372 NW 37th St, Lincoln, NE 68528.

groups of MVP Club members. For example, in February an eCoupon was sent to 5,317 members who participated in our online research surveys during the previous year, resulting in a 10 percent redemption rate.

The most significant driver of new MVP Club member registrations are our lotto voucher promotions, where a lotto (draw game) purchase generates a voucher number players enter online to win prizes. Vouchers are used as the entry mechanism instead of non-winning lotto tickets because multiple voucher numbers can be produced depending on the ticket price, and the physical voucher provides a call to action.

Last fall two lotto voucher promotions were offered: the Power Play \$25K Pay Day and the Lucky Layup promotion. During the week ending October 27, 2018, a total of 2,455 MVP Club accounts were activated, the highest amount of weekly account activations ever. Based on



these results and the results from other voucher promotions, it appears we are reaching a new audience of potential MVP Club members with these types of promotions.

How else are you utilizing your players club, or other programs, to foster loyalty?

Another program we use to foster player loyalty is our continuous feedback Opinion Survey. Every lotto ticket directs players to a URL where they are presented with one of several surveys. The available surveys cover a range of lottery topics such as game features, satisfaction at retail and advertising recall. Every month we draw one \$500 winner from the entries received during the month. The Opinion Survey is open to any player, and every month the survey brings in new contacts to our relationship marketing database. These new contacts are encouraged to join our MVP Club with targeted emails.

We also provide birthday coupon mailings to every player in our database (they don't have to be MVP Club members) during their birthday month. Players look forward every year to receiving their birthday coupon.

What data from your players club is most valuable?

The members of the MVP Club are a valuable resource for product research. Over the past four years we have been conducting pricing and ticket attribute research for each scratch price point. The data collected from this research provides us important information to shape our games, such as determining which prize amounts encourage chatter or churn, and the play styles and game features players look for when making a purchase decision.

New Hampshire Lottery

What players club features and campaigns have the most impact?

Our loyalty club – NH Lottery Replay – ended in December of 2017. With the cost to run it and the fact that it required a lot of manual work (not keeping up with technology), it really had outlived its usefulness. Players earned “Replay Points” which they could use to enter drawings. Initially, businesses provided prizes and in return we advertised their business/product. This barter arrangement became more difficult and we started awarding our own products. While successful, we had a very manual process and mailed out hundreds of prizes each week. Participation dwindled (less than 10 percent of our 200,000-member

database), because it was always the same from month to month, and we began to see repeat winners. It was a great way to communicate with those players – winning number emails, weekly e-newsletters and a monthly NH Lottery Replay e-newsletter. We also sent out surveys and received quick responses.

Our new focus is attracting New Hampshire residents to iLottery – highlighting the ease of play. We use the former loyalty club database (email addresses) since we know those players have a penchant for participating online, and further attract not only those players but other players to the ease of playing the games of Powerball and Mega Millions online with jackpot alerts. And we take advantage of incoming inclement weather (snowstorms this past winter were plentiful) – sending out emails regarding impending storms and how easy it is to purchase online and not miss out on a big jackpot.

New Jersey Lottery

What players club features and campaigns have the most impact?

The greatest benefit for our VIP Club members (and an incentive to join) is a series of second chance promotions that include:

- An annual Scratch-Offs program (Million Dollar Replay) culminating in quarterly winners all having a chance to win large prizes ranging from \$10,000 to \$1 million. All quarterly winners are invited to an annual luncheon event that is livestreamed to all players. Prize winners are drawn and prizes are awarded at the event. Quarterly winners do not have to attend the event to win the big prizes, but attendance continues to grow each year – because this is a fun event that more and more players WANT to attend.

- Promotional periods where the value of entering select Scratch-Offs into the Million Dollar Replay drawings is enhanced/multiplied to provide players an extra incentive to play select games.

- A separate monthly Scratch-Offs program with monthly winners of small prizes (lottery-branded gear, Scratch-Offs). Entry is limited to select new lower-priced tickets to encourage play of those new games and appeal to the broadest range of players.



More WINNERS for website/social



How else are you utilizing your players club, or other programs, to foster loyalty?

In addition to the second chance programs, we also use regular emails (and push notifications via the mobile app) updating players on Lottery news of interest to them (their requests). Information includes winning numbers, jackpot alerts, new product introductions and promotional events. Likewise, we offer exclusive sweepstakes to VIP Club members at select times during the year (typically, summer and holiday) via email opt-ins or comments-required responses. Prizes range from Scratch-Offs to more premium offers. And at select times during the year (typically in conjunction with broader advertising initiatives), we send Club members exclusive coupon offers to try new games.

Outside of the Club, we run regular sweepstakes on social media platforms that players have come to expect. The contests are often tied to specific product initiatives, like the First Monday Frenzy

sweepstakes on Facebook the first Monday of every month, coinciding with the introduction of new Scratch-Offs. The sweepstakes gives us an interactive way to feature new games.

We look for ways to create bigger, more exciting programs that encourage players to build a deeper ongoing relationship with the Lottery. The best example is the 101 Days of Summer promotion that creates an umbrella, all-summer-long promotional program for a range of summer activities – monthly new Scratch-Off introductions from June to August, Promotions Team events at festivals/concerts/games/retailers around the state, unique sweepstakes on all social media platforms, events at our sponsor partner venues, etc. – with special highlighted prizes awarded each day, that give us a chance to highlight lots of winner photos! The promotion encourages players to follow the Lottery on multiple platforms and check back frequently for new events and activities. The 2018 program helped boost

sales, create buzz and increase player interaction numbers for nearly every KPI we track.

In our ongoing efforts to increase the customization and personalization of communication with Club members, we sent a “thanks for playing” message to members at the end of last year’s 101 Days of Summer promotion and were surprised – in a good way! – at the heartfelt responses we received in reply. Our players seemed to greatly appreciate a simple – and human – acknowledgment of their support. We can’t quantify the benefit of that, but we noted a value to offering players a simple and personalized “thanks for playing” message.

What data from your players club is most valuable?

This is a relatively new area for us. We use location targeting to email Club members about Lottery-related events in their specific area, which we have learned is significantly more effective than blanket emails listing all statewide

events. And we also have recently begun using member names in select emails, which we also have learned is a welcome touch of personalization. We are just beginning to evaluate other (non-Lottery) online behavior of Club members as a group (and different member segments – never individuals) that will allow us to identify groups of non-Club members who have similar online behavior. That understanding will enable us to target the “lookalike” group with digital advertising. And a broader understanding of group interests may also help us create more effective ongoing communication with Club members.

New Mexico Lottery

What players club features and campaigns have the most impact?

In New Mexico, cash prizes receive the best response. Additionally, numerous cash prizes awarded in a drawing, even at low amounts like \$500 to \$1,000, receive significant response and entries.

How else are you utilizing your players club, or other programs, to foster loyalty?

New Mexico offers many initiatives for our players. First and foremost, all net proceeds benefit Legislative Lottery Scholarships. The program is cherished in New Mexico and our players feel good that their dollars are helping New Mexico students. We also offer promotions tied to specific games. For example, the Powerball Power Cruise promotion offered 18 lucky players the opportunity to go on a Caribbean Cruise. This was not tied to our My Rewards program, but instead ran as a separate promotion. We also offered a Lotto America Promotion to increase game awareness and kick off the launch of the game that offered entrants a chance to win \$1,000. Six prizes were awarded each week for 12 weeks – that totaled 72 \$1,000 winners. Our players loved it! On May 1, we introduced the First Powerball Millionaire of the Year promotion. Ten of our players will win a trip to New York City for the 2020 New Year’s Eve Times Square event with a chance to win \$1 million.

We also partner annually with the Albuquerque Isotopes baseball team. Players can take any non-winning NM Lottery ticket to the box office and receive a BOGO offer for Sunday-Thursday non-restricted games.

Additionally, we offer promotions and giveaways to our Facebook friends/fans, awarding Lotto Bucks, merchandise and event tickets as prizes. And finally, we offer special sales events – such as customer appreciation events – in our Claim Center and at retailers where players can enter second chance drawings and win fun prizes on the Lottery prize wheel.

What data from your players club is most valuable?

Prize response is critical. While some things do not surprise us, such as response to cash prizes, other findings provide valuable data we can use to help guide us for future planning. Among the most valuable data from the My Rewards program is player opt-in for communications, which we will be able to tailor based on individual player attributes or activities. We currently send emails for winning numbers, new games, promotions and events, and winners based on player preferences and plan to expand to more player-specific emails and push notifications.

We continue to learn that real player user experience testing is important and often overlooked. Our players are vocal and unbelievably patient. Both the New Mexico Lottery product and marketing teams along with our loyalty partner, Scientific Games, get involved to help our players troubleshoot and resolve issues. One learning lesson was from a player who could not scan his entries. We met with him at the Lottery office to see if we could help him. We learned that he was navigating to the site through a web browser to enter from his phone, versus downloading the app and using the scan

feature from the app. This taught us that we needed to promote the scan via the app feature as an app-only feature and gave us a tool to help future players.

New York Lottery

What players club features and campaigns have the most impact?

The New York Lottery has a very active Players Club. Anchored in the second chance sweepstakes model, we see our players respond most favorably to cash prizes. We have evolved the program’s prizing and functionality over recent years and are excited about the new achievement-based rewards we now offer that give players more chances to win. The additional rewards let our players know that even if they don’t have a winning experience with their Scratch-Off game, the New York Lottery values their investment and wants to give them another chance at having a winning experience.

It is important to note that our second chance programs respond well to marketing efforts. However, each year our Holiday campaign yields the biggest return on investment. The Holiday campaign is an integrated initiative, including multiple touch points for users (new and existing) in the program. Using tactics such as traditional advertising, digital advertising, player newsletters, events, sponsorships, push notifications, social media and promotional messaging, the New York Lottery has consistently been able to achieve success as measured by our internal analytics which show a measurable increase in user registrations, app downloads, tickets entered and push notification open rates.



How else are you utilizing your players club, or other programs, to foster loyalty?

Every campaign and promotion produced by the New York Lottery has an element geared toward player loyalty and increasing play and engagement among current players. The Players Club and Collect 'N Win programs have proven to be effective vehicles to drive change in player behavior. We employ a range of tactics like couponing to drive retail traffic and product trial, and achievements within a loyalty program that provide rewards with the purchase of a specific game. We also offer additional prizing to attract new players and appeal to our regular players. For example, our current \$5,000 in StubHub Gift Cards promotion is an add-on to our Collect 'N Win engagement program, and our Cashword Players Club second chance promotion includes all games in the Crossword portfolio and runs for an extended period of time. Both promotions are supported by an integrated marketing campaign.

We also want to attract new players to our loyalty programs in spaces where they feel comfortable, like social media. Using Facebook and Instagram, we have been able to expose potential new players to our sweepstakes without having to leave the platform.

What data from your players club is most valuable?

The most valuable information New York Lottery receives from our second chance platforms are:

1. Tickets entered
2. Monthly average spend for players
3. Cross-play information
4. Day/time of activity
5. Open rate for communication
6. Coupon redemption rate
7. New player data (cost per acquisition)

North Carolina Education Lottery

What players club features and campaigns have the most impact?

Our Lucke-Rewards program is a wildly popular drawing-based loyalty program in which players enter their lottery tickets for points using a Lucke-Rewards code on the tickets. The number of points awarded varies, gamifying the experience. Points are used to enter drawings for cash and other prizes,

further extending play. When players enter games with a second chance promotion, they earn their drawing entries automatically in addition to their points. The club has approximately 1.1 million confirmed members, or about 14 percent of the adult age population in North Carolina, with more than 10,000 new members joining monthly. There is a 78 percent redemption rate for the nearly 3 million points that have been awarded since it started in 2012. Points-based Lucke-Rewards drawings have prizes ranging from \$100 to \$50,000, and monthly drawings often receive some 2 million entries. One recent second chance drawing – Multiply the Cash – received more than 17 million entries.

The number one driver of new membership is jackpot runs. We saw record growth in October 2018 (nearly 100,000 new members) and double our average monthly growth in March 2019. Another strong time for new membership arrives with the holiday season when holiday scratch-offs are given as gifts to new or casual players. During that special time, we promote Lucke-Rewards with second chance opportunities on holiday games. We find second chance promotions incredibly valuable. Our players love their Lucke-Rewards points earned through all purchases, but they also turn out in high numbers for second chance promotions. They provide a great way to pique the interest of casual players who may not otherwise think about or look for a loyalty program. This is particularly true when we feature second chance opportunities with licensed properties like *The Walking Dead*. It leverages the brand affinity of the property to attract new players that otherwise may not find lottery relevant.

A key to encouraging existing players and attracting new members comes with listening to what they want. Our players prefer cash. They prefer cash in almost every circumstance. Therefore, most of the rewards we offer are entries into drawings for cash. We develop fun, themed weekly and monthly drawings with varying prizes to generate enthusiasm and keep the program fresh.

How else are you utilizing your players club, or other programs, to foster loyalty?

Looking ahead, we are currently converting to a new online play and loyalty platform. As part of the

transition, we will add new features and engagement opportunities for players to maximize the value of their lottery experience. For Lucke-Rewards, we are developing play-for-fun games, additional rotating opportunities to earn Lucke-Rewards points, “surprise and delight” instant rewards, and expanded rewards such as drawing entries for experiential prizes and digital merchandise. We will also increase opportunities for members to provide feedback, using the new platform to serve up surveys and reward those who participate with points. Our players relish the opportunity to give feedback that shapes future products and promotions. For example, we released a survey to help us choose between two options for a second chance promotion prize on our last Carolina Panthers ticket. Even though no points or other incentives were offered for participating, we received approximately 1,000 responses in three days.

To further foster player loyalty, we maintain a high level of transparency regarding drawings, winners and game information including prizes remaining. Our active communications and social media teams diligently respond to players day and night on our blog and social channels, supplementing traditional customer services and meeting players where they are and whenever they have questions.

One additional differentiator between our program and most of the industry is that we allow players to earn points on all tickets, winning and non-winning. We believe that we shouldn't just reward players for having a losing experience, but they should be rewarded for all purchases. This aligns us with what players receive from other rewards programs outside of the lottery category.

What data from your players club is most valuable?

We currently watch a handful of metrics that help us gauge active engagement and activity. These include membership growth, monthly active users, number of tickets entered for points, most popular games entered for points, total points awarded, and total points redeemed. Specifically for Lucke-Rewards and second chance drawings, we monitor average unique entries by drawing type, number of unique entries and total entries per drawing. This is helpful when comparing

prizes and entry activity to determine the sweet spot for player engagement. From time to time, we check in on other metrics, such as first ticket entered for new members, to look for patterns and acquisition insights. When we expand the program on the new platform, we will also expand our data analysis capabilities and launch a more thorough approach to behavioral data and segmenting. With this expansion, we can create custom experiences for players and help us more smoothly convert loyalty players into online players.

Ohio Lottery

What players club features and campaigns have the most impact?

Experience tells us that the leveraging of sponsorship partnerships has brought awareness and driven interest in MyLotto Rewards, the Ohio Lottery's players club. The club has been in existence since August 2014.

How else are you utilizing your players club, or other programs, to foster loyalty?

We offer periodic instant ticket coupons to encourage current and potential customers to give our games a try. Our coupons typically have strong redemption rates. Our December coupon mailing provided coupon holders with a \$1, \$2 or \$5 discount or a \$500 cash prize. That coupon had a 15.8 percent redemption rate. Then, in mid-February, the Ohio Lottery released a BOGO offer for the \$2 Cash Explosion scratch-off ticket, which is tied to our statewide TV show of the same name. That coupon promotion had a 13.2 percent redemption rate.

To foster play, the Ohio Lottery offers a play-it-again feature on all its draw game tickets to make future purchases of the same bet type easier. Play-it-again utilizes a special barcode that can be scanned to produce the same wagers for a new ticket in an upcoming draw. Like other lotteries, the Ohio Lottery offers a multi-draw feature for draw games to make game play more convenient.

What data from your players club is most valuable?

MyLotto Rewards currently has about 960,000 registered and activated users, with more than 222 million tickets entered for points or drawings since August 2014. About 76 percent

DECADE OF DOLLARS
MYSTERY BOX PROMOTION

Enter your non-winning tickets between 2/20 and 4/22 for a chance to win 1 of 5 mystery prizes worth \$10,000.

PRIZES

Vacation Package	Watersport Package	
Prize 5 Goes Here	Cash Prize	Urban Transport Package

Visit ohiolottery.com/mylotto for more details.

OH!
LOTTERY

All non-winning \$1, \$2, \$3, \$5 or \$10 decade of dollar tickets eligible.

Lottery players are subject to Ohio laws and Commission regulations. Please play responsibly.

of web traffic comes from mobile devices. The goal of any successful data mining exercise is to be precise on the information you want retrieved, gauging the success of any MyLotto Rewards promotion based on predetermined goals and utilizing player patterns for future promotion planning. Information needs vary by promotion, but generally include number of entries, number of unique entries, data on timing of entries and other entry features.

The MyLotto Rewards players club data allows us to build profiles of members based on a combination of the games played, the amount played, where they live and other characteristics that enable us to geo-target and deliver the right message at the right time. At

this writing, we are currently finalizing A/B testing on two MyLotto Rewards promotions, with the aim of engaging younger players. They are the Curtain Call and Mystery Box promotions.

Curtain Call ran from Oct. 14 to Dec. 9, 2018, and provided entries for holders of non-winning \$1 or \$2 scratchers (about 20 games were included) for a chance to win one of five top-tier prizes, ranging from a virtual reality gaming system to electronics, money, home appliance and vacation prizes. The promotion included a \$500 second-tier prize.

Mystery Box, which ran Feb. 20 to April 22, provided entries for holders of non-winning tickets in the \$1, \$2, \$5 or \$10 Decade of Dollars family of games. Entrants could put their entries into top-

tier prize buckets, depending on their interests, for vacation, water sports, urban transport, outdoor living and cash prizes. The promotion also included a \$500 second-tier prize.

A markedly smaller number of tickets were entered into the Mystery Box promotion due to the narrower promotional trigger, validating our assumption that certain participation measures would be less due to the differing entry parameters. The number of unique entrants, although smaller for the Mystery Box promotion, were comparable. (Unique Mystery Box entrants were 88 percent of the unique entrants for Curtain Call.)

The Mystery Box promotion provided important insights on the popularity of the various prize buckets, with 59 percent of entrants trying for the cash prize and another 19 percent trying for the vacation prize, both far and above interest in the outdoor, urban transport and water prize categories.

Pennsylvania Lottery

What players club features and campaigns have the most impact?

Second chance drawings are always huge drivers that increase VIP Players Club membership and engagement. A coupon program is another impactful engagement tool. A few years ago, we began to offer members coupon choices. This approach extended our monthly email and SMS coupons to include a wider variety of price points that led to increased redemption rates and engagement. Prior to this change, we offered one coupon per month, at one price point. Now, we offer at least three and sometimes four or five coupons at various price points each month. Some players use just the coupons that align with their favorite price points, while other players redeem all of the coupons.

How else are you utilizing your players club, or other programs, to foster loyalty?

A robust email/text marketing program, as well as social media engagement, have been effective tools for the Pennsylvania Lottery in fostering player loyalty. For example, through our VIP Players Club, members can customize their email and text alerts for winning numbers, jackpots, new game launches, etc.

What data from your players club is most valuable?

With data available through iLottery, we can focus on marketing to segmented groups of players and customize our email and text marketing efforts, promotional offers and website landing pages to send the right offers, to the right players, at the right time. Account activity data is also useful for customizing offers. For example, we can send special deposit offers to players who have created an iLottery account, but have not yet made a deposit.

Rhode Island Lottery

What players club features and campaigns have the most impact?

Second chance promotions seem to have the most impact for existing members as well as attract the most new

members. For example, looking at new VIP members since Jan 1, 16 percent opted to receive winning numbers by email, 10 percent opted to receive winning numbers by text, 26 percent opted to receive promotion info by email and 14 percent opted to receive promotion info by text. The remainder did not opt in for any communication. The two main reasons to join the VIP Club would be to opt in for communications and to enter a second chance promotion; otherwise, you can access everything else you might need on our site without becoming a member. In particular, the Patriots second chance appeals to a large number of players. In addition, we're also able to print second chance webcodes on our draw game tickets for players to enter into specific second chance promotions, which draws attention to both those promotions and the VIP Club.



How else are you utilizing your players club, or other programs, to foster loyalty?

We will run various statewide promotions throughout the year, such as buy x, get y promotions through the lottery terminals.

What data from your players club is most valuable?

We'll look at different age groups participating based on each promotion to see what attracts each age group. We'll also look at participation levels during certain times, as well as demographics entering second chance promotions at certain times to see if a particular ad campaign was successful.

South Dakota Lottery

What players club features and campaigns have the most impact?

Our Players Club not only offers incentives for our most loyal players but also special promotions to attract new players. Our most loyal players can stick to

their routine when it comes to our second chance drawings, as we offer monthly promotions that allow them to enter their non-winning instant tickets. These monthly second chance drawings provide consistent rules, prizes and draw dates.

We also provide special promotions to add unique games and prizes. These special promotions go a long way in not only building excitement among our most loyal players, but also attracting new customers. In the past year, we have provided special promotions that offer unique prizes such as a brand new truck, concert tickets, a year's worth of free pork and more to spice things up for our players.

How else are you utilizing your players club, or other programs, to foster loyalty?

Our Players Club fosters loyalty through a variety of benefits. In addition to our second chance drawings, Players Club members are often the first to hear about new games, rising jackpots and more. This communication takes place

through emails to our Players Club members, as well as push notifications through our mobile app.

What data from your players club is most valuable?

Our Players Club data is invaluable as the demographics of our members help establish our target audience. Through items such as age, gender and location, we can establish which demographics are interested in certain products. This not only aids us in our marketing efforts for certain products, but it also allows us to create research focus groups that aid us in developing and testing new products.

Tennessee Education Lottery

What players club features and campaigns have the most impact?

We offer the VIP Players Suite online players club as an additional way for players to have fun and another chance to win. Features include Play It Again! and VIP Rewards Drawings.

The extraordinarily popular Play It Again! program was launched in 2007 to add value to non-winning instant tickets and as part of our anti-litter campaign. And the value is great: Players have a second chance to win the top prize from each eligible non-winning instant ticket entered. The drawings are held approximately three times a year, and a total of more than \$66 million has been awarded since the program began.

VIP Rewards Drawings also attract players, who enter eligible tickets to earn points to use in drawings for a variety of prizes, including cash, vehicles and merchandise. By reviewing feedback from players, we have recently adjusted our prizes to offer monthly cash drawings, quarterly drawings for vehicles, and drawings for merchandise that has been the most popular. In other words, we have made the best even better.

Another way we encourage regular play is by making entry into both programs convenient with our TN VIP app. More than 50 percent of the entries into Play It Again! and VIP Rewards Drawings are received through the app, which allows players to scan tickets with their mobile device.



How else are you utilizing your players club, or other programs, to foster loyalty?

It is important for us to gain insights from our players and retailers, and we do so through quarterly focus groups with both. We use this data to help keep games fresh, fun and popular. We also promote games through a variety of channels, with a strong focus on social media. Analytics have shown that interactivity is key to increasing followers, so we have designed a variety of ways to involve the public. Last summer, for example, we created a “Dog Days of Summer” promotion across our Facebook, Twitter and Instagram channels. This contest allowed our audience to enter photos of their dogs, from which 12 were selected to be featured as part of a new instant game. We received 7,566 entries into the contest.

We also create regular posts that encourage connecting, from a “find the most instant games” hunt to our weekly #TNTriviaTuesday prize giveaway. These popular posts feature a different question each week, from a quiz about our newest instant games to asking what is a favorite feature on our apps. The winner is randomly selected from the entries, and

a Tennessee Lottery prize pack is mailed to them.

What data from your players club is most valuable?

The Lottery reviews growth in the number of participants and their activity – the things they like best. This is a way to gauge the success of our program and the interest in the type of prizes we are offering. We monitor the number of tickets scanned and entries received through our TN VIP app, and we collect and respond to feedback about the VIP Players Suite from our Player Services Helpline, email and social media channels.

An example of our responsiveness to player feedback and data gathered is seen in the VIP Drawing prizes we will offer for the next year. Players tell us they want to win cash, so we are now offering monthly cash prizes along with the top-performing merchandise from the past two years.

We also monitor the number of sign-ups and the open rate for our e-alerts. Players can choose to receive a variety of these emails, including winning numbers, news alerts and occasional surveys. Again, this information keeps us informed about what players like.

Wisconsin Lottery

What players club features and campaigns have the most impact?

Our Players Club emails will often feature photos of our big winners. It seems like other players enjoy seeing what winners look like. We also have shared photos of big winning tickets that were scratched off and presented to our validations department to redeem with the winner. Showing the image of a \$1 million winning scratch ticket to the public, for example, appears to really get people thinking what it would be like for them to scratch off a ticket like that, and many people never would get to otherwise see what a \$1 million winning scratch ticket looks like! Also, we do offer giveaways to our social media followers and/or Players Club members and we usually see a fairly high open rate for those emails in particular.

How else are you utilizing your players club, or other programs, to foster loyalty?

Our Players Club is not really a loyalty program or rewards club. It’s more of an “information club,” and most members are typically big lottery players who use our daily emails as their one-stop-shop for lottery information. We also have a player research panel that Players Club members could agree to join at the time of signing up, so they can be a part of our research surveys and questions.

We have offered the Super 2nd Chance drawing for many years, and it’s available to all Lottery players that have non-winning Wisconsin Lottery tickets to mail in for entries. It’s a weekly drawing for ten \$1,000 winners using at least \$5 worth of non-winning lottery (scratch and/or lotto) tickets. All players can benefit, but we’ve found our most loyal players to be the biggest fans of this program.

What data from your players club is most valuable?

We do not data mine Players Club information at this time, though we do have plans to look further at what content results in higher click and open rates, and what email titles are grabbing the most attention. ■

PROFESSIONAL DEVELOPMENT SEMINAR

JULY 22-25

The NASPL Professional Development Seminar is a unique event designed to bring together lottery industry employees at all levels in a small group, hands-on format. Workshops cover the primary disciplines in the industry: **accounting, audit, information technology, legal, product managers, public relations, research, sales and marketing, and security.** These formats allow for candid discussions and information sharing among participants, and provide attendees with tangible ideas about how to take advantage of the industry's biggest opportunities and find solutions to its biggest challenges.

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For more information visit:

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Arizona Lottery



NASPL



FOCUS ON:
**PLAYER LOYALTY AND
ATTRACTING NEW PLAYERS**

Attracting New Players

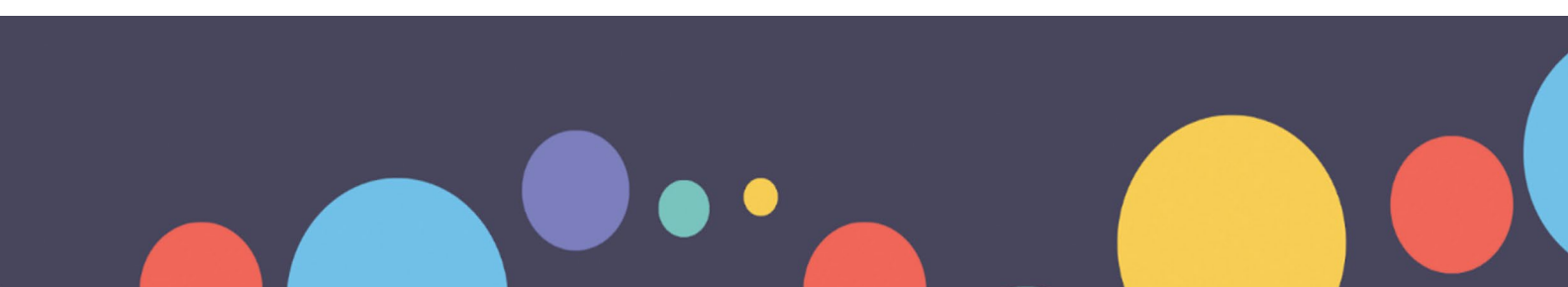
Like any business, lotteries strive to attract new customers, and there are endless ideas out there to do just that.

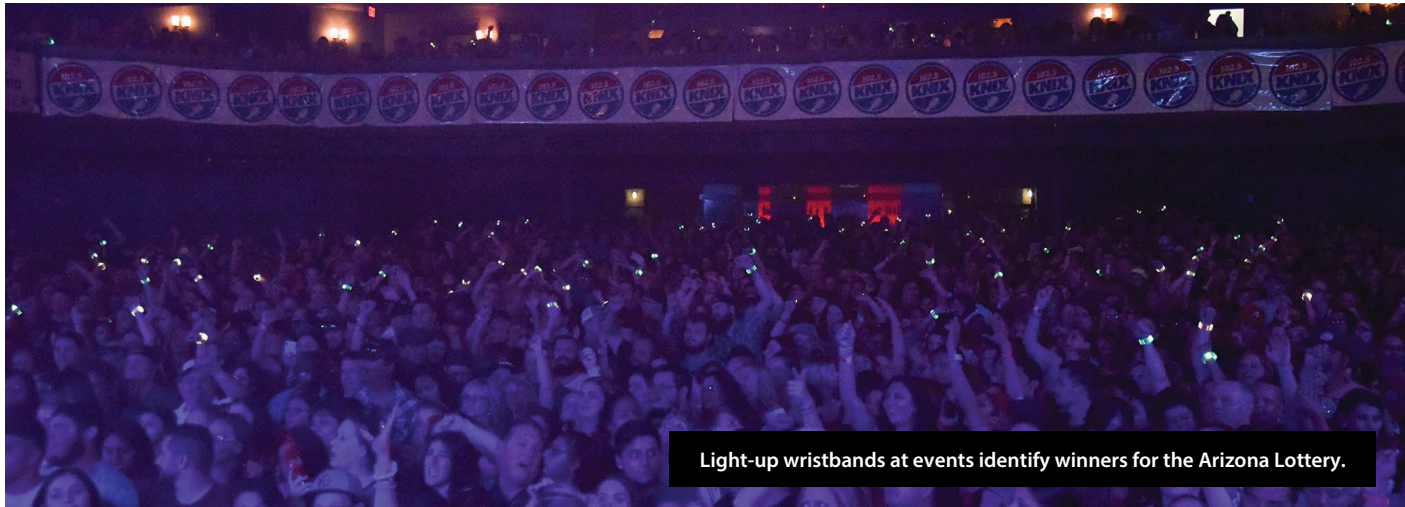
As described in the previous pages, lotteries use players clubs and loyalty programs to stay engaged with current customers, but some of the same techniques are often used to attract new players. Most often cited were new products, games and promotions, especially those that provide the emotional connection all consumers want these days.

Advertising produces brand awareness, but it's hard to quantify whether such advertising actually attracts new customers; surveys are often used to

indicate whether players have played lottery before. And while lotteries use the number of new players club registrations as a measure of success, that is not necessarily an indicator that these are new-to-lottery players – a specific promotion or message may just have finally triggered them to join the club.

Despite these challenges, there is plenty of evidence that lotteries' efforts to attract new players are having the desired impacts. Read through the following pages to see what lotteries are doing and how their initiatives are providing dividends.





Light-up wristbands at events identify winners for the Arizona Lottery.

The **Arizona Lottery** attracts new lottery players through regular contests and giveaways on social media. One of the more innovative and fun approaches taken is the use of light-up wristbands to identify winners at events. There has also been significant success from working with sports sponsors to award seat upgrades to players who purchase lottery tickets at the Lottery's ticket van and then spin the prize wheel to win these extras. It's been the most popular at NASCAR events and football games.

The **Arkansas Scholarship Lottery** offers a "Jackpot Bundle" of draw game tickets in January/February each year to attract new players as well as offering value to current players. Second chance promotions are also a useful tool, especially those linked to a licensed property game (like Willy Wonka Golden Ticket), and those where several games allow entry into a drawing.

Regularly looking for the latest trends outside of the industry, the **Colorado Lottery** tries to incorporate those trends into its scratch game portfolio. For example, there may be a licensed property that ties into the latest entertainment craze, and the Lottery will try to hit the market with a game based on that theme at the peak of interest. Trends may also be used to develop its own unique games. For example, the popularity of attending live music events continues to grow, so what better way to take advantage of that than to create a game based on the iconic Red Rocks Amphitheater? In conjunction with the City of Denver, which owns Red Rocks, the Lottery's Red Rocks Riche\$ game featured several scenes of the park, and included a promotion to win tickets to a concert of your choice. By offering

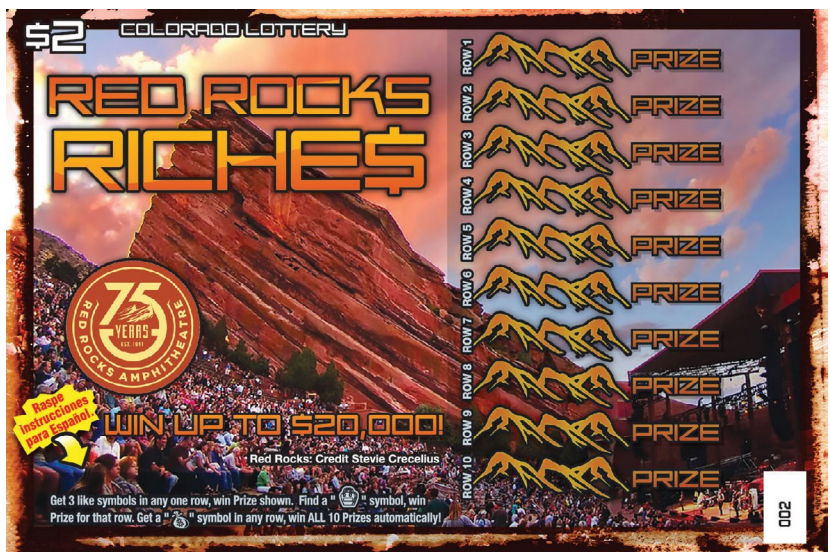
out-of-the-box game themes, the Lottery hopes to open new avenues to infrequent or non-players – thus turning them into regular players.

Market research is one of the keys to attracting new players used by the **Connecticut Lottery**. It helps determine what players in Connecticut want to play and win – product offerings are tailored according to research that indicates what will be popular, among both existing and new players.

For the **Delaware Lottery**, there's evidence that new equipment at retail can bring in new players. Almost 100 new high definition player activated terminals were recently installed, adding a significant number of new retailers with no cannibalization of sales.

The **Hoosier Lottery** launches multiple campaigns throughout the year, including the holiday and post-

holiday season, when new/lapsed players are most engaged with the Lottery as a result of gift-giving. The campaigns have focused on its players club (myLOTTERY) benefits, especially second chance promotions, encouraging new players to sign up for membership. The app plays an important role in these communications efforts, helping players understand the ease of engaging with myLOTTERY from their mobile device. New app downloads trigger a series of communications encouraging players to join myLOTTERY; once a player joins, they receive various welcome messages helping them understand the full benefits of membership. The Hoosier Lottery continues to see growth within myLOTTERY sign-ups, app downloads, 2nd Chance promotion entries, and engagement with ticket scanning, in-app notifications and digital playslip usage.



Jackpocket

A Different Way to Capture the Mobile Audience and Attract New Players

Lotteries are no longer in the dark about how they can take advantage of technology to increase their bottom line, yet many have still been slow to take action, as they figure out how to approach regulatory hurdles, public perception and one other very important question: How do you capitalize on the three or more hours of time Americans spend on their phone daily? You could say that lotteries are at a crossroads, where the intrigue of white label iLottery offerings rivals that of third-party mobile lottery couriers. What will differentiate the two? In-house expertise that addresses all of these considerations.

In states where the legislative environment is prohibitive of online products, or in the cases where lotteries are simply not ready to offer their base a solution for interacting with the lottery from their phones, couriers are equipped. With a powerful technology stack, regulatory expertise and marketing know-how housed under one roof, lotteries can leverage this understanding of what works in the social landscape, and how to make use of players' behavioral data to inform ad targeting, public relations campaigns and other marketing efforts.

Lotteries can now be present in all the places players go – from their Facebook homepage to their Instagram feed to out-of-home experiences. And with the learnings gleaned from these social media interactions, couriers can continually explore new strategies and try out innovative ways to retain existing players, while attracting new demographics. We recently worked the Minnesota Wild hockey team on an in-stadium experience, using the scoreboard to activate users to engage with the Minnesota Lottery during the game, resulting in a 2 percent stadium response rate.

Mobile commerce is no longer the future – it's here, and the market is under pressure from young users who require an attractive and robust experience within the first 30 seconds of using an app, or they will close it out. Our player demographics are certainly telling, with 80 percent of Jackpocket players under the age of 45. Much in the way that Warby Parker revolutionized the experience of choosing eyewear that's functional, affordable and stylish, this demand incentivizes couriers to be fully focused on delivering the same kind of brand interaction: a digital playground for lottery players, complete with a more accommodating order process, flexible payment options, social pooling and a secure experience validated by third-party assessments.

It's in this setting that a lottery can rebrand itself and still ensure its players purchase the same games, without having to open itself up to vendors, incur extra marketing or operational costs, or change anything about its products. At the end of the day, great design and great customer experiences are no longer luxuries, but expectations.

– Peter Sullivan, Founder and Chief Executive Officer, Jackpocket

When Powerball and Mega Millions jackpots are high, there is a noticeable uptick in app downloads, and non-myLOTTERY members start to understand the benefits of joining such as receiving winning number alerts, jackpot alerts and winner awareness.

One of the ways the **Idaho Lottery** attracts new players is by leveraging popular brands and utilizing their channels to create new play, and player, experiences. Last fall the Lottery launched a series of games surrounding the mascots of the state's three major football playing universities – Broncos, Bengals and Vandals. These university-themed games proved very successful and offered a second chance prize for players to win a trip to see Boise State's Bowl game. This year they participated in the Heart of Dallas Bowl game. Another use of a brand to attract new players is this year's second chance product offering for Powerball, Powerball Arcade. It is an interactive online game played through the Lottery's Utility 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 market for a couple of weeks at this writing, the results and reception of the game have been strong.

The **Illinois Lottery** is undergoing a complete transformation, and believes that a modern digital lottery offering is essential to bringing new players. The new digital platform, which launched earlier this year and includes a new website and mobile app (mobile is at the heart of the Lottery's digital strategy), is designed to make gameplay easier and more convenient for players. The new digital platform features a dynamic home page with quick registration and a state-of-the-art data platform to provide a personalized experience for each player. The new mobile app allows players who buy draw game tickets at retail locations to check whether they have winning tickets by scanning them directly through the mobile app. The Illinois Lottery aims to create an engaging cross-channel experience and meet players where they are. It seems to be working. There were 35,000 new accounts registered in March and an increase in web traffic, with more than 2.5 million visitors since launch in February. Through mid-April, there were 65,000 downloads of the new mobile app and an average of 10,000 draw ticket scans per day. Moving forward, the Lottery is looking to expand the capabilities and features for registered users on the app, including instant ticket scanning, second chance opportunities and other promotions, such as VIP concert tickets or tickets to sporting events.

To attract new players, the **Iowa Lottery** has increased advertising directed through newer channels – including Connected TV, Over the Top TV, Hulu, Pandora, Spotify, YouTube, ESPN, Programmatic and Private Marketplace Display and Online Video, and Location Targeting. Paid social tactics include Stories, Twitter, Snapchat and more video. Point of purchase materials are also used to attract players' (and potential players') attention; the Lottery's sales reps gather feedback from retailers and add their own observations about how well these materials are received. Digital



billboards and on-premise signs, Lottery InMotion retailer screens, and the website and mobile app provide current updates on estimated jackpots – awareness of the big jackpots attracts occasional plus new players.

New Iowa Lottery products (such as InstaPlay and InstaPlay Progressive) are also used to attract new players and to provide current players with a fresh lottery experience. Scratch games at higher price points provide for higher top prizes or extended play action, and periodic changes in the lineup of draw games are also important. Targeting new players in particular, Iowa produces “How to Play” videos for each draw game and posts them on its website. These videos take a new player through the process of purchasing a ticket with details on the prize levels, game odds, creating play slips, multiplier feature, draw times and cost. This effectively removes the invisible “velvet rope” that can sometimes be a barrier to entry once the player is in the retail environment. The videos have proven to be very popular – the Mega Millions video alone has received more than 168,000 views.

Entry-level, introductory products are key to the **Maryland Lottery’s** strategy of attracting those who are just beginning to play lottery games. These products are generally scratch-offs with lower

price points, popular themes, colorful designs and easy-to-understand play styles. Advertising is often used to draw attention to these games.

In addition to occasionally running promotions specific to encouraging players to sign up for an account, advertising plays a huge role in attracting new players for the **Michigan Lottery**. Recently, more than 20 percent of its advertising budget has been allocated to digital advertising efforts in order to clearly measure the direct response of players. While there are clear goals and KPIs for acquiring new iLottery players from this channel, the Lottery is working to implement processes, tests and tracking to also measure the success digital ads have on retail sales.

The **Missouri Lottery** includes dedicated “digital spends” in its advertising budget, which focus on paid social media and internet advertising to reach and attract new audiences. This allows the targeting of messages by geography, age, hobbies, groups with similar interests and other segmentations. The end result is a mechanism to send predetermined messaging to predetermined audiences in an effort to grow the number of those interested in the Missouri Lottery and its products. In recent years, there is also a concerted effort to be involved in more

community events that attract younger attendees, ages 18 to 35. This provides a great opportunity to share beneficiary messaging, while allowing visitors to sample tickets, enter onsite promotions and take advantage of “buy x, get y” offers.

Social media promotions have been a great source of new lottery players and potential MVP Club members for the **Nebraska Lottery**. Entry requirements for these promotions are simple – name, birthday, phone number and email – and afterwards this information is added to the Lottery’s relationship marketing database. Typically, 40 to 50 percent of the entrants are new to the database. A follow up email is sent, announcing the results of the promotion along with an appeal to join the MVP Club.

For the **New Jersey Lottery**, beyond the buzz created by big jackpots to attract the interest of new players, generally it’s expected that product/brand advertising will do this job. A general target for all advertising is new/lapsed/light players – particularly those 18 to 34. Post-campaign market research studies quantify the campaign effects on players and non-players; while there aren’t any specific “new player targets” for each campaign, results are compared across campaigns to help establish benchmarks.

The **New Mexico Lottery** offers a variety of prizes, including experiential prizes, to attract new lottery players. These have included trips to large concert events, Major League Baseball spring training and even items like national park passes and connected TV subscriptions. Winner response is very insightful; Lottery staff are continuously surprised and delighted to see how excited winners are about these prizes. There is also monthly growth in the Lottery’s My Rewards program. At the beginning of the loyalty program’s launch, players could only enter \$1, \$2 and \$3 non-winning Scratchers. Added later were Roadrunner Cash and Pick 3 tickets, and then all Scratcher price points were added. This year, the Lottery will expand the program for a fourth time to allow entry for all New Mexico Lottery game products – each of the games brings new players to the program.

Attracting new players is an integral part of what the **New York Lottery** does to ensure success and future growth. To attract new players, lottery must be where they are and offer them new ways to engage. Through partners, digital



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Enter your Win4 and NUMBERS tickets. Each complete playcard earns you an entry into both the monthly cash drawing and the monthly StubHub promotion drawing.



advertising helps reach potential new players based on a variety of attributes, allowing the Lottery to be strategic with messaging in a way that is more likely to drive the desired behavior. Analytics and insights are used to measure, enhance and optimize opportunities for increased engagement. Digital platforms have also been a great vehicle to dispel myths about the Lottery and increase engagement and knowledge of the games, especially among potential new players. The Lottery is very active on social media, and transparency is encouraged and one-to-one communication with players is provided through these platforms. The digital space has also been used to gamify the Lottery's advertising and provide people with a space to "play" the products for fun before purchase, often incentivizing completion with a coupon, driving retail traffic and actual product trial.

Another way New York is attracting new players is by enhancing ongoing promotions that are designed for existing players, introducing attractive second chance prizes that spark interest and create chatter. The Lottery's daily games, NUMBERS and WIN4, have a Collect 'N Win mobile app, which rewards existing players with daily wins of coupons, vouchers and monthly cash prizes. To expand the player base, a monthly "chatter" prize of \$5,000 in StubHub gift cards was added, and the promotion was supported with an integrated advertising campaign. The balance of providing daily prizes to loyal players and chatter prizes to attract new players results in a win-win sales scenario with existing players and an expanded player base. The first twelve weeks of the Collect 'N Win program produced incremental sales of \$13.3 million, which accounts

for an additional \$4.7 million in Lottery Aid to Education. Since the launch of the StubHub promotion, player registration has increased 70 percent, with 64 percent of those registrations from new players. Additionally, weekly engagement has doubled.



For the **North Carolina Education Lottery**, attracting players is all about making it easy for them to engage with the Lottery. Its mobile app features a ticket checker to see if you have a winning ticket, and provides a scanning function that makes it easy for players to enter tickets into its players club (Lucke-Rewards) and second chance drawings. These features provide essential convenience to players. Downloads now exceed 250,000 since the app was released in November 2017. Monitoring player engagement of content within the app, the most popular feature so far has been the scanning function. Within Lucke-Rewards, there is a community blog that allows members to comment and ask questions. It serves as an important source of information regarding the Lottery's latest initiatives, as well as communicating any warnings or issues the Lottery needs to inform players about. This provides an added sense of community and transparency beyond

typical social media channels, which no longer guarantee that players will get lottery posts.

The **Pennsylvania Lottery** recently expanded its product portfolio to include iLottery (online play) and Keno. These new lottery games have been effective at expanding the player base and points of distribution – attracting new VIP Players Club members as well as a slightly younger demographic.

To attract players, the **Rhode Island Lottery** will try different advertising packages and platforms, as well as different prizes or licensed instant games.

A primary focus for the **South Dakota Lottery** is to attract new players, and it does so by offering a wide variety of products. The scratch ticket lineup features an array of play styles, ticket art, prices and prize levels, giving potential players options that fit their individual preferences. The Lottery also strives to be as visible as possible to both current and potential players. This is done through advertising at prominent entertainment venues and events throughout the state, as well as having a presence at fairs and statewide events. A presence on social media is also important, as targeted advertising has been used to reach certain demographics.

The **Wisconsin Lottery** attends events throughout Wisconsin year round, and often provides many people who stop by its booth with their first lottery experience, and is able to educate the public on the mission of providing property tax relief in the state. There are giveaways offered on social media in an attempt to encourage new people to visit and follow the Lottery's page, and to encourage fun discussion and interactions with the public. ■

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FOCUS ON:

Player Loyalty and Attracting New Players



Meeting Players at Their Why

How do lotteries attract new players and retain existing players? Scientific Games is often asked this question. And just like any company in any industry, we are always in search of the best answer. While there are many complexities, the company's global Marketing & Insights team has experienced three core principles of marketing that led to their customers' success: understanding the why behind behavior, making sure the lottery offers and creates awareness of products that meet those whys, and implementing a robust mechanism to track and engage these efforts.

1. Motivation Ignites Behavior

In the U.S., 70 percent of adults 18+ play a lottery game annually and 52 percent play monthly. That's an impressive number of engaged consumers.

So, what's different about non-players?

Jennifer Welshons, SVP Marketing at Scientific Games, breaks it down. "My first go-to is always the why behind a lottery purchase. Why do some people buy games and some don't? What inspires that buying action? To motivate that action, we need to understand what happens BEFORE the behavior takes place so that we can create and market game entertainment consumers want."

On the surface, the difference between a player and a non-player is a behavioral act: I'm either purchasing a lottery game or I'm not. To understand players, Welshons uses a framework that easily makes sense of a lot of disparate information.

"Most in our industry look to classic groupings of players – or segments – like gender, age, life stage and behavior. All have relevance in marketing, but they don't get to the heart of the why," she says. "Why someone buys a lottery game is grounded in their personal motivation of the experience they value from that product."

At a recent industry conference, Jim Poppell, Secretary of the Florida Lottery, articulated how motivation is tied to behavior in his discussion "What's Your Why?" While a group of people may behave the same, the underlying motivations driving that behavior may be different. What drives an individual personally is his/her why; and you cannot impose your own why on someone else.



Poppell told a story about three individuals working on the same project. All three completed the project (same behavior), but each for a different why. The first was motivated by the satisfaction of doing the job well, and completing the project within scope; the second completed the project to meet his manager's expectations and keep his job; and the third completed the project because he would be paid overtime to buy the boat he always wanted.

If you only looked at the behavior, you would miss the why. The why is the catalyst for the behavior.

"This is also true when developing and marketing lottery products. We cannot look at behavior alone and assume non-buyers are a homogeneous group. There are lots of whys behind the act of not buying," explains Welshons. "Lotteries trying to motivate less engaged players must determine the group's whys, gauge their level of desire to fulfill those whys, and let them know there are games they'll enjoy."

The global Marketing & Insights team at Scientific Games uses motivational-based segmentation to guide lottery marketing programs. Welshons offers an example of one lottery's segmentation study that identifies eight segments of consumers whose behavior to play or not play is driven by entirely different motivations.

Of these player segments, the four in blue represent significant opportunities for the lottery based on the whys of the people in these groups. The four gray segments represent more limited opportunities because of their whys, which are either less subject to influence or focused on other areas of life. To engage this group, the lottery must determine the cost of acquisition and likelihood of retention to assess their lifetime value.

A simple example of how motivations link to behavior is comparing players in Segment 2 to those in Segment 7. Segment 2 dreams of a better life – not ideal or wealthy – that is more stable and consistent. They get more out of playing several types of lower value games with the hopes of winning something that may pay off a bill or provide extra for that month's budget. Whereas Segment 7 is interested in winning, and winning big – it's all about cash to fulfill dreams of a wealthy lifestyle. While both groups may spend \$10, their motivations and product choices are different.

**DIFFERENT MOTIVATIONS
SAME BEHAVIOR**

2

DREAM OF A
BETTER LIFE
FINANCIAL
STABILITY

7

BIG WINS
CREDIBLE PRIZES
DREAM BIG

**TOTAL SCRATCH
GAME SPEND: \$10**

**(1) \$5 GAME
(1) \$2 GAME
(3) \$1 GAMES**

\$10

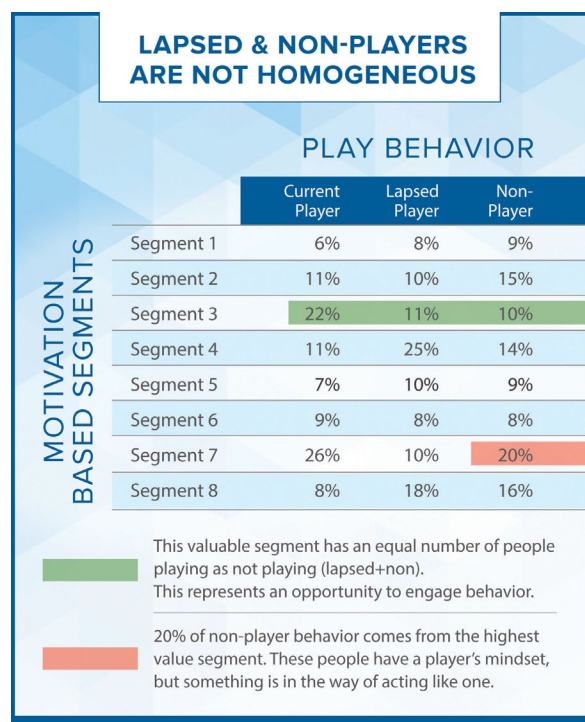
(1) \$10 GAME

"With motivations as the main classification of segment grouping, secondary forms of segmenting then come into play. Behavior should be layered in to see the non-playing behavior in context," shares Welshons. "Breaking out behavior, we see how every segment is represented in what are considered lapsed and

non-player groups. We can demonstrate why single-minded marketing tactics aimed at non-players may be futile."

Consider these opportunities in a number of ways. Looking at Segment 3, which was already identified as a valuable segment to this particular lottery, there are an equal number of people from the segment playing as not playing.

This shows that there are consumers not engaging in buying behavior who have the same desired experience from a lottery product – fun, small splurge for a little extra cash – as others like them who do buy and play. For some reason, these non-buyers aren't inspired to activate purchase. Once the lottery knows this, it can dig deeper into appealing to this segment.



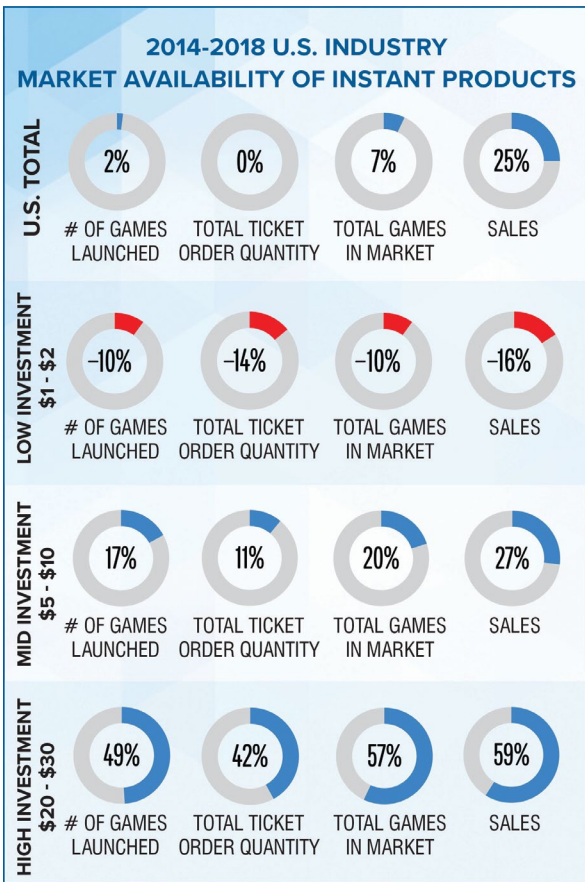
Similarly, the highest value player segment identified has 30 percent of people engaged sometimes or not at all. Are they perhaps unaware that the lottery offers products they would enjoy? This leads us into Scientific Games' second core principle.

2. Behavior Is a Function of Demand

Latent demand refers to demand for something that consumers cannot satisfy for three main reasons: they don't have enough money; the item is not available; or they don't know the item is available. If latent demand exists, the buying action does not take place.

Considering reasons two and three, does the lottery industry offer products for all interested consumers? Or perhaps there are plenty of spot-on products, but the right consumers don't know they exist? Could it be that some of the non-playing behavior is a function of latent demand?

There is no doubt that Americans are obsessed with instant gratification. It's evident in the instant game category crossing the \$50 billion retail sales mark in late 2018. That growth has come



because of more available products in the market, and because of products that satisfy highly engaged consumer segments.

For the industry as a whole, instant games launched and total units have remained static over the past five years. However, total games in market and retail sales have grown.

As more lotteries embrace base (or staple) games, reduced game launches make sense. These games have a track record of success because they offer consistent brands for regular players. However, for lotteries that don't consistently examine the instant category and consider a low-investment purchase, the choices have dwindled. Additionally, retail performance of available games is dropping at a higher rate than their physical decline in market.

For lotteries seeking a mid-to-high investment experience, the industry has met expectations and it has paid off. This is just one example of the type of evaluation individual lotteries can do to examine availability of product by segment motivations.

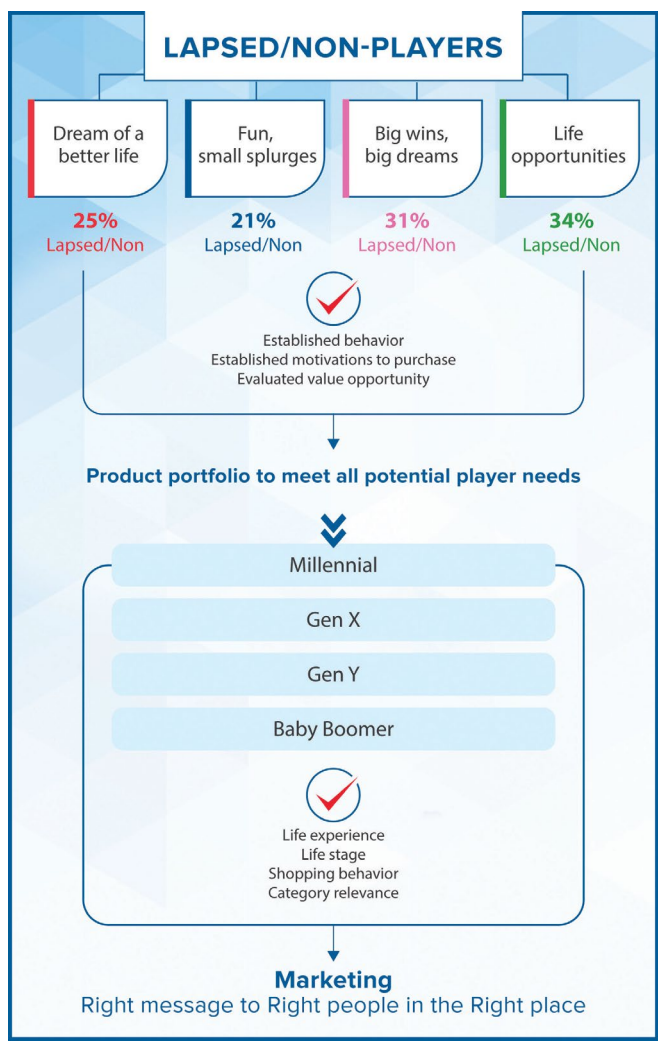
"Instant products continue to flourish because they are relevant in an instant gratification society," Welshons points out. "Understanding the instant win experience – whether print, digital or promotional – is what Scientific Games has spent decades studying."

Welshons predicts that as instant gratification continues to permeate and digital dominates, lotteries must continue to push boundaries. But there are questions.

When 87 percent of daily instant scratch game players play video games, how do lotteries remain relevant and offer complementary products? And with esports as the emerging rage in gaming, what can lotteries do to use this and enhance their portfolios to meet consumers at their why and drive behavior? *NOTE: esports is a form of competition between professional video game players, individually or as teams. Competitions can draw millions of online and/or venue spectators.*

You can't reach everyone the same way, even if their motivations to play are the same. More traditional consumer views can be added to help execute marketing strategies. Combining all of this creates a solid process for product development and marketing planning to reach both current and lapsed/non-players.

By understanding the "why" being fulfilled when someone hands over money for a ticket, lotteries can understand what to offer, when to offer, and how to communicate the offer. The final consideration is making sure all of these efforts worked.



“There will always be a need to adjust the ways that lotteries attract and retain players. What’s most important is understanding that the fundamentals don’t change, just the way you go about them.”

3. What Got You Here, Won’t Get You There

Measurement is the only way to gauge success and this requires change for some lotteries. Most marketers are familiar with best-selling author Marshall Goldsmith’s saying, “What got you here won’t get you there.”

In his book of the same title, he says, “People will do something – including changing their behavior – only if it can be demonstrated that doing so is in their own best interests as defined by their own values.” (*What Got You Here Won’t Get You There: How Successful People Become Even More Successful*, by Marshall Goldsmith and Mark Reiter).

“To understand why values and motivations are so important, understanding the role of lottery games in a person’s value system gives a lottery the best chance at changing behavior,” adds Welshons. “Then the question becomes how do we know we have changed behavior at an individual level?”

Even when a lottery understands the motivations of segments in its market – and offers products that satisfy those motivations and communicate the value proposition of those products to its market – there still must be a mechanism to track and measure the resulting behavior.

“As we have seen, retail sales growth alone does not tell the entire story of who is purchasing games,” she says.

This is why comprehensive players clubs have become crucial to success. Importantly, the club should require minimal friction to join and stay engaged. Goldsmith points out that engagement has to be in their own best interests as defined by their own values so it’s important that everything from signing up to the offers made are aligned with expectations.

The Maryland Lottery’s My Lottery Rewards™ (MLR) program is a good example of value alignment. The Lottery made changes in the program that offered more product-specific promotions, giving players more flexibility in determining their level of engagement. Prize offerings were improved with the addition of digital content like e-gift cards, bringing MLR in line with new and robust loyalty programs in other industries, similar to companies like Starbucks. This resulted in upticks of Daily Active Users (DAUs) and the retail values of tickets entered.

The Maine State Lottery is another great example of solid measurement as they have experienced first-hand how adding draw ticket eligibility to their Reward Me Lottery Club brings in new users. Big jumps in player registrations occurred when the Lottery added draw game entries and then again during a large Mega Millions jackpot period. The Lottery continued to retain

many of those new players from the jackpot well after the large jackpot was hit with record high Monthly Active User rates (MAUs) for the subsequent several months.

This also provides a good example of how motivational segmentation can combine with measurement to provide different insight. In the motivational segment model provided earlier, players in Segment 4 are motivated by large jackpots, so they are only popping into the category a few times a year. These consumers can be valuable if the lottery’s players club reward aligns.

“This is why unilateral decisions on purging club members based solely on behavior requires consideration,” advises Welshons. “If you have motivation-based segmentation, tie it into your loyalty program by using a classifying tool and only eliminate those that show limited value.”

Doing things differently means frictionless loyalty, more active resources dedicated to program management and insights, more tailored promotions and offers by player motivation, less mass marketing, and more metrics and analytics tied to insights as opposed to pure operational reporting and celebrating loyalty as a marketing tool.

“There will always be a need to adjust the ways that lotteries attract and retain players. What’s most important is understanding that the fundamentals don’t change, just the way you go about them,” she points out.

After 20 years and thousands of consumer studies for lottery customers, there’s a reason her motivational segmentation approach to attracting and keeping players is working. ■



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FOCUS ON:

Player Loyalty and Attracting New Players



Monologue to Dialogue... Creating Your Digital Conversations

In today's fast-paced, tech-savvy world, where consumers expect convenience and accessibility, the key to engaging and maintaining brand loyalty is two-way, personalized communication. Although most businesses understand that communicating with their customers is important, they often fail to establish a conversation.

So, what's the difference between traditional marketing monologues and a true two-way dialogue? One-way messaging is a thing of the past, as it neither informs nor educates, and whatever information is shared will likely be dismissed or quickly forgotten on the receiving end. In a dialogue, a real connection is formed as information is transferred both ways. These two-way conversations are especially valuable in the lottery industry, where vendors and lotteries typically have access to limited and fragmented customer insight. Increasingly, lotteries are establishing digital touchpoints or "digital conversations" with their players that drive customer data collection to inform, influence and personalize the player journey. These conversations strengthen relationships with players and help lotteries build their brands.

There is a continuum along which lotteries can converse with players. The further lotteries move along this continuum, the deeper and more effective the digital conversation becomes.

Mobile integration is key to strengthening the conversation across the entire continuum. According to an article published by *Harvard Business Review*, over 90 percent of consumers have had one or more deal-breaker digital experiences when using a mobile device to search for customer service information. Thus, easy, frictionless mobile interactions are absolutely necessary to encourage the all-important two-way conversations between lotteries and their players that ultimately increase player lifetime value.

The Continuum of Digital Conversation

To start a conversation with players, you need to give them the opportunity to engage with the brand beyond a traditional retail transaction. Games that combine a traditional scratch


ticket with digital game play via a lottery's website or mobile app do just that. Game play is similar to that of instant tickets, making them a great introduction to the digital space. They provide lotteries with an added opportunity to engage players via digital prize coupons and promotional codes, as well as push notifications to send players alerts. Through these and other features, these games can provide insight that helps create an initial picture of the customer, and start the conversation.

Pollard's version, xtroplayGAMES™, has proven to be an effective entry point into the digital conversation, with an average 20 to 25 percent participation rate across all games, and over 53 million games played in total – that's a lot of conversations!

If these quick and simple interactive digital experiences are conversation starters, then second chance solutions and online/mobile information platforms, which effectively deepen the level of engagement with players, are conversation boosters!

The Vermont Lottery utilizes the gameON™ second chance platform for its second chance website, which provides easy access to game information, including second chance draw opportunities, while providing the Lottery with a robust content management system that allows them to update ticket and eligibility information, as needed, in realtime, as more information is retrieved from players. As a result of the program launch, the Lottery saw a 127 percent increase in the number of codes claimed – proving that players want to engage, and when given the opportunity they will provide information that helps lotteries gain a better understanding of their preferences and habits.

Apps that provide players with a wealth of lottery information such as game details, retailer information and even interactive game demos, let players navigate the conversation as they see fit. The Idaho Lottery utilized Pollard's playrHUB™ technology



The ultimate goal of a two-way conversation is to gain an in-depth understanding of who the players are, what they want, and how to deliver it to them.

to launch its lottery app for iOS, Android and web. It is the latest addition to the Lottery's app collection and is designed to engage players across all channels, including web, mobile and social media.

The Ultimate Conversation

Allowing customers to engage with a brand across multiple channels, including digital, mobile and social, while pausing and resuming their journey along the way, deepens the conversation and allows lotteries to make their interactions with players more impactful. The ultimate goal of a two-way conversation is to gain an in-depth understanding of who the players are, what they want, and how to deliver it to them.

Products that provide unique cross-channel experiences can elevate the player experience. A recent example is Western Canada Lottery Corporation's Lucky Gems. This game offers players an exciting digital experience. Lucky Gems is a traditional scratch lottery ticket that is purchased at retail and features a QR code to display an innovative electronic game that allows players to select their own game play symbols and view a gamified reveal of the ticket's predetermined results.

Further along the continuum is a full-fledged loyalty program. Incorporating engagement-based activities into digital loyalty marketing efforts increases consumer interaction touchpoints and the ability to learn more about customers' behaviors to strengthen relationships. Lotteries can leverage the player data captured to create 360-degree views of the players that were previously fragmented or nearly anonymous. These rich player profiles allow for more personal and impactful communications, contributing to increased lifetime player value. The Kansas Lottery is proof of this. Their PlayOn™ platform has experienced consistent growth, with engagement growing by an average of 8 percent each month as of February 2019.

Key Components to Engaging in the Ultimate Digital Dialogue

An all-encompassing loyalty program helps lotteries engage players by focusing on six key areas to create an effective two-way dialogue that results in a greatly enhanced user experience.

1. Personalized Conversations

When done right, a loyalty program helps lotteries learn who their players are, including their preferences and behavior. This familiarity allows lotteries to personalize messaging, promotions and all future interaction with each player. Consumers need to feel as though you are speaking directly to them – not to a mass audience. Lotteries can better understand their players and customize each communication based on the insights learned from a robust loyalty program. For example, if data captured indicates that a player prefers Cashword games, the Lottery can leverage email messaging, push notifications, and in-app messaging to notify that player about Cashword-specific information, including new games, promotions or top prizes remaining.

2. Easy, Intuitive Design

Regardless of what type of loyalty program you offer, one of the more important considerations is to make the platform easy to engage with. In fact, a recent study conducted by CrowdTwist found that nearly 50 percent of consumers would leave a loyalty program if the program is too complicated. Consumers are typically happy to share identifiable information with a brand in exchange for perks, rewards and personalized experiences, but the required interactions need to be frictionless. A simple, gamified approach that lets players earn, redeem and learn more about lottery products leads to smooth engagement and transaction-based experiences that help form a 360-degree view of the customer.

3. Mobile App Integration

To connect with on-the-go consumers, an increasing number of brands are leveraging mobile technology and app-based loyalty programs to give consumers convenient access to loyalty program features. Beyond convenience, mobile loyalty apps offer greater value by enhancing the player experience. Geo-fencing capabilities or push messaging can be leveraged to identify players by location and alert them about upcoming promotions in their area or to send a special offer. The Kansas Lottery did just that at a recent State Fair – when players entered the vicinity of the Lottery's mobile sales kiosk, they received a push notification on their mobile device inviting them to visit the kiosk for a promo code that could be redeemed for points. This was the first time the Lottery leveraged geo-fencing capabilities, and the results



If lotteries don't engage in a dialogue with their players, they will miss out on opportunities to connect with them and gain a loyal customer base who will continuously engage and even promote the brand, all increasing lifetime value.

were so effective that the Lottery has leveraged this feature several times since and will continue to use it going forward.

4. Word-of-Mouth Incentives

There's nothing like the power of a Word-of-Mouth (WOM) customer referral to keep a brand top of mind. WOM helps amplify a brand and is an invaluable tool to help drive loyalty program acquisition. According to the Nielsen Global Trust in Advertising Report, 84 percent of global consumers believe recommendations from friends and family are the most trustworthy sources of information about a product. To engage players in a WOM discussion, loyalty programs can incorporate inexpensive incentives that offer enough perceived value in the minds of consumers who make a referral via email or social media. These incentives help drive program acquisition while rewarding loyal customers and expanding the conversation. The Kansas Lottery has conducted three refer-a-friend promotions in its loyalty program, each resulting in an average of 40 percent more referrals than the previous campaign, and contributing to the overall membership growth of 84 percent since launch, providing evidence that a WOM program can play a crucial role in player acquisition.

5. Bonus Points

Lotteries may have different reasons for launching a loyalty program but ultimately they all want to drive sales. One effective strategy to achieve this goal is to award players with bonus points for completing engagement activities. Bonus points motivate consumers to engage with the lottery's brand and help consumers reach rewards faster. There are a number of ways to approach this strategy. For example, brands in the consumer packaged goods industry often reward customers who have lapsed with bonus points to log back into their program. For lotteries, effective results have been found by incentivizing purchases through offering bonus points to members who buy a specific ticket. The Kansas Lottery's Ultimate Cash – The Hunt for the Last Top Prize promotion offered double points to members who purchased and scanned the Ultimate Cash ticket into their club account. The Ultimate Cash ticket experienced a sales spike of 44 percent two weeks into the promotion, demonstrating how effective bonus points can be in driving the player conversation.

6. Maintaining the Conversation

While customer acquisition is imperative in the early stages of growing an effective loyalty program, retention is paramount in keeping the customers who already value the lottery's brand. The first step to retaining players is listening to their side of the conversation. A players club with rich reporting capabilities and dynamic dashboards that enable lotteries to monitor player activity and proactively reach out to players who engage less frequently by providing them with customized messaging and offers, ensures that the conversation continues.

Leverage the Digital Dialogue

Turning the traditional marketing monologue into a dialogue is imperative in today's market as customer needs change at a rapid pace. If lotteries don't engage in a dialogue with their players, they will miss out on opportunities to connect with them and gain a loyal customer base who will continuously engage and even promote the brand, all increasing lifetime value. The insights received through two-way conversations across the entire conversation continuum enable lotteries to get to know their players and proactively engage them in meaningful ways that elevate the customer journey. Knowing your players and what they are looking for gives you an opportunity to meet them wherever they are in the conversation continuum and provide them with exactly what they need. You'll never know if you don't ask! ■

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FOCUS ON:

Player Loyalty and Attracting New Players



Managing the Ever-Changing Landscape: Trends vs. Fads

By George Vassilaras, INTRALOT Group Strategic Accounts Director

The idea that change is accelerating is commonplace. A simple search for “exponential change” on any internet engine would yield an infinite number of articles on the topic, written by reputable voices and published by highly regarded media outlets.

It's not a new idea; it's Moore's law from the mid-1960s. Back then, engineer and Intel co-founder Gordon Moore observed that the number of transistors on a chip doubles every two years. Today, it's the amount of data in the world that's doubling every two years coupled with the climate crisis, the rise of artificial intelligence and today's extreme levels of connectivity. So the world is changing, and the emerging landscape is being shaped by six dominant phenomena.

1. Millennials and their craving for instant gratification

As younger generations become accustomed to immediate feedback, the erosion of their patience complicates things. Society paints a striking image of the millennial culture; crowds of young adults with their faces planted firmly in their portable devices, wandering aimlessly in the street with their triple upside-down caramel macchiato in hand, searching for their next available Wi-Fi. Obviously, this image is attributed to them not because of its accuracy, but because of its exaggerated nature; behind the scenes, less flashy Gen Ys are graduating from college, climbing the corporate ladder and making a difference in the world. This trait of impatience is a common denominator among all millennials, however; the drive to want something more and to get it faster.

2. Connectivity – constant and omnipresent

The number of people using the internet has surged over the past year, with more than one million people coming online for the first time each day since January 2018. It's not just the number of people using the internet that has increased; the amount of time that people spend on the internet has also gone up over the past 12 months. The latest data suggests that the average internet user now spends approximately six hours each day using internet-powered devices – that's roughly one-third of their waking lives. Multiplied by four billion of the world's internet users, we end up with a staggering one billion years online in 2018.

3. Outdated employment models and the rise of location independence and the digital nomads

The future workforce wants work-life balance and time for their families and friends without burning out. Old status symbols like job titles, company cars and other perks aren't attractive anymore. Instead, many workers are longing for freedom, happiness and purpose.

4. Consumerism, revisited

The new generation is slowly distancing itself from the mindset to consume and possess as much as they can. People are drawn towards the ideas

of minimalism, slow consumption and the simple life, taking the power away from many big corporations and passing it to small businesses with purpose.

5. Collaboration and crowd intelligence

We're moving towards a world with strongly linked, supportive worldwide clans. Collaborative communities and togetherness spread.

6. Unschooling, homeschooling or world schooling

Our educational systems are institutions from the 19th century, employing educators from the 20th century that are teaching students about the 21st century. An ever-increasing number of contemporary thinkers challenge these education systems. Universities all around the world are putting their knowledge online for free, giving anyone access to what they want to learn anywhere, anytime and in any stage of life and business.

How does all this affect our industry and especially the never-ending effort to increase our customers' loyalty?

Our players can “get educated” about our products and our services easily and fast; the digital revolution allows them unprecedented access to information that a generation ago we did not know existed.

- They walk into our outlets or portals knowing exactly what they want and probably knowing more about what they want than our agents.
- They seek speed and efficiency but consider it a given.
- They value advice, but only if it is educated.

To gain their trust, it is essential that we deliver continuously, on all fronts. We need to:

- Anticipate their needs, and often to identify those needs for them, before our players do.
- Quench their thirst for accurate and up-to-the-minute information without overwhelming them with oceans of data; boiling the ocean is not only impossible, but extremely annoying.
- Simplify and customize their experience; one size does fit all, but does not look good for most. The inability to listen to our customers' needs and to provide sur-mesure experiences can be detrimental.
- Embrace the chaotic world of social media not because it is simply a popular fad, but because it is our new reality; we need to become relevant to all our customers, whether they are retirees who visit our retail outlets or their grandchildren who never will.

Loyalty is won slowly and steadily with every interaction, with every moment of truth – it can only be the product of a conscious effort to discern our players' needs and to satisfy them. And it also requires a carefully planned re-deployment of our resources. We need to review our marketing spend per channel, adapt our messages and our language to make them relevant and understand that the volume and speed of interactions will continue to grow, in an unprecedented way.

Thankfully, introducing big data analytics in day-to-day operations is already helping our product development teams and our marketers tackle this issue. It is allowing us to understand our players' behavioral patterns and what can affect them; it is allowing us to continuously monitor playing behavior, in a responsible and considerate way, and to identify emerging needs. But more importantly, the concurrent use of big data analytics in daily operations is allowing us to identify emerging trends and quantify their

impact in the loyalty players show towards lotteries.

The gaming industry cannot afford to pursue transient goals with short-term contributions. Understanding the difference between fads and trends is critical as both can play an important role in an organization's development and success but must be treated differently.

Fads vs. Trends

Fads come fast and fade away. A fad is a form of behavior that is intensely followed by a population for a short period of time. The behavior will rise relatively quickly and fall relatively quickly once the perception of novelty is gone. Playing with spinners and collecting troll dolls are recent examples of fads.

Fads have value and can profoundly change organizations – consider the ALS Ice Bucket Challenge! Their use in marketing can amplify top-of-mind awareness, underline the timeliness of your organization and serve as a gateway for new audiences. However, fads do not stick around.

In contrast, trends get stronger over time because they help solve problems for people. The increasing use of social networks (which connect us to one another) and the use of mobile devices (which allow us to look up information in real time) – these are things that continue to grow in market penetration because they respond to real needs.

When organizations dismiss ideas as fads instead of trends, evolution stops. However, treating fads like trends can lead organizations to become overwhelmed.

Trends to Watch Out For

There are six emerging trends that we should observe and follow.

1. Locality is only as important as convenience.

Local outlets are appealing only to the extent that they are convenient. And, interestingly enough, convenience contributes to loyalty.

2. Winning is important, but it must be fun!

Players in the gaming industry like to win, but they like to win even more when they can have fun with the game. Creating

positive experiences with every interaction underscores gaming's entertaining character, increases the satisfaction yield and ultimately renders players more loyal.

3. Purpose is gaining popularity!

Gaming with a social aspect that creates purpose (charity lotteries, for instance) is gaining momentum. Ascribing a purposeful aspect to gaming ascribes a social responsibility flavor to every interaction and further contributes to our players' satisfaction.

4. Online gaming is not the future; it is part of the future!

Gaming is quickly becoming a holistic, cross channel, cross platform experience, and focusing on the online gaming component may be missing the forest for the tree. Simplifying the customer journey across channels and verticals makes the experience carefree and enjoyable and gives more reason to our players to return.

5. Smartphones will become relevant to everyone!

And by everyone we mean everyone, irrespective of age and/or socioeconomic background. This means that lottery operators must hasten to offer simple, efficient mobile applications that can allow instant, continuous and reliable access to the products. This notion of a one-stop shop that meets all the needs of the players can effectively minimize attrition and contribute to the quality of lotteries' engagement with players

6. Diversity (of experience) is a becoming imperative need.

In the era of instant gratification, boredom is our greatest enemy and we can only mitigate its advent by constantly diversifying the experience we are offering to our players.

One final thought. As experience becomes increasingly important and customers become increasingly knowledgeable and demanding, relevance to customer needs can become the only effective differentiator. ■



The logo for Intralot, featuring the word "intralot" in a bold, lowercase, sans-serif font. The "i" is lowercase, while "ntralot" is lowercase. The logo is positioned above a thick, horizontal orange brushstroke that tapers at both ends.

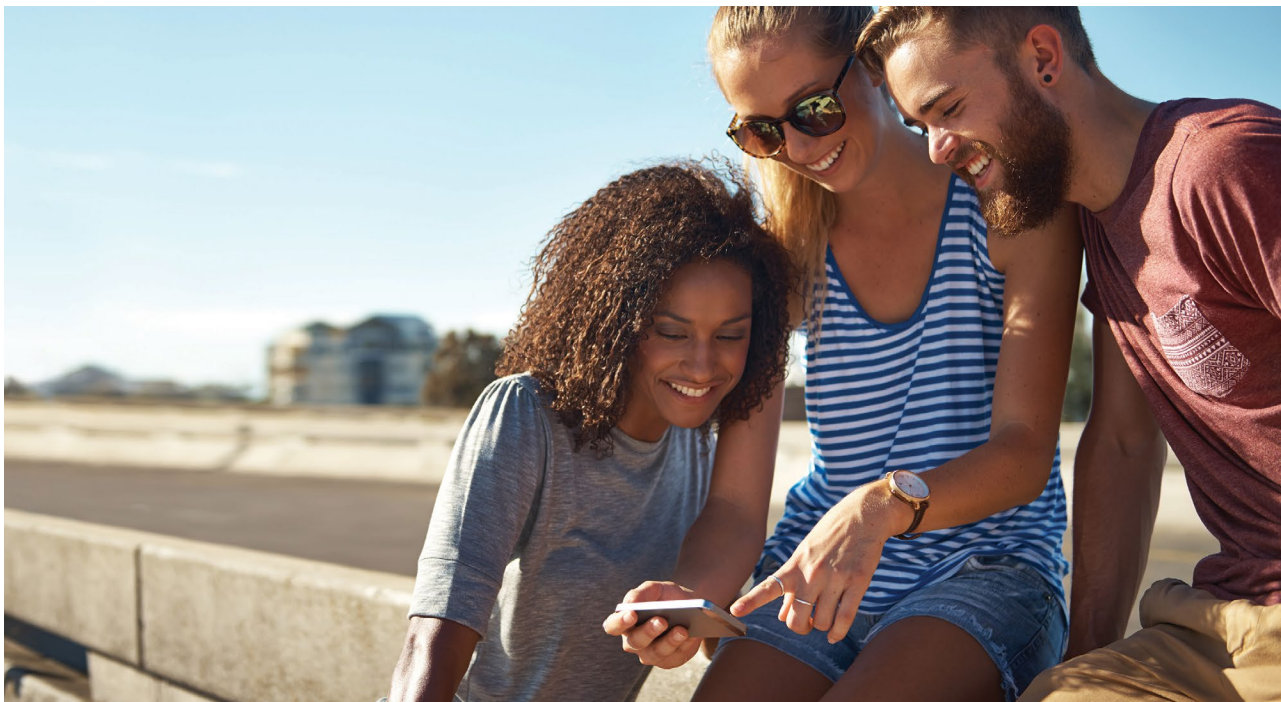
FOCUS ON:

Player Loyalty and Attracting New Players



A New Model to Attract New Players

By Gerard Caro, Senior Director of Marketing Insights, IGT



A recent study using a leading-edge research technique reveals what types of game-play and rewards non-regular players want from the lottery experience and how they differ from those that satisfy today's core players.

What actions can lotteries take to attract new players and help ensure ongoing sustainability? That was the question behind a global study carried out last year by IGT and research partner KS&R. The Attracting New Players study took an extensive look at more than 4,300 non-regular players in five countries for insights on how the industry can connect with an aggregation of light-, lapsed-, and non-player segments – and particularly millennials, defined in this study as aged 19-35 in 2018. The study was unique in both the large number of individuals surveyed and the depth

of information revealed, including participants' unvarnished opinions on lottery and closely related topics.

Why Study Non-Players?

The perspectives of core players will always be a prime consideration for our industry – occupying the minds of game designers, operators and marketers. At the same time, a complementary understanding of the desires and needs of non-

regular players can aid in rethinking or refreshing aspects of the lottery proposition to engage wider audiences, especially as new generations of potential players emerge with their own habits and preferences.

To uncover these insights, the IGT study took a multi-phased approach, blending qualitative and quantitative research. The first phase involved an innovative protocol that collected more than 45 hours of video compiled from 946 individual video diaries, created by 115 participants in Colombia, Finland, Poland, U.S. and U.K. The second phase included an online quantitative survey with 4,276 participants in those same countries, with a good representation of both millennials and non-millennials.

What Did the Study Reveal?

It might be expected that current non-regular players don't express excitement about lottery, but what was particularly interesting was the revelation that many of them don't reject lottery either. They can be termed Optimistic Realists. While the current value exchange isn't sufficient to attract this segment, many non-regular players remain open to other value equations. In fact, those studied were able to name many specific game-play experiences and rewards that would drive greater engagement for them.

The question then becomes this: How can lotteries communicate new propositions to reach this large group of willing, non-regular players when lottery isn't in their usual frame of reference? As the industry well knows, generating broader awareness is a major challenge, and yet communicating new game propositions is essential to driving adoption. Among the action points outlined here are strategies lotteries can use today and in the near future to shape the experience, rewards, branding and communications to reach new players.

The Perspective of Non-Regular Players

One of the study's key findings is that there is a sizable group of non-regular lottery players – estimated to be as high as 249 million globally today – who can be described as Optimistic Realists. Respondents who fall into this group envision good things happening to them and say they may be willing to consider lottery, but they do not generally rely on luck to accomplish their goals. They are deliberate decision makers who make considered choices based on facts. Notably, the number one reason for lottery non-play among this group is “the odds of winning are very low.”

Improved winnability could provide the incentive this large group of potential players needs to reappraise lottery. Optimistic Realists also identified a number of other characteristics that would increase the enjoyment and value in their overall play experience. For example, millennials in this group are looking for games with the following characteristics:

- Allow me to use skill to increase my chance of winning (45 percent of this group). Note: While lottery is by definition a game of chance, elements of skill could be bundled into other aspects of the overall play experience, as discussed below.
- Have a mentally challenging element (38 percent).

- Include logic puzzles (33 percent).
- Feel a little bit like an adventure (34 percent).
- My friends and I would enjoy talking about it afterwards (28 percent).

Given these insights, more rewarding game-play concepts for non-regular players might include:

- Elements of fantasy leagues;
- Social elements and competitive league tables;
- Linked games (for example, players complete one game to get a voucher or code for another, creating continuity of experience like a treasure hunt);
- Game-in-games (adding a game to one they already play);
- Added online content that is revealed through game play;
- Trivia and other skill-based games;
- And more.

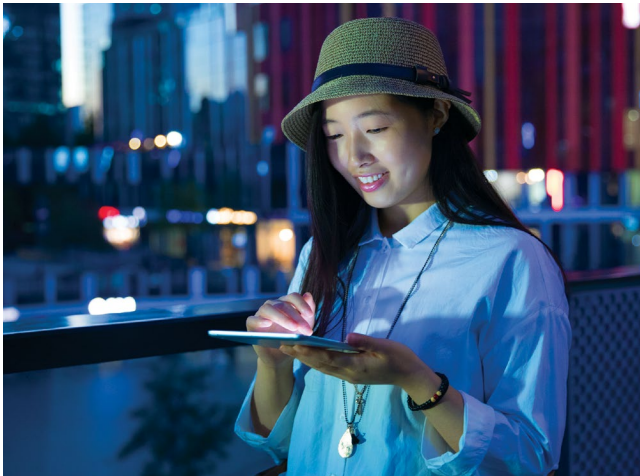
IGT's FutureGame development team is applying these findings to new games being tested in the first half of 2019. (For a full discussion on game play and rewards, download Part 2 in the Attracting New Players white paper series at: IGT.com/LotteryWhitePapers.)

Within these elements, there are mixed components of skill, perceived skill and chance that sometimes work simultaneously and which might be bundled together to generate a new experience. Furthermore, the social component appears to be essential, linking the game experience with the ability to share mechanics, emotions and wins. Even more importantly, the social component also enables players to compete or team up in a game. In this way, a lottery game would be purposely intended as a social experience and not only a personal one. Of course, some of these directions would require a regulatory environment that allows for these developments, as well as other considerations.

Prizes and Rewards

The research also revealed that winning life-changing amounts of money isn't always a priority. Forty-seven percent of millennial non-regular players claim that games that cost less to play would make them much more interested in lottery, and 45 percent say that games with more chances to win moderate amounts of money (\$500 - \$1,000) would increase appeal. IGT has seen the option of “attainable, believable prizes” to be a strong motivator in many other consumer studies as well.

What's more, while funding for good causes may not be an historically strong motivator for core players, attracting new players warrants reassessment of this aspect of the games. Non-regular players report being interested in contributing to good causes that are meaningful to them, especially locally. In the study, 35 percent of millennials reported that lottery games that raise funds for good causes in their local area would make them more likely to play lottery in the future. Given these insights, lotteries might further consider how good causes factor into the reward aspect of a game. For example, to promote and reinforce awareness of good causes, lotteries could remind players about the causes they helped to fund, or that were funded in their local area – and what specific benefits are provided as a result of players' participation and funding.



Branding and Communication to Reach New Audiences

Another important finding is that non-regular players have, for the most part, neutral (not negative) perceptions of their local lottery brand and are open to new and motivating game features and new forms of messaging. From the research, IGT has identified four key areas of opportunity to create awareness and prompt consideration among non-regular players, including millennials. More detailed information about each is available in Part 3 of the white paper series.

Key opportunities include:

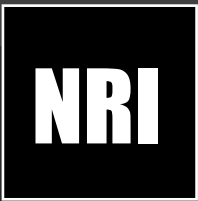
- **Partnering to Increase Awareness of Lottery Among Non-Regular Players.** One way to do this is to create brand partnerships. Collaboration between brands creates a combined power that reaches a wider audience than a single brand alone can achieve, particularly when the collaboration is authentic. When players meet a lottery brand and relevant content in an unexpected context, it can prompt interest and consideration. For example, one lottery has achieved this by sponsoring a local music festival and introducing lottery to a wide range of demographics within the attendees' chosen environment. Another way to partner is to offer relevant games directly through a third-party brand that already has a relationship with non-players.
- **Bringing Lottery Directly Into Non-Regular Players' Highly Connected Lives.** Three quarters of 18-24-year-olds in IGT's study frequently watch videos online and nearly two thirds follow people on social media for entertainment, inspiration, or advice/opinion. While many lotteries have an online presence, the opportunity to attract new players lies in creating meaningful interactions. One strategy is to give non-regular players new experiences to share, for example, by sponsoring a Facebook Live event. Such online events also give attendees social currency to share with online friendship networks.

- **Amping-Up Alignment with Good Causes and Local Beneficiaries.** Lotteries can consider using non-regular players' preferred digital channels to amplify their association with the beneficiaries they support and increase the lottery brands' appeal among this group. Many lotteries offer information on their website about beneficiary funding, but non-regular players are unlikely to seek out this information. Another route is to look at examples from other industries, such as Google for Nonprofits, to create a model for lottery. Google for Nonprofits is currently available in more than 50 countries and may offer an opportunity for lotteries to work with beneficiaries to raise their local profile and educate potential players about their activities.
- **Offering New Ways to Buy.** Making lottery as convenient and visible as possible, both online and in physical outlets, maximizes opportunities to build awareness, mold perceptions and capitalize on impulse purchases. New retail channels have been introduced to make lottery purchases quick and efficient, such as in-lane. To attract non-players, however, some further strategies may prove fruitful. One is exploring new distribution opportunities, such as subscription boxes. These are growing in popularity, with 23 percent of global weekly lottery players currently owning a paid subscription to a product box service (Foresight Factory, August 2017). Lotteries might consider offering "Best Odds," "Highest Prizes," or good-cause specific box subscriptions to appeal to current non-player preferences. Additionally, a 2019 study by IGT found that nearly two thirds of lottery players have purchased items online for pick up in store, with use of this type of service more common among U.S. players, signaling the potential to reach new players with this option.

What other opportunities do lotteries have to meet non-regular players where they are and drive reconsideration? To get the full picture, download Parts 1, 2, and 3 of the white paper series at IGT.com/LotteryWhitePapers. ■



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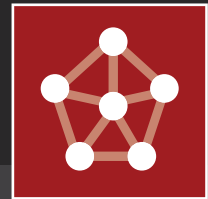
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June 17-20, 2019

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Kingsmill
Williamsburg, VA
Hosted by the Virginia Lottery

July 19-20, 2019

NCPG National Conference on Gambling Addiction & Responsible Gaming

Sheraton Denver Downtown Hotel
Denver, CO

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

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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
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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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