

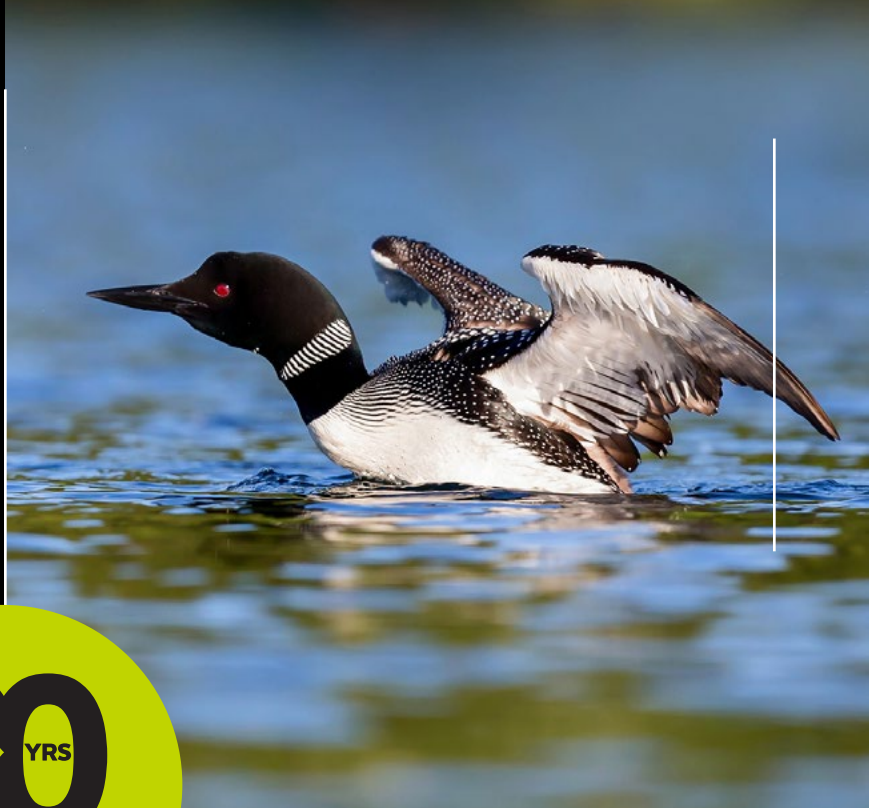
THE OFFICIAL PUBLICATION OF THE NORTH AMERICAN ASSOCIATION OF STATE & PROVINCIAL LOTTERIES

# INSIGHTS

MARCH/APRIL 2020

## THIRTY YEARS OF INNOVATION IN MINNESOTA

The state's natural resources, such as the environment and wildlife, are key beneficiaries of Minnesota Lottery proceeds.



NASPL is here to support our members as they make their way through uncharted territory with the COVID-19 public health crisis. These pages will continue to explore the business of lotteries as we look to come out the other side.

**STAY HEALTHY - STAY SAFE**



Several weeks ago, I sat in my office and proudly approved a press release from the Lottery celebrating the highest week of instant ticket sales in our history. Today, I sit in an empty office corresponding with my employees working remotely, trying to anticipate the next monkey wrench the novel coronavirus will throw into our operations.

In my first column as NASPL President, I included one of my favorite movie quotes from “Ferris Bueller’s Day Off.” “Life moves pretty fast. If you don’t stop and look around once in a while, you could miss it.” That has never been truer than the last two weeks.

We are all drinking from a firehose now. As soon as a problem is resolved, two more pop up. Sales are falling; budgets are being busted; retailers are struggling; NASPL conventions are being canceled; and changes are coming faster than we can come up with solutions.

To some, the future might seem grim. To me, this looks like an opportunity.

Through it all, I see a silver lining. This is a chance to rethink our approach to almost every facet of what we do. I believe this crisis will have a wide-ranging impact on the industry, and on consumer behavior in general. It will change the way we deliver our product. It will change the way we sell our product. It will provide us with a discernible argument to sell lottery through channels that most of us have been prohibited from utilizing in the past. And finally, after years of warnings, we will finally have the data to show our governors and legislatures what lottery sales look like when you are not prepared to sell in alternate channels. The opportunities are endless.

What we are enduring now is scary for our industry and for each of us personally. Things are going to change,

hopefully for the better. We will make it through this. But we better be prepared to take advantage of the opportunities. Through industry collaboration, I am certain we will come out of this on the other side – better, stronger, and more prepared than ever.

On a personal note, I pray you and your families are doing well and are safe in these uncertain times. I was terribly disappointed at the fact that we need to cancel our upcoming NASPL events. These meetings are some of few opportunities I get to see my lottery friends each year.

In times like these, I like to remind myself about things that make me happy and reflect on how lucky I have been in my 46 years. Below is a quote from Ellis Boyd “Red” Redding, in the movie “Shawshank Redemption” – one of my favorite characters, from one my favorite movies. It’s the final scene in the movie; Red has finally been released from prison and is on a bus heading to Mexico to see his friend, who had escaped from Shawshank years before. It’s a quote about hope and friendship. And I think it’s rather timely right now.

“I find I’m so excited that I can barely sit still or hold a thought in my head. I think it’s the excitement only a free man can feel. A free man at a start of a long journey whose conclusion is uncertain. I hope I can make it across the border. I hope to see my friend and shake his hand. I hope the Pacific is as blue as it has been in my dreams. I hope.”

I hope to see you soon too. Stay safe.

A handwritten signature in black ink, appearing to read "B. Woosley".

**BISHOP WOOSLEY**

*Director, Arkansas Scholarship Lottery  
NASPL President*



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**NASPL Email:**  
info@nasplhq.org

**Websites:**  
www.naspl.org / www.nasplmatrix.org  
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24



30



36



76

**6 Up Front**

Industry news and updates.

**12 What Should the Next National Game Do?**

By Stephen Wade, Principal, Lottery Management Consulting, LLC

**20 Research Corner: Two Cents Panel Drives Innovation at the Colorado Lottery**

By Jennifer Thiebaut, Market Research Manager, Colorado Lottery

**24 Making a Difference**

Jay Finks, Deputy Director, Oklahoma Education Lottery

**30 A "Lotto" Pride in Minnesota**

After 30 years, and more than \$3.1 billion to the state, the Minnesota Lottery's history of innovation is serving it well.

By Patricia McQueen

**36 Games for the Holidays**

The holiday season continues to provide benefits to lotteries, and new ideas combine with tried and true methods to keep the fun going.

**76 Expanding the Online Reach**

Lotteries with online sales continue to enhance their services for everyone involved, and cross-channel opportunities are a hit with lotteries, players and retailers.

By Patricia McQueen

**84 Lessons Learned on Cashless Operations**

A year later: Revisiting the Ohio Lottery Cashless Project – six things to consider.

By Fivi Rondiri, Director Account Management, INTRALOT USA

**86 What Is Proof of Integrity?**

Lotteries must understand proof of integrity and why it is so important in the industry.

By Helena Pereira, Marketing Director, Szrek2Solutions



At IGT we are working around the clock to ensure our employees remain safe and connected, and that our customers have what they need during this difficult time.

**Across the world, please stay safe and healthy.**



## 7-Eleven Provides Growth Opportunity for Oklahoma Lottery



Mary Martha Ford, Director of Sales and Operations

February 24 was a watershed date for the Oklahoma Lottery. That's when Oklahoma City's largest retailer, 7-Eleven, began offering lottery products at all 108 of its stores for the very first time. It was a culmination of years of effort by the Lottery to strike a deal with the chain, which was locally owned and not part of 7-Eleven corporate, which has offered lottery products for years.

"We approached them every year since launch and every year the answer was no – a very frustrating proposition for us," said Oklahoma Lottery Deputy Director Jay Finks. To go from that frustration to success in 2020 took an unusual approach, starting over a year ago with meetings with the company's executive team. "They were not interested in selling lottery over the counter, so we spent the last year working closely with them to develop a business model that could fit their business needs and still achieve our market goals." That model ended up being entirely self-service, a first for

the Oklahoma Lottery. The machines sell all of the Lottery's products, can issue vouchers to cash in-store for prizes up to \$600, and accept cash and debit card transactions.

"We challenged ourselves to look at our options and we did our homework," said Finks, noting that a major chain in another part of the country, Wawa, is self-service only. Thinking they could make that model work with 7-Eleven in Oklahoma City, they pitched it to the company. "We thought we could not only pull this off, but still have the sales we were anticipating," as long as guidelines were followed about machine placement and other best practices. A bonus for the Lottery is the addition of an impressive 43-inch Lottery InMotion screen, Scientific Games' digital advertising display, above the counter in each store.

Another important initiative came out of those discussions – the Lottery's first limited-edition Scratcher, available only at 7-Eleven stores. 7-Eleven Cold Hard Cash offers cash prizes up

to \$3,500, 7-Eleven prizes and second chance drawings for 7-Eleven gift cards. With a print run of one million tickets, the company made a tremendous commitment in offering prizes for the game.

In just the first week of lottery sales at the local 7-Elevens, there was a strong sense that first-time lottery players were among those buying tickets, since about a third of sales were \$1 and \$2 scratch tickets. "It's really early, but the biggest win is that we are seeing trial," said Finks. "It looks very promising."

And as it turns out, that was the tip of the iceberg. About the same time as the deal with the locally-owned 7-Eleven stores came to fruition, those stores were sold back to the corporate 7-Eleven, which has been a lottery supporter for a long time. Given time, the Lottery might not have had to do all that groundwork, but Finks doesn't really mind. He can look forward to a big expansion in what is still the largest retailer in Oklahoma in terms of number of stores, one which will now likely expand beyond Oklahoma City, with the addition of terminal and counter sales in addition to self-service.

"It's a good story in how we pursued, for so long, such a large chain, and just couldn't make it work until we came up with a new solution." Through it all, the dialogue between the Lottery and 7-Eleven changed how everyone views the partnership. And now, another large chain which heretofore had rejected lottery self-service machines is now asking for them. Some retailers are eyeing that 7-Eleven Cold Hard Cash ticket and asking how they can have their own game. "It's no longer just about what the Lottery can give a retailer; it's about what the relationship can provide both parties so everyone benefits," said Finks. "That's where we will see more growth." ■

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# Eighth Annual New Horizons in Responsible Gambling Conference Focuses on Future-Proofing Through Collaboration



Keynote speaker Tim Miller

Hundreds of industry experts, researchers and policymakers gathered in Vancouver for British Columbia Lottery Corp.'s eighth annual New Horizons in Responsible Gambling conference March 10-12, 2020, to discuss how best to prevent future harms to players in B.C. and around the world.

Tim Miller, Executive Director of the UK Gambling Commission, delivered the keynote address titled Future-Proofing Through Collaboration. His remarks focused on the central question: How do we tackle key issues facing the industry today, while continuing to grow in a socially responsible manner?

He challenged the audience to follow up with at least one new connection made during the conference and collaborate on an idea, challenge or initiative of common interest, and report back at next year's New Horizons conference about the results.



## NEW HORIZONS IN RESPONSIBLE GAMBLING

Misha Glouberman, the second keynote speaker, supported attendees in meeting this challenge by facilitating two sessions to teach delegates a different approach to networking based on finding common areas of interest, and following up with concrete action.

New Horizons 2020 featured 16 sessions, with each session focused on one of three themes:

- Promoting safer play behaviors/ decreasing risky play;

- Reducing harms associated with gambling products and/or environments; and
- Developing a culture that prioritizes the well-being of consumers.

Industry experts produced three whitepapers beforehand to provide a foundation for discussions at New Horizons, based on what we know, don't know, and need to know more about. Dr. Kahlil S. Philander

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*Dr. Jamie Wiebe leads a panel on "Where do we go from here?"*

discussed organizational culture and responsible gambling, Dr. Jonathan Parke addressed the safer design and situation of games, and Judith Glynn tackled player safeguards and prevention.

Speakers, panelists and attendees had the opportunity to review the whitepapers prior to the start of the conference to level-set the three days of conversations around how best to safeguard players from future harms. The whitepapers are now available [here](#).

A diverse representation of subject-matter experts from different areas of the industry ran sessions as presenters and panelists, spearheading discussions and offering perspectives around current challenges and solutions:

- Tim Miller on his experience at the helm of the UK's National Strategy to Reduce Gambling Harms;
- Dr. Kahlil S. Philander (Washington State University) and Dr. Ray Cho (Center for Gambling Studies at Rutgers University) on what we know about geography, community characteristics, and risk;
- Per Einar Karlsen (Norsk Tipping) on Norway's monopoly on player safety;
- Judith Glynn (Strategic Science), Dr. Luke Clark (UBC Centre for Gambling Research) and Ryan Persaud (BCLC) on the definition and measurement of risk;

- Dr. Jamie Wiebe (BCLC), Tim Miller, Per Einar Karlsen, Ryan Persaud (BCLC) and Mike Randall (GLI and Portfolio Solutions) on future-proofing the gambling industry – where do we go from here?

All of the speakers and conference topics are listed on the conference website at [horizonsrg.bclc.com](http://horizonsrg.bclc.com).

BCLC is synthesizing the information generated at New Horizons, including the findings and questions posed in the whitepapers, into a final summary paper. The paper will provide a list of priorities for researchers and industry professionals to consider putting into action, and it will also be available on the conference website.

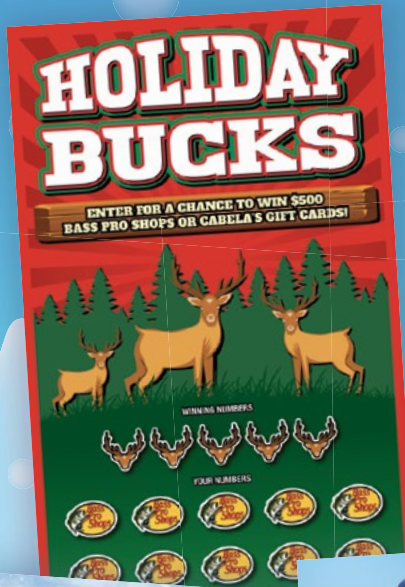
The talent, research, experience and knowledge that came together at New Horizons 2020 will determine some of the next steps we can all take to make the gambling industry safer for future players. ■



**NEW HORIZONS**  
IN RESPONSIBLE GAMBLING



# OH WHAT FUN!



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# What Should the Next National Game Do?



By **Stephen Wade**

Principal, Lottery Management Consulting, LLC

When asked whether they bought a lottery ticket within the past year, about half of survey respondents nationwide answer “yes.” There is some variation across the country, and the number answering “yes” can peak around 75% after a particularly large and well-publicized jackpot in Mega Millions or Powerball. The first jackpot to approach (and eventually exceed) \$1 billion brought unprecedented media attention in January of 2016. Despite the bonanza in free advertising (and the brief celebrity of lottery directors), surveys after the event revealed that all but about 5% of people who bought a ticket during that run had also been on board for earlier jackpots of no more than half that size. The success of lotteries in that event came not so much from gaining new players, as from inciting players to spend more.

Getting significant increases in yield from multistate games will depend on getting people who already play at least sometimes, to play more often and to spend more per play. Our current games exploit the excitement of a jackpot reaching a new record high to gain episodes of accelerated spending. This can be fun, but this excitement is ever harder to come by, and the spending episodes tend to weaken with repetition. An alternative would be to strive for steady spending supported by properties of the game that are consistently, reliably present.

What are the properties of a game that support steady spending? I suggest that there are a few that are essential:

- The top prize must be worth playing for;
- The top prize must be known to be winnable; and
- The actual experience of playing the game must entertain.

These properties are not equally important to everyone. For people who are absolutely regular players of Powerball or Mega Millions regardless of the roll, the first two, and the satisfaction of being “in the running” for a big prize, offset the sparse winning experience provided. The fact that the

– making the exception to interact with a clerk or a machine to actually buy a ticket. Once in the queue or in front of the self-service, they may spend well beyond the minimum needed to be “in the big game.” If the luck of the draw allows, spending may accelerate to deliver the memorable big jackpots that are the signature of these games. Other, in-state draw games typically show a lift in sales when the multistate games peak. This further suggests that it is not the money cost, but the time and attention cost, that keeps these valuable players away from the big games most of the time.

If the top prize has grown to be “big enough,” what makes people think that the top prize is winnable? I suggest that they simply remember

***As the jackpot grows, a jackpot that is “big enough” eventually brings in players who are fairly sure they will lose their wager.***

cost of play is low makes it easy to play. Steady spending from these players is what allows the jackpot in Mega Millions and Powerball to grow.

As the jackpot grows, a jackpot that is “big enough” eventually brings in players who are fairly sure they will lose their wager. The barrier to getting these players is not the cost of the wager, but the departure from routine

hearing or seeing something about a win. The actual number of top prize wins provided by a game may not be important. Powerball and Mega Millions provide only a few wins per year, but most people can remember hearing about someone winning. Not all wins are equally memorable. The wins that are most accessible to memory, and that consequently provide the

# 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.





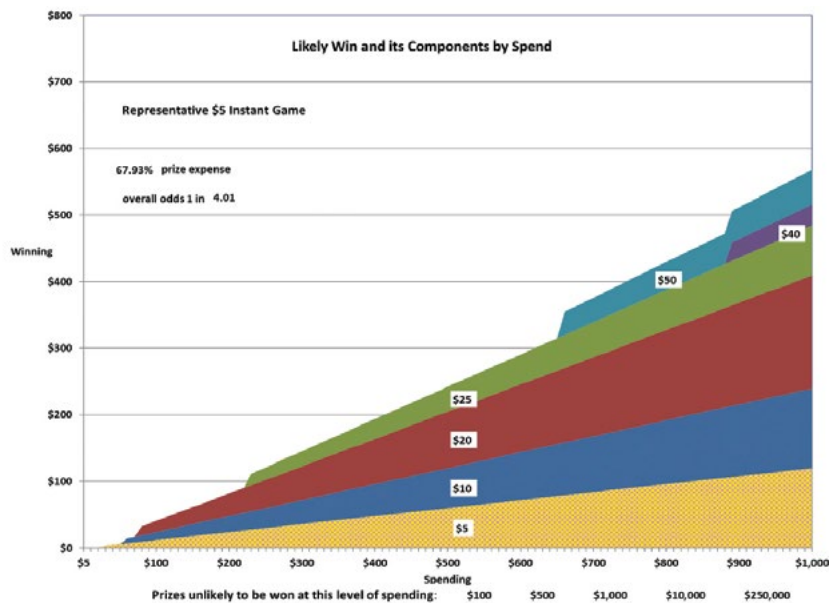
best “proof,” are the wins with a story. When a workplace pool wins, that is a story. When someone wins on the only ticket they ever bought, that is a story. Sometimes a picture suggests the story – does that winner remind you of someone you know? The absolute size of the jackpot is less memorable than its relatable human connections. The low probability of winning is an abstract concept; the story of the win becomes a fact.

If we wish to explore the potential for increasing steady revenue from national-scale games, we must understand which obstacles most limit our success. I suggest that the money is there, and that effective storytelling can amplify the effect of even a small number of wins. But really big jackpots are by definition rare: When \$100 million became commonplace, it was not big anymore. There is a big opportunity in providing entertainment for a steady player, beyond daydreams about an incomprehensibly big prize. What we want is engagement that is steady, not episodic.

### The Engaged Player

Within the lottery portfolio, we already have games that excel at sustaining steady engagement. Instant games teach us that while the size of the top prize can be an important motivator, the odds of winning the top prize have almost no effect on sustaining play. What sustains play in instant games is the actual winning experience. I have been particularly interested to understand how the size and frequency of wins keeps players engaged. What do players of a popular \$5 scratch game actually win, most of the time?

We need to understand how “what I am likely to win” relates to “how hard I play.” Every ticket has a statement about the likelihood of winning any prize, like “Overall odds are 1 in 4.” From this it is easy to understand that if we buy only one ticket, it is more likely to be a non-winner than a winner. If 100 people each bought one ticket, we would expect that about



25 of them would win something. In just the same way, if one player bought 100 tickets, we would expect that about 25 of these would win some prize. Whether that player goes on to buy a next ticket surely depends upon the entertainment provided by those (roughly) 25 wins. If all of them were break-even prizes, our player would not likely be keen to buy another.

Intuitively, we understand that in order to sustain play, some of the wins need to be “big enough.” Likewise, intuitively, we understand that as game designers we need to think about “just big enough.” After all, the lottery needs to make money for good causes. Effective game design is a very quantitative art.

Like many quantitative subjects, this one is easier to understand by using visual tools. The chart above is a visual tool that represents how greater spending by a player makes winning particular prize levels more

likely. Every prize level defined in a particular instant game is represented in the chart (\$5, \$10, \$20, etc.), or in the list below the horizontal axis. Only those that are more likely than not to be won at a represented level of spending appear in the body of the chart. The body of the chart answers the question, “What is the winning experience that sustains engagement of players?” Further, the chart shows both “What are the parts (prize levels) of this experience?” and “What do the parts add up to?” – the overall rate of return for the player, or RTP.

The chart uses colored wedges that begin (going left to right) at the amount of spending where the corresponding prize is more likely than not to be won. The thickness of the wedge increases to represent the likely RTP from this particular prize level, over all players spending this amount of money. As spending increases, multiple prize levels are represented by wedges;

***We need to understand how “what I am likely to win” relates to “how hard I play.”***



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their combined thickness adds up to the likely overall RTP. The overall RTP is read on the vertical axis.

This particular chart represents a \$5 scratch game, similar to hundreds that sell briskly every week across North America. It's just typical of the type, and of course within this big and successful category of instant games, there are many variants. But, after looking at hundreds of these, I am comfortable making some generalizations, in particular regarding overall RTP and its components:

- 1) Among the first 100 tickets, wins of anywhere between four times and 10 times the wager are likely, and these comprise a big share of the overall RTP.
- 2) The overall RTP reaches about 50% within the first 100 tickets.
- 3) A player who buys 300 tickets is likely to experience every prize level the game will show him, even if he goes on to buy 1,000 tickets.

Just by way of contrast, a similar chart prepared for Powerball would show, for \$1,000 spent, a likely RTP of 9% and no prize larger than \$7. But of course, the overall RTP of Powerball is by design about 50%, with the rest going to the complement of RTP, gross gaming revenue (GGR). If the experience from scratch games suggests that 50% RTP is the price of sustained engagement, does this mean that a national game that engages players steadily, regardless of a rolling jackpot, must give up 50% RTP even before considering the funding of top prizes?

I suggest that this is exactly what we should plan for. The instant category has become increasingly important for lotteries, because the engaged player sustains a frequency of play that overcomes the thinner GGR margin of instant games. Lower margin with higher volume has been a path to success.

But in Powerball and Mega Millions, funding the top prize alone consumes more than 30% of revenue. Clearly, the top prize in a high-volume national game must be funded at

***So, as a common sense player, will I approach the game in the same way next week, knowing that someone in my state won the big prize this week?***

lower cost than this. Again, instant game prize structures show that top prizes big enough to incite play do not need to cost more than 5% of revenue. Instant game top prizes do not need to grow, and they do not have to be offered at particularly good odds. They just need to be big enough to be attractive. And, as with any top prize, memorability (more than accounting) provides “proof” of winnability.

**Next National Game**

Nevertheless, I do not suggest that a printed instant game is the best “next thing” for a national-scale lottery game. This is largely because the printed instant game is in effect a perishable product, and its logistical problems become daunting with increased scale.

Printing an instant game makes prize liability a fact, rather than a probability. Only a certain small number of top prize tickets can be printed. Once they are all consumed, most lotteries are required by rule to withdraw all remaining tickets from the market. Withdrawing printed tickets from the market can be a logistic hardship. Failing to sell lots of tickets can have a negative impact on the GGR of the game – after all, the top prize consumes the intended share of revenue only if essentially all the tickets are sold.

To reduce the risk of this outcome, the manufacturing process distributes

the top prizes in a manner less than random. That is, if we think of the game as having, for example, 100 million consecutively numbered tickets, ten of which are top prizes, we can be pretty confident that there will be a top prize somewhere in the last 10 million tickets. The precise location of any top prize is unknown, but on the other hand finding one of those top prizes certainly decreases our expectation that its close neighbors have the same value.

This is a fact known to many lottery insiders. It is also a universal expectation among players, simply on the basis of common sense rather than insider knowledge. So, as a common sense player, will I approach the game in the same way next week, knowing that someone in my state won the big prize this week? If the common sense players decline to buy tickets that they think have no chance of winning big, this creates both a logistic problem (withdrawing all those printed tickets from the market) and a financial problem (the game falls short of its target GGR if all the big wins are claimed, with lots of other tickets outstanding, when the game closes).

Further, if a printed game with 10 top prizes is being shipped to 40 states, some states are sure to have no top prizes. Is there some way to make all participating states feel that they are presenting the same value to their players? Should every state receive “slices” from all parts of a run of 100 million tickets? These are problems that are very likely arise when considering multistate scratch games on a grand scale.

An electronic instant game, as compared to a printed game, may avoid these logistical problems. However, in the short term, only a few jurisdictions would be able to legally join a consortium for such a game.

In a draw game, on the other hand, the top prize is always there. It follows a truly random distribution and cannot be depleted. The likelihood of awarding the top prize varies, as the volume of play in the particular drawing varies, in a non-linear but calculable way. The



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drawings are independent events. The implication is that awarding a top prize in tonight's drawing has no effect on the likelihood of awarding a prize in tomorrow night's drawing.

A game where the outcomes are revealed for every player in a scheduled drawing also has the potential to briefly draw the attention of a huge audience nationwide. This flicker of synchronized attention should be valuable to a creative marketer.

For these reasons, I suggest that it is worthwhile to think about a national-scale draw game that delivers an instant-like winning experience, through frequent play at a premium price. Let's say daily, at \$5 per play.

A daily national game is not a goal in itself, it is a way to reach the goal of providing more revenue for the lotteries' beneficiaries. How big might the opportunity be? We can get some idea of scale by comparing to the current reality of Mega Millions and Powerball. If we can get people to play a new game daily, i.e. every day rather than twice per week, we could increase revenue by factor 7/4, or 1.75 times the current

level. If we could make their play worth \$5 rather than \$2, we could increase revenue by 5/2, or 2.5 times. If we could do both at once, we could gain  $1.75 * 2.5 = 4.375$  times the revenue we currently handle. Calculations like this prove nothing, of course. However, it may not be crazy to think that a new game, with double the revenue of our current multistate games, is possible.

In Powerball and Mega Millions, we might currently handle about \$8 billion per year at 50% RTP, for GGR of \$4 billion. If we can increase revenue by factor 2 (to keep the mental math easy) to \$16 billion, we could earn the same GGR by retaining only one-quarter of the revenue. In other words, we could build for an RTP of 75% – right up there with the current spectrum of premium-priced instant games. We know how to build \$5 prize structures that engage players to play every day – we are doing that right now, and further we are doing it with RTP considerably less than 75%. It may be possible to allocate funding so as to offer a very distinctive top prize in a new game.

Of course, any new game carries a risk of cannibalizing both our existing national games and single-jurisdiction games. This risk may be reduced by clear differentiation not only on price and play frequency, but on top prize value. There may be room for a game with a set top prize in the low tens of millions, for instance.

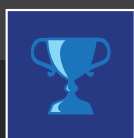
Is it even possible to design a draw game that would provide the values discussed here? After all, the algorithm that distributes prizes over play outcomes in instant games can be as complicated as may be needed. It need not be explained to anyone outside a very small circle of experts in the house that manufactures the product. Draw game rules, on the other hand, need to be simple.

This article does not begin to suggest how to build such a game. Rather, it suggests a set of properties that might qualify a game for serious consideration as the best "next thing." If you can explain a draw game structure that provides these properties, you deserve our close attention! ■

# Welcome to the NASPL Matrix



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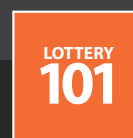
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# Two Cents Panel Drives Innovation at the Colorado Lottery

By Jennifer Thiebaut, Market Research Manager, Colorado Lottery

For the first time in history, the Colorado Lottery is receiving two cents instead of giving it.

In July 2018, the Colorado Lottery began full implementation of a new research tool, a community panel called Two Cents. The panel is a means to elicit player feedback faster and more consistently for quicker adaptability to changing product strategies, lottery trends, and consumer attitudes and opinions.

Since the panel is proprietary, it allows the Colorado Lottery to control topics and survey frequency, tone and messaging. This oversight and flexibility provides us with the freedom to collect meaningful feedback quickly and in a voice that is consistent with our brand.

Not just a tool for player sentiment, the panel provides insight regarding how familiar our players are with the Colorado Lottery's three pillars that drive its mission – revenue, responsible gaming and conservation.

In the last couple of years, the Colorado Lottery decided to enhance its research efforts beyond more traditional methodologies, such as focus groups, consumer intercepts and tracking studies, to deliver more quantifiable information. An online community panel allows the Colorado Lottery to collect targeted information on narrow topics with a

***This new platform gives a voice to both Colorado Lottery customers and infrequent and non-players.***

short turnaround. The panel makes the Colorado Lottery more agile and able to tweak strategies based on real-time feedback.

When we began researching online community panels, we saw that they were already a well-utilized research platform for private sector companies, but still relatively new to the lottery industry. After reaching out to the few other state lotteries already using online communities and investigating corporate panel research firms, we landed on Scientific Games, our Scratch ticket vendor, as our partner

to help manage the panel, topics, assessment and analysis. While the data gathered from the research is owned by the Lottery, Toluna owns and runs the community platform, which encompasses the technology and the framework.

This new platform gives a voice to both Colorado Lottery customers and infrequent and non-players. The quantitative and qualitative information we receive helps drive innovation, messaging, outreach, product development, advertising campaigns, and other strategic goals every single month.

Currently, there are 1,400 panel members, a mix of non-players and infrequent, mid-level, and core players, who regularly participate in surveys. Panel members are classified by the Colorado Lottery's seven motivational segmentations – Living Large Dreamers, Karma Seeking Dreamers, Fun Money Dreamers, Jump Start Dreamers, Working Realists, American Dreamers, and Retirement Driven Realists, and then segmented further by our Scratch game segmentations.

Panelists are recruited first through our MyLottery platform – sending an email to MyLottery members and inviting them to sign up if they are interested in participating. After that, we use research firms that specialize in recruiting individuals to participate in

on winning the lottery fun & easy, and gives you the opportunity to join a pool to win a share with other users. I play for fun and the app makes it simple to get your tickets without having to run back out if you already made it home and forgot to stop or just didn't want to stop. I don't play all the time, just when the mood strikes me so being able to do it without leaving my house again is awesome.

Kaivon83, 08/28/2019

**Great for anyone to press their luck**

I have been playing Jackpocket online now for a year. Wonderful experience, and very convenient.



lani254, 05/15/2019

**Easy**

Easy to use and very convenient, especially when you want your ticket but cant make it to the store

play any time and get in on a lot of game. So far I have won few dollars here and there maybe one day the big one.



RJHouston713, 12/26/2019

**Simple and EASY!!**

I LOVE IT! This is the UBEReats of Lottery lol. It feels so good to have an app available where I can log in to and buy my lottery tickets. As soon as you win it's deposited into my account vs having to go in a gas station and cash out. Plenty of times I've forgotten to go and buy my tickets at the gas station but this app takes that away. SIMPLICITY!

# Lottery players love Jackpocket

Now accepting orders from the Jersey shore and the Colorado slopes. Jackpocket helps make the lottery more accessible and convenient to play. More new markets coming in 2020.



dc45t, 06/29/2019

**Great App!!**

Seamless way to play the games. Often I would forget to buy my tickets and miss out - Jackpocket reminds me in advance! No more remembering to check my numbers or misplacing them either. Jackpocket sends an actual photo of your ticket just as if you purchased it yourself and identifies the winning numbers for you.



Stratosticks, 10/20/2018

**Streamlined and convenient...**

Easy way to stay on top of weekly lottery drawings. App is clean and easy to navigate on and around. I would recommend to anyone who wants to play the lotto but avoid the hassle of buying, checking, and claiming numbers every week.



dEaThCoDeR, 11/22/2019

**Great idea, better execution!**

Great app! It solves a problem. No need to actually go to a store to buy tickets which I always thought was ridiculous. It groups all the different lotteries and games into one app!



Nehalrie, 02/09/2019

**Convenience**

Convenient and secure! No more worrying about losing my ticket or forgetting about a ticket I stuffed in my purse while in a hurry weeks earlier!! I also like the thought of waking up and seeing a "Congratulations you won!" notification. There's just something about the element of surprise.



waseem n, 10/13/2019

**Awesome app**

This app is just like playing in store but in phone. Good thing about this app is you can play anytime even while laying on down on your bed. You can



Waskan Herrera, 06/11/2019

**Amazing App**

I love this app. I would either forget or not want to go to the store to buy a lotto. This app has



Dr Newnan, 05/28/2019

**Vincent**

This app provides more variety in your ability to play your lotto picks. Funding your account and then picking your numbers to play your favorite games is just simply genius. No rushing to get to the corner store to get a lotto ticket just simply click and you have access to the ability to win thousands or millions. There are



## Activity Participation Levels

Participation level on playing games for fun and a chance to win money – Community Panel Numbers Compared to National Numbers

How often do you play games for fun and a chance to win money (gambling)	CO #	CO %	Nat #	Nat %
Multiple times per day	27	7%	44	5%
About once per day	38	10%	72	8%
A few times per week	86	22%	160	19%
About once per week	62	16%	140	16%
About once per month	65	16%	114	13%
About once every 2-3 months	25	6%	83	10%
About once every 4-6 months	25	6%	54	6%
Once per year or less	39	10%	76	9%
Never	32	8%	111	13%

© 2017 Colorado Lottery

The Colorado Lottery Attitudes and Usage surveys (A&U) show how Colorado compares to the same A&U survey fielded on Scientific Games' national panel.

community panels. Individuals must be invited to participate in the panel; there is no call for signups. We've recruited panelists twice since we implemented Two Cents. On average, the Colorado Lottery asks panelists to complete one survey, one quick poll and one discussion board each month.

By segmenting our players by psychographics we can see them through different filters. In some cases, behavior is influenced by the region where they live, in others by their age or gender. By being able to interpret the nuances of what players or potential players want, we can offer products and services that will grow the Colorado Lottery in fun and responsible ways.

Most surveys take about five minutes. Members remain engaged by earning points for every survey, poll and discussion board topic that they complete, and points can be redeemed for electronic gift cards. Surveys are posted for 7 to 10 days at a time.

***By segmenting our players by psychographics we can see them through different filters. In some cases, behavior is influenced by the region where they live, in others by their age or gender.***

### Valuable Insights

Quick polls might include questions about how panelists would spend their money, their favorite sport, favorite thing about the holidays or where they get their news. Answers to these types of questions can influence social media themes, game development and even budgeting. Discussion board topics require a bit more thought. For example, we might ask, "Is there a shop, restaurant or retail location that does not sell lottery games, but if they did you would purchase them there?" or "Did you buy a Mega Millions ticket for the \$1.6B jackpot? Share a story about this purchase." Surveys might get players' opinions on casinos or multipliers, or tell us how they use our website or how they enjoy the projects that are funded by Lottery proceeds.

One example of a Two Cents Community Panel survey that influenced game development is the Scratch My Back panel. From this panel survey we learned that a large group of players appreciate the ability to play at a higher price point. Knowing this value proposition resulted in the creation of more nuanced product positioning and differentiation within our \$20 price points. These panel findings were further supported by focus groups and helped the product marketing team make the decision to keep this grouping of products in the product line.

Another revenue-boosting panel discovery: A family that plays together stays together. Research showed us that advertising the full family of games, as well as positioning them together in displays, increased player awareness of those games. These insights helped us overcome any resistance from retailers to spend the additional time necessary to position – and reposition – families together with each new launch. Interestingly, we now have additional data that supports





TWO CENTS

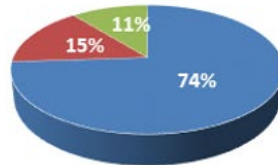
# Family of Games Awareness



Q3. Are you aware of games that the Colorado Lottery refers to as a *Family* which have different price points, but all follow the same theme and are all on sale at the same time. Like the games shown below? n=434



Family of Games Awareness - All

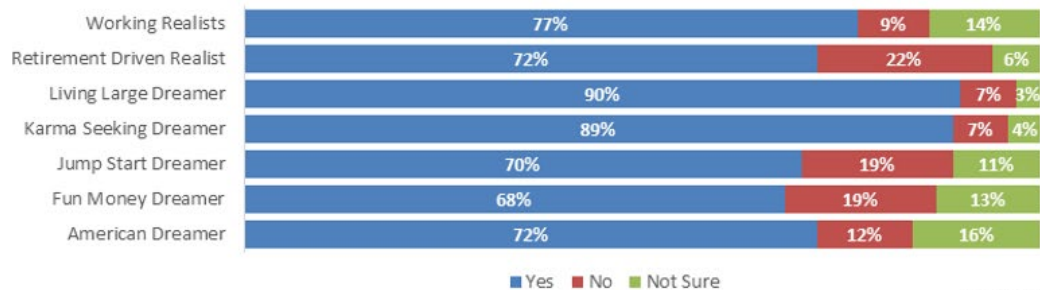


About three quarters (74%) of Two Cents members are aware of Family of Games. Living Large Dreamers have the highest Family of Games awareness at 90% for the motivational segments, followed closely by Karma Seeking Dreamers at 89%.

- Yes, I have seen these types of tickets before
- No, I have not seen these types of tickets before
- I'm not sure if I have seen these types of tickets before



Family of Games Awareness by Motivational Segment



© 2017 Colorado Lottery

the belief that families of games drive purchases of tickets both up the price point scale and down. We credit some of the strength of our \$1 product to our increased number of launches and awareness of families of games.

Our Two Cents Licensed Property Study measured brand familiarity, likeability, likelihood to purchase, willingness to pay to play a mobile game and the desire to play a mobile game for free, along with several other variables. This study coincided with another external licensed property survey completed at the same time and with the same properties. Results from

the survey were in perfect alignment with the external survey. Analytics showed which games tested best and guided recommendations on which licensed property games would be best to launch. This survey is an excellent example of how panel feedback drove the product development for licensed product games.

The bottom line is that research is critical for any new product development. The speed at which we are introducing new games means up-to-date and current research can make or break a new product launch. But that's just my Two Cents. ■



EXPECT THE UNEXPECTED™



# JAY FINKS

## DEPUTY DIRECTOR, OKLAHOMA LOTTERY

Getting things done isn't always easy, and not everyone thrives on a challenge. But if you talk with Jay Finks, not only will he tell you how to get things done, but how energizing it is to be up to the challenge. As Deputy Director of the Oklahoma Lottery, he has managed to get things done in a way that has translated into millions of extra dollars for the Lottery's beneficiary, education.

"Jay has been with the Oklahoma Lottery from the very start; he was hired from the private sector and has consistently demonstrated his value to the Lottery," said Executive Director Rollo Redburn. "He thinks outside the box continually, and attacks all new problems with a determination to develop a solution that is a win-win for all involved, and if that isn't possible, then most certainly a win for the State of Oklahoma. Jay is one of those rare employees who communicates with his employer to keep them well-informed, but also to pool resources and develop a winning plan before he attacks potentially caustic issues. He

*"I haven't seen anything that Jay is afraid to take on. He is a protector of his time and the time of our employees."*

- Rollo Redburn

communicates well and clearly with his employees to make sure they understand their responsibilities and how to achieve their goals. I haven't seen anything that Jay is afraid to take on. He is a protector of his time and the time of our employees. In addition, he is a devoted husband and father, coach for youth athletics, and a dedicated 'doer of good.'"

Starting at the beginning in 2005 as Media & Promotions Manager, Finks became Marketing Director in 2007, Director of Marketing & Administration in 2012, and was named Deputy Director – essentially the chief operating officer – in January 2018.

He oversees all day-to-day activities at the Oklahoma Lottery, including marketing, sales, accounting, operations, administration and security.

And he gets things done. He spearheaded the legislative change in 2017 that removed a crippling profit requirement from the lottery law – more on that later. Most recently, he succeeded in bringing all 108 Oklahoma 7-Eleven stores into the lottery fold for the very first time; they had been independently owned and had resisted all previous efforts to add lottery. For that story, see page 6.

This year, Finks is working on a bill to give the Lottery's security team more investigative powers, and also to allow lottery retailers to accept all forms of payment, including credit cards (debit cards were approved just two years ago.) He thinks all the goodwill generated from the 2017 legislation and its fiscal impacts have made legislators much more receptive to conversations on these and other issues. "We've really worked hard to position ourselves to be a



resource for them and help them in any way possible.”

Finks still loves his roots in marketing, creative and media strategy. He’s proud to say that all of the Lottery’s instant tickets are designed in-house, and thinks Oklahoma has some of the best-looking tickets in the industry. “If you are creating an impulse item, don’t you want it to look absolutely the best it possibly can?” Another thing he’s proud of – proving it’s not always the big challenges that provide satisfaction – are the 10-second jackpot trigger spots that air on radio stations throughout the day on draw days once Powerball and Mega Millions get over a certain jackpot level. “It’s a simple call to action and it works,” he said.

Outside the Lottery, Finks is an avid gamer. For as long as he can remember, he’s played video games. But he gets plenty of outdoor activity as a soccer coach – he’s now in his eighth year coaching a local recreational girls’ soccer team comprised of high

school students. Both his daughters, 15 and 17, play for him on the team. He and his wife Jennifer also have an older son.

Finks has a bachelor of science degree in promotions management from the University of Central Oklahoma, and he spent the early part of his career in advertising and media buying for agencies and private corporations. He was honored with a NASPL Powers Award in 2010, recognized for excellence in the field of lottery marketing.

**What first brought you to the Oklahoma Lottery?**

In short, fantasy football. A friend who played in my fantasy football league suggested it to me as his father was just appointed to the Lottery Commission Board. The idea of marketing a new lottery and all of its products sounded intriguing to me so I applied for the job. At the time, the Lottery was only offering entry level marketing positions, but during my

interview I convinced the Director of Sales and Marketing that hiring someone with experience would be invaluable at launch. She then combined two of the marketing positions into one and I became the sixth employee of the Oklahoma Lottery.

**Did your early media buying and advertising experience help you with your lottery duties?**

Absolutely. I was hired on Aug. 24, 2005, and launch was Oct. 9, which left a very tight window to prepare. My experience with navigating creative, media strategy and other marketing efforts made that timeline a little more manageable. My strategic marketing background has been a foundational component of how we’ve built the marketing department here at the Oklahoma Lottery. We take on the primary role of an ad agency internally and utilize our agency as a secondary resource when needed. Our marketing team does all the creative for instant





tickets, negotiates media buys and sponsorship deals, handles print production, manages our website and mobile app and is the primary driver on all creative, media and marketing strategies.

**How challenging was it to get the law changed, and do you have any tips for other lotteries trying to bring about legislative change?**

To put it in perspective, from 2006 to 2016 our bill to remove the 35% profit requirement was only heard once in subcommittee, where it was voted down. The majority of the time the Committee Chair wouldn't even hear the bill. In 2016 we took a



different approach and started actively utilizing key Lottery employees to go to the capital and create more meaningful discussions about our needed law change. While we were unsuccessful in 2016, it laid the foundation for the ultimate success we had in the 2017 session.

The irony was that the primary author of our 2017 bill had been an outspoken opponent of the Lottery for years. I took it on as a personal challenge in 2016 to build a relationship with her and to convince her not only to carry our bill but to champion it. She kicked me out of her office once a week in 2016, but by the summer, I had built enough respect with her to create some space to be heard. At that point, politics were pushed to the side and we could explore the business case of changing the law. That relationship was key to building the cooperation needed to get the law changed. And the results have been extraordinary. Our sales in FY17 were \$150 million, and our goal for FY20 is \$260 million. Our beneficiary has seen year over year growth in contributions and we anticipate this trend will continue to increase.

I have two tips for lotteries attempting to secure law changes. The first one is easier said than done: Retain a professional lobbyist to help work your bill. We didn't even think we were allowed to do so until we dug into the law, but doing so afforded us a conduit to connect with key legislative leaders and navigate the bill in a more efficient manner. Two: Get up from your desk, grab a few articulate co-workers, and go build relationships with leadership, key legislators and most importantly, key members of your lottery's beneficiary.

**Are there any other things you'd like to see changed, either in Oklahoma or across the lottery industry?**

Given the magnitude of the competitive market in Oklahoma (we have the third largest number of slot

machines in the U.S.), we are pushing leadership to take a serious look at the evolution of lottery offerings to include initiatives like iLottery.

For the industry as a whole, let me take a deep breath and be direct. Powerball and Mega Millions are never going to reach their full potential unless we stop looking at small, inconsequential and limited changes to the games themselves and start looking at what we can do on national level. We can't say we are a national brand when we don't act like one. Powerball and Mega Millions are our most profitable offerings and allow us the ability to offer high payout instant games – we must have a stronger commitment to strengthening these brands.

First, we need to pool our advertising efforts on a national level and utilize the effectiveness of national advertising to reach a greater amount of people. And while many get caught up in the complexity of navigating one effort across all states, in practice it is only as hard as we make it. We need to collect a percentage of the prize pool on a national level and create meaningful sponsorships, marketing programs, promotions and media exposure on a national level. A key group of lottery marketing professionals could steward the initiative and provide the games' leadership with the necessary approvals to ensure the initiatives follow the national strategy. When you really think about the buying power that we could generate nationally, it is staggering. That buying power would translate to partnering with other national brands and growing our exposure exponentially.

Second, we need a jackpot management program to maximize sales during high jackpot runs and to enhance mid-level jackpot runs. Why do we let the jackpot grow so quickly at the higher levels when we could all benefit from more draws in between? In FY16, when Powerball hit \$1.5 billion, we had three draws from \$550 million to \$1.5 billion. In FY19, when

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Mega Millions hit \$1.6 billion, we had four draws above \$500 million. With a strong jackpot management program, we could have doubled the number of draws and reaped the benefits of the additional sales from those draws. And why settle for a \$394 million jackpot when we could increase it to \$400 million and create a more marketable amount? We could do that when we do a better job of managing the earlier jackpots. These are our games, and we need to maximize how we are using these funds in order to maximize their impact on our sales and profits.

**What have you enjoyed the most in your lottery career?**

I love taking on initiatives that start with “no one has ever done that” or “we can’t do that.” Embracing new ways of thinking and bringing those initiatives to life create great moments of enjoyment for me. One of my favorites was the effort to overhaul and launch our new instant product line



once we got our 35% profit requirement removed. Most in the industry advised us to phase out the old product and gradually introduce the improved product (instant games with higher payouts) over a six month period, because that is what traditionally had been done. We felt the right strategy for our product and players was to remove all the old product from the market and start fresh. As I was working the bill through legislation, before it had been approved, our product team was simultaneously building two

instant launch calendars: one in case the law wasn’t changed, and 16 new games to launch immediately in case it was. The strategic plan was to remove all instant games from the field and replace with the 16 new instant games in a matter of eight business days. The bill was signed by the governor in early June and new games were in the field less than one month later. This was a very risky and aggressive approach but it allowed us to make the biggest impact on our sales. ■



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# A “Lotto” Pride in Minnesota

After 30 years, and more than \$3.1 billion to the state, the Minnesota Lottery’s history of innovation is serving it well.

 *By Patricia McQueen*



**I**t's not surprising that the Minnesota Lottery is all about close ties to the state's people and its heritage. The Lottery's logo prominently features the official state bird, the common loon, and any state known as the "Land of 10,000 Lakes" clearly puts a lot of emphasis on its prized natural resources. And it just so happens that Lottery revenues help support those resources in a big way. By law, Lottery proceeds may not be used as a substitute for traditional sources of funding for environmental and natural resources activities, but rather as a supplement to those traditional sources.

Celebrating its 30th anniversary this year (the first ticket went on sale on April 17, 1990), the Minnesota Lottery has come a long way. From inception through the last fiscal year, it had generated \$12.8 billion in sales, sent more than \$7.7 billion to players in the form of prizes, paid almost \$775 million to retailers, and – most importantly – provided \$3.1 billion to the State of Minnesota. Part of those state proceeds benefit the Environment and Natural Resources Trust Fund, which was created by a voter-approved constitutional amendment and is solely funded by the Lottery. The Fund's programs enhance, protect and restore Minnesota's environment and wildlife. Other proceeds benefit the state's Natural Resources Fund, the Game & Fish Fund and the General Fund (supporting important programs like education, public safety and health and human services).

"The thing that we are probably the most proud of is our mission that raises money to make Minnesota, and the lives of Minnesotans, better," said Executive Director Adam Prock, who was named to the position in April 2019 after two years as the Lottery's Director of Communications and Government Relations. With over \$1 billion of those cumulative proceeds going to environmental causes, there are few places in the state that haven't directly benefited from lottery dollars. "I think that is pretty

fantastic. Minnesotans are very proud of their natural resources and the great outdoors, and we are fortunate to be raising money to make all that better."

Prock is also proud to say that there is plenty of evidence that the Lottery's player base is expanding at a time when all lotteries are concerned about a potentially aging pool of players. "New people enjoy our products every single day." They understand that there are fun and innovative products, and even if they don't win, they can embrace the knowledge that their money contributes something great to the State of Minnesota.

The Lottery's employees love doing their jobs that make that happen. Prock humbly points out that 17 of the original employees are still working at the Lottery after 30 years, more

than 10% of the current staff of about 155. "We have an amazing staff," he exclaimed. "People really care about the state, and we have not only talent but a team mentality. That's just amazing to see."

## Innovative Products

While Wes Harms is not one of those 30-year employees, he's about as close as they come, starting with the Lottery just a few months after startup. Currently Director of Operations, he has seen it all over the years, and is proud of the innovative – even groundbreaking – projects developed in Minnesota. Some have been more successful than others, but they all represent a willingness to try new things. That's a heritage that came from the Lottery's initial director, the late George Andersen, who was always ahead of the curve when it came to new ideas. "He could come up with a lot more ideas faster than we could execute them," noted Harms.

The most successful of those innovative products is what is now called Print-N-Play, a progressive jackpot instant-win game printed by the lottery terminals. The game was a first in the industry when it originated as the slot-themed Slots Plus in March 2002; the product expanded to other themes and became known as G3 games in 2004. They were rebranded





Print-N-Play in May 2008, and the progressive jackpot was added in August 2010. The game concept spread to many other jurisdictions – called Fast Play in many – and these games have often been the fastest-growing draw game product across the lottery industry in recent years.

While Fast Play and other similar games may offer numerous themes and play styles at other lotteries, Minnesota's Print-N-Play stays true to its three basic games: the original slots, plus bingo and crossword. "When G3 became Print-N-Play with the progressive added, we toyed with cycling through different game play styles, but we found that our players wanted us to really lock in on maybe three different concepts," explained Harms. So those three games stay in the market, with three price points (\$1, \$3 and \$5) for each. And as the progressive jackpot grows, more players choose to play for \$5, because then they have a chance to win 100% of the jackpot. "It has been a great game for us."

There have been a lot of other interesting draw games in Minnesota's history, such as the date-based Dato! and a number of multistate games. Harms always loved the All or Nothing concept, and enjoyed working with the Iowa Lottery in a collaborative effort to run that game. "I thought it was a fantastic game, but I was a little disappointed that it didn't sell as well some of our others." But he's philosophical about that result. "There's a lot of great products out there; we just need to find the right fit, meet the needs and develop a great game portfolio for our players."

Minnesota has also been innovative on the scratch side of the business, and developed a Game Book in 2010 that included a selection of scratch tickets in a pamphlet style book. A scratch 'n sniff ticket, Cinnamon Toast, provided a lot of fun when it was launched back in the 1990s.

Yet another important development in Minnesota, albeit a short-lived one, was as an early adopter in the iLottery

realm, launching online subscriptions in 2010, followed by single-draw sales in September 2013, and finally e-instant games in February 2014. In fact, those were the first online instant games offered by any American lottery. However, all iLottery games were ended in August 2015 in response to new legislative direction.

Most recently, Minnesota and other lotteries have had success with Pollard Banknote's Clear Play ticket, especially for the last holiday season, and with blowout or loaded games. "A game full of \$50 and \$100 prizes for a \$10 ticket price kind of defies logic in the lottery industry, but we've had a tremendous amount of success with those," said Harms.

He noted that Scratch Product Manager Todd Vodden and the scratch ticket committee pay a great deal of attention to industry best practices regarding prize structures and payouts. They solicit game designs from the Lottery's ticket vendors (Pollard serves as primary, with both Scientific Games

MINNESOTA  
**Progressive PrintNPlay**  
\$1 BINGO  
0000-0000000000-0000-00  
000000

B I N G O				
03	16	34	59	🍒
13	30	41	46	75
05	17	FREE	56	74
07	18	39	55	72
01	🍒	40	58	68

**CALL NUMBERS**

121	064	125	066	N38
117	B12	B05	128	126
068	067	N36	B06	G54
G50	N40	123	N34	N43
073	N42	G46	065	N33
124	119	116	063	N31
N41	G47	B04	B15	B10

**HOW TO PLAY**  
Mark all numbers on your bingo card that match any of the CALL NUMBERS. Cherries are free spaces. If numbers marked form multiple winning patterns, only the highest prize will be paid.

MINNESOTA  
**Progressive PrintNPlay**  
\$1 CROSSWORD  
0000-0000000000-0000-00  
000000

R	A	M	P	A	K
A		L	A	R	G
M	E	N	U	E	N
	Y	G	R	A	I
R	E	D		A	E
I		R	I	T	U
B		U	I	C	
		M	O	O	S

**CALL LETTERS**  
A O X U R V N C F  
J L B T D I K S G

**HOW TO PLAY**  
Mark all letters on the crossword puzzle that match any of the CALL LETTERS. If you complete a total of five or more horizontal or vertical words, you win a prize! You must match all the letters within a possible word. 1 letters that form a smaller word within a complete word do not count.

**HOW TO WIN**  
Complete 10 words or more, Win.....Jackpot  
Complete 0 words, Win \$100

MINNESOTA  
**Progressive PrintNPlay**  
\$1 SLOTS  
0000-0000000000-0000-00  
000000

🍀	🍀	🍀	🍀	Price \$1
🍀	🍀	🍀	🍀	Jackpot
🍀	🍀	🍀	🍀	Price \$10
🍀	🍀	🍀	🍀	Price \$25
🍀	🍀	🍀	🍀	Price \$100

**YOUR SYMBOLS**  
🍀 🍀 🍀 🍀 🍀

**HOW TO WIN**  
Match "YOUR SYMBOLS" to the play symbols in all 5 rows. If you match all three symbols in the same horizontal row, you win the prize shown for that row. You can win in more than one row.

**TOTAL PROGRESSIVE JACKPOT NOW AT \$5,269.00**







# Minnesota Lottery at a Glance

	Scratch Ticket Sales	Draw Game Sales	Total Sales	Total Prizes	Net to State
FY 2019	\$435,268,778	\$201,541,475	\$636,810,253	\$395,592,006	\$153,194,906
FY 2018	411,165,885	185,311,683	596,477,568	370,624,524	145,099,182
FY 2017	398,311,141	165,191,861	563,503,002	348,382,658	139,158,294
FY 2016	394,761,644	198,091,164	592,852,808	365,900,215	144,679,995
FY 2015	376,195,747	170,672,222	546,867,969	335,198,813	135,544,205

### Current games:

**Scratch tickets:** \$1, \$2, \$3, \$5, \$10 and \$20

**Terminal games:** Powerball, Mega Millions, Lotto America, Gopher 5, Northstar Cash, Daily 3, Lucky for Life, Print-N-Play; plus annual raffle

### Vital statistics:

**Number of employees:** 155

**Number of licensed retailers:** about 3,100

can be done to drive incremental sales at low jackpot levels on the national games. Minnesota focuses on trigger advertising at the “in-between” levels, now running between about \$300 million and \$500 million. “We think that’s the sweet spot where the media hasn’t picked it up yet, but where bursts of advertising on radio, digital and out-of-home will actually drive people to buy a ticket,” explained LaFrenz.

Print-N-Play games don’t get advertised much, but they are used in a lot of “buy one, get one” cross-promotions with other draw games and even scratch games.

There has been a lot of emphasis in recent years on social media, putting money that might have gone towards more radio advertising into creating high-end videos together with the agency. “These amazing videos can get hundreds of thousands of views through social media, and that has worked very well for us,” noted LaFrenz.

The drive to reach new players also extends to the retail network, with an effort to grow the retail base by bringing in non-traditional retailers. “We’re pretty well covered in the convenience store and grocery markets, so there’s not a lot of opportunity to add retailers there,” said LaFrenz. The goal is to add

about 30 or 40 new retailers a year to the existing retailer base of about 3,100 locations, places like bowling alleys and airports, for example. “A lot of these will be slow-starting, but we think they have potential.”

Self-service machines are helping to develop these new locations, and he expects them to be installed in the near future in both the Mall of America (the largest shopping mall in the country) and in Minnesota’s Walmart stores.

One other retail initiative over the last year has been sampling. Some 30 sales reps are given a small sampling budget for \$1 and \$2 scratch tickets they can use as they visit their retailers, or even at events where the Lottery has a presence. They might give tickets to core players, bringing them back to the lower price points. Or they might find people who haven’t played lottery before and use a free ticket to strike up a conversation. “The sampling program gets tickets into peoples’ hands to sample,” said LaFrenz. “It’s a pretty small program, but it has been effective.”

### The Next 30 Years

All of these things are designed to keep the lottery momentum building in Minnesota. “Everybody keeps talking

about the fact that lotteries are mature businesses, but we’ve had record sales on the scratch side four or five years in a row,” said LaFrenz. “I think we are optimistic.”

That optimism comes amid the 30th anniversary activities going on all year, centered around what the last 30 years have meant to the state. Promotions are on the schedule that are all uniquely tied to Minnesota, and the Lottery’s social media campaign will include a review of selected past highlights, like what the first Minnesota Lottery scratch ticket, Match 3, looked like.

Noting that the Lottery sells almost \$1 million in tickets just during the 12 days of the State Fair, and generates big numbers at other events like the Vikings training camp and music festivals, LaFrenz and his team are looking at other venues to attract that kind of play. And he doesn’t care if they play only once or twice a year. “We’ve doubled down on the strategy of getting out into the community, working with some great partners, and putting our lower price point products – especially those which have tie-ins to Minnesota – out in front of them. Add all those things together and that’s what led to people saying “I’MN.” ■



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# Games for the Holidays

The holiday season continues to provide benefits to lotteries, and new ideas combine with tried and true methods to keep the fun going.



Give the gift of dreaming



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The holiday season is fun in many ways – a short period of time filled with excitement and good cheer, sometimes easing away life’s challenges. Lotteries try to infuse fun with lighthearted and beautifully-designed tickets that just might make someone’s holiday a little richer. And the games work magic for lotteries and their good causes – the weeks leading up to year-end holidays are typically the best sales weeks of the year.

Including seasonal games in some jurisdictions across the United States and Canada, lotteries released 229 individual holiday instant games for the 2019 season, just about the same as in the previous year. Western Canada Lottery Corp. (WCLC), long an industry leader in offering the most variety to its holiday consumers, produced 13 games this past season, down one from the previous year. The Iowa Lottery and British Columbia Lottery Corp. continued their programs to lead the rest of the industry with 11 and 10 games, respectively.

America’s newest lottery got into the act for the 2019 holiday season, just barely. The Mississippi Lottery made its debut on November 25 with four instant games, including one holiday-themed game, the \$2 Happy Holidays Y’All! Not surprisingly, Mississippi plans an earlier holiday ticket launch next season with a year of operation under its belt.

Lotteries continue to tweak price points for the holidays, and while some are still making a big effort to have attractive tickets at the \$1 and \$2 levels, \$5 holiday games have inched into the lead overall with 50 such games released across North America for 2019, up from 47 in 2018. At the same time, the number of \$1 and \$2 holiday games declined slightly, with 49 in each group released in 2019, down from 53 and 50, respectively, in 2018.

Two additional lotteries included \$10 games in their holiday portfolios compared to 2018, bringing the total to 32; they released a total of 35 \$10 games. But some of those are seasonal games, or games that have a holiday pulse as part of a larger print run. That scenario holds true for \$20 games as well; 14 lotteries offered the price point to their players, up from 12 the year before. Holiday pulses in these games help make them feasible for many lotteries.

Loaded games were very popular during the 2019 holiday season, as lotteries promoted games with lower top prizes in \$1, \$5 and even \$10 games. A \$1 game might have a \$50 top prize, or the top prize in a \$5 or \$10 game might be \$100 or \$500. You’ll read

about some of these in the following pages.

Family games utilizing the same holiday theme and common design at several price points were utilized by five lotteries for 2019: Florida (Holiday Luck), Kansas (Holiday Lucky Times X), Kentucky (Holiday Cheer), Massachusetts (Winter Ice) and New Jersey (Holiday Luck/Lucky). These lotteries love the impact of families and the ease in which advertising and promotional opportunities come together with a common theme across multiple tickets. That said, some lotteries using families at other times of the year choose not to do so at the holidays, preferring to offer multiple themes for a variety of visual appeal to catch the eyes of holiday gift-givers.

Holiday gift packs remain popular throughout Canada, but only WCLC continues to offer a multi-ticket gift pack that includes at least one winning experience in each pack.

Special effects added to tickets continue to attract attention at retail and are often seen as a good way to add value to games. Second chance drawings and promotions are increasingly common during the holidays; sometimes they are used to extend the season beyond Christmas. In some cases draw games are included in these promotions. Lotteries may also have holiday themes on their terminal-printed instant games (Fast Play and similar), and those with iLottery products also offer holiday-themed games.

Finally, a few lotteries still offer a holiday raffle with great success – in fact, when asked what their most successful holiday game was in 2019, there was more than one response offering up a raffle as by far the best-performing product. Several lotteries cited new records for raffle sellout, which had the effect of stimulating instant game purchases, as players had to find something else to give as gifts.

You can read about all of these efforts and more in the roundup on the following pages – you might find great ideas that will benefit your lottery next season! We thank the lotteries who have shared their experiences and what they learned during holiday 2019 and what they might think about for 2020. Their edited responses follow, as compiled in late February.





## Arizona Lottery

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

### Most successful game(s):

Of the six instant holiday games offered this year, two outperformed the previous year. The \$10 and \$20 price points had a 17% and 163% increase, respectively, over the previous year. The increase at the \$20 price point was primarily due to its wider availability across the retail network, as last year's \$20 holiday game was an oversized ticket which had a more limited distribution. Our new \$1 Fro\$ty Fun Fast Play game was also very successful, totaling more than \$307,000 in sales during its three months in market.

### Launch and end dates:

Our holiday games were launched on Oct. 1. Historically after Christmas, distribution and sales of holiday games significantly decline, and our strategy has been to transition those games out of the market when the January games are launched. That was the case this year as well. All holiday games were replaced at a 1:1 ratio with those launched in January. The holiday games officially ended in the middle of January as they were tied to a holiday promotion.

### General holiday strategies:

This year's holiday games featured the find and key number match play styles; we also routinely offer a \$3 crossword holiday game. As noted above, last year's \$20 holiday game was an oversized ticket and had limited distribution opportunities. This year's \$20 holiday game, Merry Multiplier, was normally-sized and available at all lottery retail locations, contributing to its success. We also offered our first holiday-themed Fast Play game, Fro\$ty Fun, at the \$1 price point.

As has been done in previous years, we ran a second chance holiday promotion which included more prizes and more drawings than the year before. This year's promotion included a new second chance logo,

and we introduced an interactive game on our website and a mobile app for players to view the number of second chance entries they received per ticket submitted. These changes dramatically increased participation in our second chance holiday promotion. Last year, there were around 18,000 participants; this year we had over 83,000 entrants. That's an increase of over 350%!

### Other holiday games, promotions or activities:

In addition to the holiday instant tickets, a \$1 holiday Fast Play game, Fro\$ty Fun, was included in the holiday second chance promotion. We also hosted our annual Facebook Live stream, patterned on a late-night variety show and hosted by our mascot, Windfall Willie, and his sidekick Dereck. The hours-long show featured local celebrities, musicians and television personalities, raising \$20,000 for one of our Community Sponsorship partners benefiting foster and adoptive parents.

### Major lessons learned in 2019:

We will continue to offer instant holiday games from the \$1 to \$20 price points as well as holiday-themed Fast Play games. We also plan to continue offering a holiday second chance promotion.



## Atlantic Lottery

Atlantic Lottery's holiday lineup included three games: one each at \$3, \$10 and \$20.

### Most successful game(s):

Atlantic Lottery's (AL) first-ever large format ticket called COUNTDOWN was by far our biggest success over the holidays. Priced at \$20, COUNTDOWN was an advent calendar format and was showcased at retail in new stand-alone merchandisers. In addition, the ticket offered a \$3 web cash coupon for redemption on alc.ca. So for AL, success was measured in two ways: sales of COUNTDOWN at our retailers

and player acquisition on alc.ca. On both fronts, we had great success: COUNTDOWN sales were over 19% above our previous \$20 holiday product, and more than 3,700 new accounts on alc.ca were generated from the ticket. On top of that, we had about 15,000 unique players redeem more than 60,000 total web cash coupons on alc.ca, representing about 30% of all COUNTDOWN tickets in circulation. So AL also successfully drove alc.ca members to our stores, and retailers benefited from the repeat purchase.

### Launch and end dates:

AL launched COUNTDOWN, along

with a \$3 extended play seasonal ticket called Wish List, on Oct. 2, followed by a \$10 holiday game called Gifts Galore on Oct. 16. COUNTDOWN and Gifts Galore were removed in mid-January to make room at retailers for new tickets, while Wish List was still in-market as of mid-February.

#### General holiday strategies:

Because the holiday season is so short and we are a small market, we really keep our selection of seasonal tickets to a minimum and focus our resources on one or two hallmark games. This year, our efforts centered on COUNTDOWN. In recent years, we have been launching holiday games earlier and earlier to make the most of that peak selling window. This year, we began launching on Oct. 2 – the earliest we have launched holiday games.

Our other strategy was to make sure that players saw COUNTDOWN in-store, particularly as they were in line at the register. We did this

by rolling out a few types of stand-alone merchandisers to display the large format ticket. As noted earlier, we also leveraged COUNTDOWN to generate cross-play between retail and alc.ca by embedding a \$3 web cash coupon on the ticket. Every COUNTDOWN ticket offered this free play coupon, delivering additional value for our players while enticing those that weren't already signed up to alc.ca to create an account and try one of our digital instant games online.

#### Major lessons learned in 2019:

There were several key learnings that we aren't waiting to apply until next season. Chief among them is that offering a web cash coupon on a higher price ticket drove new players to alc.ca compared to a previous \$5 ticket that utilized a similar tactic earlier in the fiscal year. We also learned that there is a strong appetite here for the larger format games, leading us to a second large format launch in January and another planned for summer 2020.

### British Columbia Lottery Corp.

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

#### Most successful game(s):

BCLC's holiday-themed tickets reflect a wide variety of price points and creative styles, from the traditional to the modern and whimsical, to appeal to a wide range of audience preferences. In 2019, our \$20 Holiday Gift Pack saw year-over-year sales growth of 5%, even in its seventh year in market, and a ticket sell-through of more than 95%. Similarly, our two \$5 holiday-themed tickets, Santa Slots X10 and Merry Magic, were standout performers. The Merry Magic ticket featured a visually appealing prism-effect ornament designed using Pollard's latest Scratch FXtra technology, while Santa Slots X10 featured a match three slot-machine style design and game play which sold out before Christmas.

#### Launch and end dates:

BCLC launches its holiday lineup in two waves. We launched five tickets (1x\$20, 1x\$10, 2x\$5 and 1x\$3), beginning Oct. 15, and the remaining five (1x\$3, 2x\$2 and 2x\$1) on Oct. 28. All tickets were in market until the first week of 2020.

#### General holiday strategies:

BCLC's holiday tickets reflect both traditional and modern designs. We maintained price points and number of tickets as offered in prior years. In terms of prizing, we continued with our best practices for seasonal tickets: lower odds with increased free-ticket and free-ticket-plus-cash prizing. As per previous years, we launched a holiday advertising campaign that included radio, out-of-home, print and digital. We also leveraged BCLC-owned assets with digital signage and retail point-of-sale materials to promote our holiday campaign. Lastly, BCLC ran its Tech the Halls second chance contest for the eighth year in a row, in which players





can enter a code found at the bottom of their Scratch & Win ticket for a second chance to win cash, gift cards or a variety of tech toys. We continue to see overwhelming engagement with repeat players and new players alike with this feature.

**Other holiday games, promotions or activities:**

BCLC created a premium holiday greeting card, free with a purchase of \$25 in Scratch & Win products at select locations. We also launched a ticket specific to Chinese New Year and offered free “lucky” red envelopes at select locations with a \$20 purchase of lottery products. Each red envelope contained either a free-play voucher in a B.C. casino or online at PlayNow.com, or a “good fortune” message. In addition, to celebrate the year 2020, we launched a \$20 ticket called Celebrate 2020 in partnership with the Ontario Lottery and Gaming Corporation and Western Canada Lottery Corporation.

**Major lessons learned in 2019:**

We know that our players in B.C. love the variety of products we provide during the holiday season in terms of

price points, themes and game styles. In order to continue engaging our customers, BCLC will focus on ensuring our designs and games are innovative and that we continue to appeal to players with added value during the holiday season, primarily through better odds, more free ticket prizing and added incentives such as second chance contests and key account promotions.



made. However, if one of the games didn't sell out, we would pull it off the shelves around the first of January.

**General holiday strategies:**

As mentioned above, we support our holiday games with a full advertising campaign. This year's themes were no different than years past – \$1 Reindeer Riche\$, \$2 Snow Me the Money, \$3 Holiday Winning\$ and \$5 Holiday Gold. When we launched our holiday games, we also needed to replace our \$10 crossword game, so we developed a short-run winter/holiday theme pulse for that game, which went out in its initial allocation. That gave our holiday sales a little boost.

**Other holiday games, promotions or activities:**

Messaging for our revamped Lotto game – Colorado Lotto + – was included in some of the holiday Scratch advertising. This was the first time Colorado has included cross messaging in our holiday advertising.

**Major lessons learned in 2019:**

As seen across the industry, Colorado has experienced strong sales in the \$10 category, so we are considering adding a \$10 holiday game to our mix next year. Other than that, we will most likely continue to implement the model of game development/marketing support we have for the past several years as that has proven quite successful.

**Colorado Lottery**

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

**Most successful game(s):**

Once again, the \$5 price point was the strongest selling holiday game for Colorado. This year's game produced a little more than \$512,000 in incremental sales compared to the \$5 holiday game in FY19 (which was also our best selling game last holiday season). In addition, our \$2 holiday game posted a significant year-over-year increase (\$139,000+). Each year, our holiday games perform very well, and help

kick-start momentum as we head into Q3/Q4. The games get a boost from a full advertising campaign including TV, radio, POS, digital, out-of-home, etc.

**Launch and end dates:**

We launched our holiday games on Oct. 21, which was about a week later than the prior year (we launch games on a Monday, and this was the year we reset more towards a Monday near the end of October instead of early/mid October). For the most part, all of our holiday games sell out just before or right around Christmas, so a decision when to pull them doesn't have to be





## DC Lottery

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

### Most successful game(s):

For the second year in a row, we launched our holiday bundler in which players had to buy all three holiday scratchers and one Fast Play game to enter into our Holiday Bucks 2nd Chance Contest. This has helped our holiday sales significantly, but we noticed our \$1 Holiday Luck ticket was the true star. New players, or those that didn't want to take part in the promotion, purchased this ticket in large quantities. It was the perfect stocking stuffer or the best ticket for them to try their luck at playing the lottery for the first time. Sales were significantly high for this game week after week and we sold out two weeks after the New Year.

### Launch and end dates:

We launched our holiday games Nov. 6. We reduce the quantities for all holiday games, so we don't intend on having them in the market past January.

### General holiday strategies:

Our strategy for 2019 was to keep it simple and bring back the holiday promotion that players loved and responded well to from 2018. We reintroduced our Holiday Bucks 2nd Chance contest this year, but this time we gave it more support in the marketplace. The creative was revised, we launched an original :30 radio commercial, and opened a Holiday Pop-Up shop in downtown Washington, DC. We launched the contest earlier than the year before; we figured that since players already knew about how it worked, they wouldn't need as much time first getting familiar with the bundle offer. The promotion offered a chance to win weekly cash prizes of \$2,020 all holiday long, with a grand prize of \$20,020!



### Other holiday games, promotions or activities:

We included our \$1 Candy Cane Cash Fast Play game. This worked out perfectly because it introduced a new game category to players who traditionally stick to instant products. It was a win-win all the way around.

### Major lessons learned in 2019:

We learned that bundling tickets and cross-promoting works well during the holiday season. Players are eager to win money for the holiday and try new things, so fun initiatives like our Holiday Bucks campaign work extremely well.

## Florida Lottery

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

### Most successful game(s):

Our strategic approach towards ticket pulsing at the \$20 price point really helped that product shine this holiday season as we were able to maximize product life cycle efficiency for the second year in a row. The \$20 game,

\$5,000,000 Luck, began its life cycle in September with a non-holiday cash themed design. It then transitioned into a holiday "skin" between October and December and finally returned to its original look just in time for the new year, where it will remain in market for another year or so. Sales for \$5,000,000 Luck were up \$45 million, or more than 74%, through the first six weeks when compared to the \$20 game launched the prior year.

### Launch and end dates:

We launched our Holiday Luck family on Oct. 28. Holiday games are ended based on factors including no top prizes remaining, low sales or low orderable inventory. In the past, we've sometimes carried holiday games into the next holiday season and utilized them as backup inventory in the event that we run out of that year's games early.

### General holiday strategies:

As previously mentioned, one of our strategies was to incorporate a higher price point offering into our holiday scratch campaign that's traditionally included \$1, \$2, \$5 and \$10 games. We'd had success the previous year, with a limited holiday pulse of our \$20 Gold Rush game, so we expanded on



that by integrating the game name, art and promotion of the \$20 game, \$5,000,000 Luck, launched in September, with the Holiday Luck family launched in October.

### Major lessons learned in 2019:

Our players are responding very positively to higher price point tickets. We've learned through our research that players buy the lower price points as gifts and prefer to keep the higher price point product purchases for themselves. While we were apprehensive that introducing a \$20 during the holidays would cannibalize sales of a \$10 or \$5, that has not proven to be the case, and we are thriving at all price points with our new strategy.

## Georgia Lottery

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

### Most successful game(s):

Of the six holiday games offered this year, our \$20 100X THE MONEY Special Holiday Edition outperformed the other games. We knew the game would attract core players of our X THE MONEY family. The game sold out in seven weeks, had a 12-week index of 120 and generated over \$30 million in revenue.

### Launch and end dates:

We launched our holiday games on Oct. 22 and the games typically remain in market until the top prizes are claimed. Based on prior year sales, we did increase the print run of \$1 and \$2 price points, as they had sold out too quickly in the past, and we are happy to report all games sold out by the end of January.

### General holiday strategies:

Our strategy over the years has been to offer a mix of games, in a variety of price points, and include familiar themes that appeal to our core player. We develop holiday themes that look like gifts and are easy to play, and put a lot of emphasis on creating prize structures that provide winning experiences. As in prior years, we crafted a multimedia campaign around Scratchers, making them the perfect holiday gift supported by television, radio, out of home, POS and social media.

### Other holiday games, promotions or activities:

In Georgia we offer online play. For 12 weeks in December we ran a campaign, "Digital Delight," where we created 12 unique contests for our social and email followers to enter. During the promotional period we increased registration for Level 2 (wagering) accounts by 20%

and experienced a 40% increase in new players over the previous year. The promotion promoted our four holiday Diggi games and all exceeded prior year sales.

### Major lessons learned in 2019:

We will consider adding a second chance opportunity to extend the life of the Scratcher. So many consumers give and receive Scratchers at the holidays, and a second chance feature offers additional ways to win a prize. This offering enriches the player experience.







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## Hoosier Lottery

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

### Most successful game(s):

All of our holiday tickets were successful in their own way. We saw success reintroducing a \$5 holiday game, as well as launching a \$3 Holiday Bingo.

### Launch and end dates:

Our \$1, \$2 and \$5 holiday Scratch-offs were launched Nov. 5 and the \$3 holiday Scratch-off was launched Oct. 1. All holiday games are removed from market at the beginning of January.

### General holiday strategies:

Our general strategy for 2019 holiday games was similar to prior years with respect to launch timing and support. We did broaden the holiday offering this year to four total games

by bringing back the traditional \$5 holiday game after a two-year absence. We also launched \$3 Holly Jolly Bingo, which was the first \$3 Bingo Scratch-off game launched in Indiana in several years. We did not do a unique holiday second chance offering but did include the \$1 and \$2 holiday games in our ongoing my2ndChance Game On! promotion.

### Other holiday games, promotions or activities:

Our 2019 holiday marketing efforts focused on the theme of "Give Cheer, Get Cheer," showcasing holiday Scratch-offs as the perfect way to spread a little cheer during the holidays. Marketing efforts included TV and radio advertising, retail promotions and signage, as well as digital activations. The first digital activation utilized Indiana-based social influencers using holiday Scratch-offs as gift ideas to spread cheer. The second digital activation was the Hoosier Lottery Holiday Cheerfinder game – a fun, interactive, multi-level game for players to find hidden holiday symbols within a specific amount of time and receive a chance to win prizes – all while driving awareness of our holiday Scratch-offs.

### Major lessons learned in 2019:

We will continue to evaluate the price point and theme combinations offered for the holiday season to ensure we are providing the types of games and experiences our players enjoy. Based on the success of both digital holiday activations in 2019, we will look to further deepen engagement with players next holiday season.

## Idaho Lottery

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



### Most successful game(s):

From our Scratch game portfolio, the fastest selling game of the season was by far the peppermint-scented \$5 Candy Cane Cash. This game was only on the market for 77 days. The play format and the added bonus of a scented ticket made this a top seller. But perhaps more important, though, was the success of our 13th edition of the Idaho \$1,000,000 Raffle, which sold out in just 61 days. This game is offered only during the holiday time frame and serves as the \$10 game in the holiday lineup. The 2019 raffle was the fastest sellout of this 250,000 limited ticket run game in eight years. The quick sellout allowed the Idaho Lottery to concentrate on our lineup of holiday Scratch games deep in December. The Raffle sellout occurred on a Friday evening, five days before Christmas. Last minute gift-givers, who might have been looking to give a Raffle ticket as gift, had no choice but to purchase one or more of the holiday-themed Scratch games as a stocking stuffer or for that





*Keith Cash, Vice President & General Manager, Instant Services, IGT*

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weekend's white elephant parties. This translated into the holiday game sales consistently outpacing previous years' sales each week for eight weeks leading up to and through Christmas. Holiday games also represented the highest percentage of all Scratch game sales in the last four years at 36%.

**Launch and end dates:**

All of our holiday-themed Scratch games went on sale in early- to mid-October. This is a traditional launch window for us that has always worked well in the marketplace. At press time, four of the six holiday games have ended with the last top prize being claimed, including Candy Cane Cash that ended on Jan. 2. The two games remaining on the market are well over 91% sold through; they will remain on the market until the last top prize is claimed. The Idaho \$1,000,000 Raffle game began on Oct. 21.

**General holiday strategies:**

"Joy Worth Sharing" was our campaign theme for the holidays in 2019. Our Scratch price points were consistent with previous years, but this year we added a second holiday-themed Scratch game at \$5, our most popular price point. The \$5 Candy Cane Cash offered two top prizes of \$50,000, while the \$5 Christmas Evergreen offered players the chance to win one of one hundred \$1,000 prizes. Candy Cane Cash was scented with peppermint while Christmas Evergreen was scented with fresh pine.

We also offered players a second chance opportunity to win one of five \$1,000 cash prizes by entering non-winning holiday Scratch games on our website through our VIP Club. This promotion ran from game launch in October through the end of January 2020.

**Other holiday games, promotions or activities:**

As mentioned, our seasonal Idaho



\$1,000,000 Raffle offers a limit of 250,000 tickets at \$10 each with a guaranteed top prize of \$1,000,000. With this game, we cross promote holiday-themed Scratch tickets with in-store events that feature live radio remote broadcasts. Participants play a game called "What's Your Number?" The last digit of their Raffle ticket number, purchased only at the event, determines their prize. For example, if a player bought ticket 045781, they would receive a free \$1 holiday Scratch ticket. There were ten different prizes in all, including \$20 gift cards when the last digit was 0, and they could win one of every holiday Scratch game if the last digit was a 9 (thus a \$16 value for a \$10 buy.)

**Major lessons learned in 2019:**

All of this year's holiday game names were tested prior to production through the use of our Vision Critical online community research tool. Each game selected was the clear winner at their price point, with the exception of the \$5 games. They were roughly

equal in popularity when tested, so we decided to introduce both games simultaneously, but with different prize structures. Combined, we enjoyed the most successful \$5 holiday ticket sales year in the past eight years. These two games led the way to the highest holiday game sales in Idaho Lottery history.

**Iowa Lottery**

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

**Most successful game(s):**

We continue to have great success at all price points for our holiday games, but the \$5 and \$10 Holiday Crossword and Bingo games are very popular.

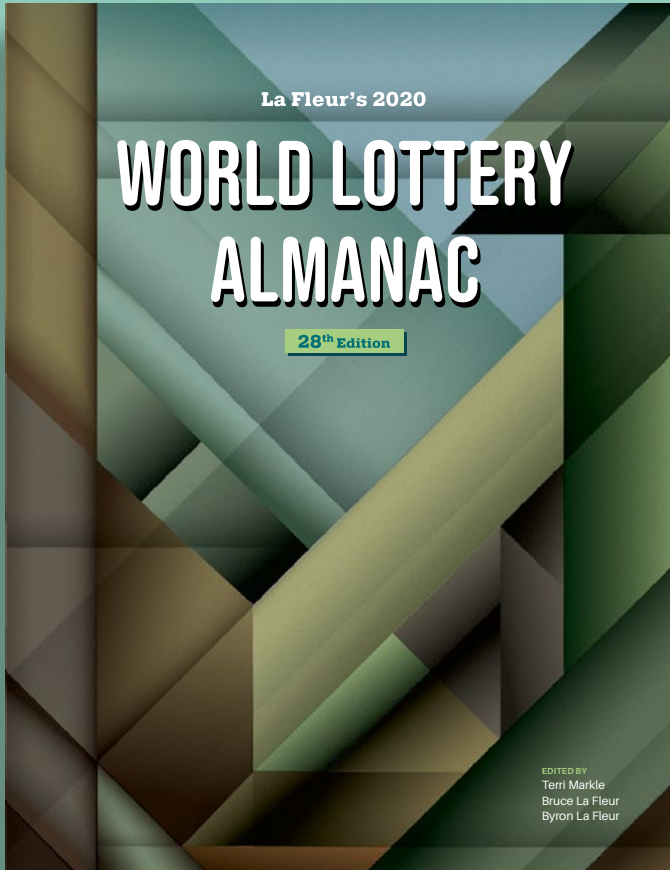
**Launch and end dates:**

Sales of the first nine of our holiday games began on Sept. 30 and the last two hit the shelves on Nov. 4. The





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### Major lessons learned in 2019:

We rarely deviate from this methodology as our players look for our tickets in late September and love playing them through the entire holiday season. They want lots of holiday tickets to choose from with a variety of play styles and lots and lots of fun prizes (especially cash). And we MUST include Crossword and Bingo in the mix.

in-store presence certainly played a large part in the success of all price points, with additional facings added in the majority of retailers. Additionally, we intentionally only launched one \$10 game in the first half of our fiscal year so players would be eager for a new \$10 game by the time we launched the holiday family in late October. This strategy served us well!

### Launch and end dates:

The games ran from Oct. 25 through Jan. 17.

### Kentucky Lottery

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

### Most successful game(s):

This year's holiday family games were all successful with year-over-year increases, but our \$10 game was the superstar with a 32.66% increase over 2018's \$10 game for the same period. Our overall marketing campaign and

### General holiday strategies:

We recycled a production that had been successful during the prior year, bringing back in 2019 a character that became beloved in 2018. Our "Grandma Got Run Over By A Reindeer" campaign had advertising likeability scores at 70+%. It was a no-brainer to refresh the campaign with this year's tickets and really blow out her image on our POS, in digital

tickets stay on the shelves until the first week of January and are then removed, returned and replaced with January games. This is very typical for our holiday game schedule.

### General holiday strategies:

This year we had a mixture of different holiday-themed games ranging in price from \$1 to \$10 and featured several different play styles including Crossword and Bingo. Our annual holiday promotion kicked off on Oct. 7, and VIP Club members could enter non-winning holiday tickets in the all-cash Ho Ho Dough promotion where they could win cash prizes ranging from \$1,000 to \$25,000. Ninety-three prizes were awarded for a total of \$200,000.

**Other holiday games, promotions or activities:** Our monthly Pop-Up contest also awarded holiday scratch tickets as prizes.







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marketing, etc., in addition to the production we were able to reuse in November-December 2019.

### Other holiday games, promotions or activities:

We have a handful of seasonal iLottery Instant Play games we promote that complement themes in retail.

### Major lessons learned in 2019:

We'll continue with the family of games concept and launch within the same time period for optimal sales opportunities, and will again only be launching one \$10 game at the beginning of the fiscal year to build the anticipation for our \$10 holiday game in October. As we have in the past, we planned focus groups this March to test several holiday family concepts to ensure we bring the very best games with immediate appeal to both our core and occasional/trial players.

## Loto-Québec

Loto-Québec's holiday lineup included six instant games: two each at \$3 and \$10, plus one each at \$1 and \$2. Also offered during the holidays is Célébration, a \$25 game that has scratch, daily draw and cash and merchandise drawing components.

### Most successful game(s):

Célébration is our top product. Even though it has been on the market during the holidays for 30 years, it continues to post record sales every year.

### Launch and end dates:

We have a three-week launch period. First, two tickets were launched Oct. 14, then four more on Oct. 21, and finally Célébration was launched Nov. 4. The stop distribution date is set prior to the launch date and we try as much as possible to follow it because our Q4 calendar is really dense and we need to make some room in the



tray. That stop distribution date is approximately two to three weeks prior to removal from market. The remove from market dates vary depending on the type of product. Purely Christmas-related products like the gift tags and Advent Calendar products are typically removed from market the first week of January. Célébration is removed from market the second Friday of January, just before the Sunday broadcast of the televised gala event. Special holiday editions of crosswords and bingo are removed from market at the end of January, and the last product in the market, Cadeau Surprise, is removed mid-February. This staggered approach enables us to better manage handling of the tickets returned.

### General holiday strategies:

Our strategies were mostly the same as 2018, trying to have a wide price range offer with different mechanics, reaching our occasional players by increasing our return to player and offering better odds vs. regular games. We

added a new extended-play Bingo at \$3 to our collection, since Crossword did so well last year. We switched our gifts tag from \$5 (for 10) to \$1 each, to better reach our occasional players. Emphasis was made on our Advent Calendar and Célébration tickets. Those tickets were offering a 10% sales commission to retailers and they both had TV advertising. The whole holiday collection was supported by POS and social media promotions.

### Other holiday games, promotions or activities:

We had a new campaign for our Bingo box product during the same period to encourage group play during the holidays, but nothing more. We want retailers to concentrate their energy mostly on Célébration and the rest of the collection.

### Major lessons learned in 2019:

We might review our typical Christmas products such as the Advent Calendar and gift tags. We will probably want to reach a larger target than occasional players by reaching out simultaneously to our regular players. We would also like to review our average global price point for the collection to favor movement up the ladder.

## Louisiana Lottery

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

### Most successful game(s):

The \$1 Merry Money, indexed at 111, ended distribution after Christmas and claimed out in late January at 91% sold. This game had four different scenes and was designed to look like a holiday gift tag with the TO/FROM area very prominent in the design, which also included gold metallic ink. \$2 Holiday Fun indexed at 108, ended distribution mid-December and claimed out after Christmas at



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# Louisiana Lottery Retailer Newsletter

# exchange

2019  
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Add Some Sparkle to Your Holidays!



INSIDE THIS ISSUE: Cover Story - pages 4-5 | King Cake Drawings - pages 10-11 | Scratch-Off Player Research - pages 12-13

93% sold. The game had three scenes and used Sparkle ink overlay in the design. \$5 Let It Snow indexed at 96 and claimed out right before Christmas at 75% sold. The game also had three scenes that featured Sparkle overlay. Holiday games have always been some of our top-indexing games for the year. This was the first time we used the Sparkle printing feature and expected it to have a greater impact on our indices when compared to previous years, but did not see that. We used similar play styles for the \$1 and \$5 price points as in previous years, but used a new reveal play style for the \$2 game. Also, we launched a bingo game, Bingo Night, with our holiday games. We

pulsed this game to include a holiday feel for the first part of the game, then transitioned to a more generic design for the latter part of the game. This game indexed at 133!

#### Launch and end dates:

Our holiday games launched Oct. 14. Games are intended to sell out by the end of December. If not, we remove them from distribution around the first week of January, depending on sales levels.

#### General holiday strategies:

Our strategies were pretty consistent with previous years as outlined above. Using the “Add Some Sparkle to Your

Holidays” tag, we ran an animated TV ad campaign and a radio campaign that included streaming radio, as well as internet digital banner ads with streaming video, digital pump-top advertising and outdoor digital boards. In-store POS included a counter mat and digital display spots. We ran a photo contest on our website inviting visitors to show us their “holiday sparkle” around the Sparkle theme of the \$2 and \$5 games. Winners received a gift pack and sampling of tickets. Coming right on the heels of our holiday campaign, we were focusing on a Mardi Gras campaign for the beginning of January to include second-chance drawings for king cakes for a year. We usually run a radio listener call-in promotion in early December for our holiday games, but postponed this tactic to use for our Mardi Gras campaign.

#### Major lessons learned in 2019:

The holiday design pulse for the extended-play game that launched during the holiday season was a success, and we will most likely make that a part of our strategy moving forward.

## Maryland Lottery

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

#### Most successful game(s):

Our most successful holiday ticket in 2019 was the \$3 Peppermint Payout Multiplier. This is the Maryland Lottery’s third launch of a Peppermint Payout-themed ticket. In 2019 we added a peppermint scent to the ticket and a multiplier to the gameplay. We built on an already successful concept by adding something new.

#### Launch and end dates:

We always launch our five holiday tickets at the end of October and allow sales to dictate their removal from



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market. The lower price points are typically removed by the end of February, while the \$10 ticket remains in market a bit longer because it is intentionally designed with a general winter theme rather than one that is specific to the holiday season.

**General holiday strategies:**

Since we continue to experience success with our holiday program, the Maryland Lottery applied strategies similar to prior years on both game themes and price points, launching \$1, \$2, \$3, \$5 and \$10 games. The holiday tickets are connected with our annual Holiday Cash and Dash second chance promotion, which awards cash, scratch-offs and Warehouse Dash prizes. In 2019, the promotion added extra cash prizes as well as two new cash prize tiers.

We conducted a statewide advertising campaign in support of the holiday tickets, which was one of our largest in FY 2020. The campaign included TV, radio, digital, social, and out-of-home – all of which incorporated the tagline, “Play, give, share holiday scratch-offs.” We produced a new TV commercial that depicted family and friends giving and sharing scratch-offs during a

holiday gathering. Radio ads supported the second chance promotion, but we did not run TV ads in support of the promotion.

**Other holiday games, promotions or activities:**

We ran two terminal game promotions during the holiday season, but neither was included in our second chance promotion or our holiday advertising. The Keno Sprinkler delivered doubler and tripler top-of-ticket messages on an Nth-ticket basis, and prizes won on those marked tickets were multiplied. The Pick 3/Pick 4 Let it Snow Promotion awarded instant-win vouchers of \$2 or \$5 on an Nth-ticket basis with Pick 3 or Pick 4 purchases.

**Major lessons learned in 2019:**

We’ve been pleased with the annual performances of our holiday-themed tickets and the response to the Holiday Cash and Dash promotion. Our experience has shown us that we have a successful formula, and we don’t need to start from scratch each year when it comes to instant ticket concepts or second chance contest details.



**Massachusetts Lottery**

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

**Most successful game(s):**

Merry Money Blowout, our latest ticket in a sequence of games featuring prizes exclusively of \$50, \$100 and \$500, performed incredibly well, amassing over \$140 million in sales and selling through over 93% of inventory in just 15 weeks.

**Launch and end dates:**

The holiday games launched Tuesday, Oct. 22. They remain on the market until all grand prizes are claimed or there is no more inventory to sell.



**General holiday strategies:**

For the second consecutive year, our holiday launch included a family of tickets at the \$1, \$2 and \$5 price points (this year it was Winter Ice), along with a \$10 holiday-themed Blowout ticket. We offered an additional \$2 ticket this year, a Frosty the Doughman game that had been popular in the past and proved to be so again. As for advertising, for the second time in the last three years we did not produce a holiday-specific television spot, opting instead to utilize the holiday season as a launching point for our new “State of Winning Campaign” that focuses on the many ways that Massachusetts wins with the Lottery, from the nearly \$4 billion in prizes paid to players, to the \$1.1 billion that we returned to the Commonwealth to support cities and towns, to the \$314 million earned by Lottery retailers last year. The television spot featured a physical display of one billion dollars stacked in the



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shape and topography of the state of Massachusetts that was set up in the middle of Boston, and included reactions of people as they stopped to learn what it represented.

For the third straight year, we ran a second chance holiday promotion in which anyone enrolled in our VIP Club could enter their non-winning holiday tickets into a cash drawing for prizes from \$1,000 to \$10,000. The entry period commenced with the holiday launch and concluded in early January. Over the course of the promotion, we gained over 10,000 new VIP Club members, and there were more than 13,000 downloads of our second chance mobile app that allows members to scan their tickets for entry. Over 3.5 million tickets were entered, a 13% increase over last year's 3.1 million. Of all the tickets entered, 73% were submitted using the app, compared to 64% last year and 47% the first year of the promotion.

#### **Other holiday games, promotions or activities:**

We offered a discount on all Season Ticket purchases (Lucky for Life, Mass Cash, Mega Millions, Megabucks Doubler and Powerball) from Nov. 17 through Jan. 4. As an extra incentive, every Season Ticket bought or renewed during this discount period and registered by Feb. 8 was entered into a drawing to win \$1,000. Twenty \$1,000 prize winners were selected.

#### **Major lessons learned in 2019:**

With two years to look back on now, it is clear that holiday-themed Blowout tickets are a huge hit and next year's plan will most likely include another one. Our robust holiday second chance promotion continues to grow in popularity, each year resulting in more entries, expanding our VIP Club membership and gaining more downloads of our second chance mobile application. We plan to continue with this promotion again next year.

### **Michigan Lottery**

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

#### **Most successful game(s):**

Our \$10 game had the biggest impact by far when compared to the other three price points launched, \$1, \$2, and \$5, comprising a share of just over 39% of total raw activated dollars over an observed 11-week period.

#### **Launch and end dates:**

We launched our holiday games on Oct. 29. Two price points, \$2 and \$5 games, shipped out completely just prior to Dec. 25. The \$1 and \$10 were turned off on Jan. 15. As a rule of thumb we typically end holiday game distribution when returns outpace activation, which historically has occurred mid-January.



#### **General holiday strategies:**

Our primary goal for this year's holiday campaign was to outperform last year's campaign by 3%. We achieved that goal and then some, obtaining 4% growth with this year's games. There was a significant amount of continuity between campaigns as far as marketing support, retail execution, etc., with the big difference being the games themselves, launching four that were selected as the best performing concepts from our technical evaluation player research regimen.

We also continued to use our promo acquisition code strategy to support our omni-channel player cultivation efforts, driving new, first-time players to our digital channel. We know that omni-channel players spend more dollars when compared to just single channel players, so expanding this key player segment is a long term strategic goal for our Lottery as a whole.

#### **Other holiday games, promotions or activities:**

Our digital team ran a holiday promotion that was supplemental to omni-channel player cultivation efforts, using banner assets featuring our holiday games positioned within our wholly owned and controlled digital channels, MichiganLottery.com and the Michigan Lottery app.

#### **Major lessons learned in 2019:**

We continue to learn that sourcing original holiday themes and content from our print vendors and then taking that content and putting it through our technical evaluation player research regimen continues to deliver dividends for our portfolio. We cannot stress how valuable it has been from our experience to research our products, especially the ever important holiday campaign, and glean player sentiments. It may seem obvious, but our research regimen will be a prominent pillar in our efforts to continuously improve the player experience going forward.





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## Minnesota Lottery

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

### Most successful game(s):

We launched our holiday tickets on Nov. 5, and the \$5 Clear Play Full of 500s game was extremely successful. Full of 500s appealed to our core players, and the Clear Play ticket provided a unique gift giving opportunity.



### General holiday strategies:

Our holiday games featured a variety of price points and play styles that appealed to both new players and to our core. The lower cost level was an easy entry point for new and occasional players and was a comfortable price point for gift giving. Our holiday tickets also featured a higher payout of lower level prizes than our typical games. This created a winning

experience for more players and drove players into retail for added opportunities to replay the win.

The Minnesota Lottery holiday advertising featured "Dwight Elephant," our gift giving expert. Dwight offered his expertise to help shoppers select the perfect lottery gift for everyone on their list. This was the second year that Dwight Elephant was featured in our holiday advertising. Starting in late November, Dwight promoted holiday gift giving on digital, social, radio, OOH and was featured on our website. Our holiday advertising also included a caller hotline. Players could dial 866-DWIGHTY for some light-hearted gift giving advice.

### Other holiday games, promotions or activities:

Our Raffle game was also in market from late October through the middle of December. While Raffle doesn't have a holiday theme, we did feature Raffle in some of our gift giving promotions and it provided a great gift giving option for our players.

## Missouri Lottery

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

### Most successful game(s):

Our \$20 Scratchers game, Holiday Cash Bonus, was our highest-selling \$20 holiday game to date – selling 90% more than last year's \$20 game. It offered exceptional play value, providing extra appeal with Bonus Spots and additional play on the back of the ticket. Overall, this year's holiday Scratchers sales were the highest total holiday game sales in Missouri Lottery history.

### Launch and end dates:

Our \$20 holiday game was launched on Sept. 30, and the remaining holiday

games were made available in mid-October. Retailers were instructed to replace holiday games during the first week of January, at which time we launched new Scratchers tickets.

### General holiday strategies:

We continued to offer variety within the holiday-themed games, including an assortment of play actions and price points. We complemented the holiday ticket line with a holiday-themed second chance promotion that offered incredible experiential prizes. The "Second Chance of a Lifetime: Royal Holiday" promotion gave players a chance to win their choice of world-class trips to London, Hawaii or California, each filled with customizable adventure options.

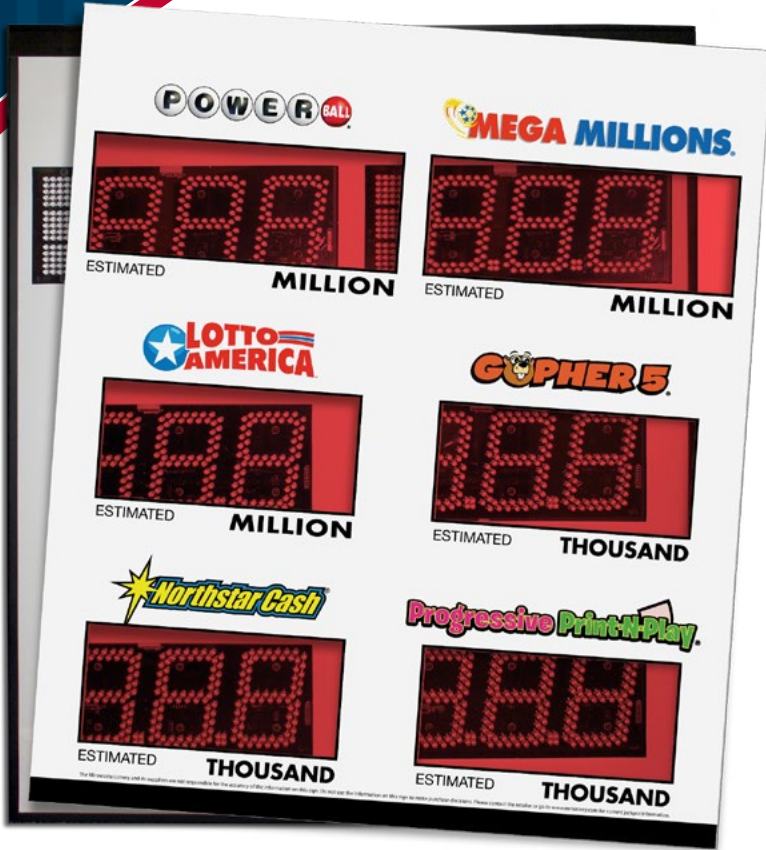




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Our traditional holiday advertising strategy was successful for us again this year. Our “Scratchers as Gifts” spot received TV, radio, OOH, web banners, streaming audio and video ad support. Similarly, the “Royal Holiday” second chance promotion was supported by radio, streaming audio, social, OOH and web banner advertising.

### **Other holiday games, promotions or activities:**

Draw game tickets were also incorporated into our holiday second chance drawings. While our “Royal Holiday” promotion specifically required players to enter the holiday-themed tickets on the Scratchers side, any draw game ticket printed and entered within the promotion dates was also eligible for the drawings. The newest “Scratchers as Gifts” campaign highlighted this year’s holiday-themed tickets in the advertising, but the overarching theme was that all Scratchers make great gifts and even helped Santa “get his groove back!”

### **Major lessons learned in 2019:**

Players always love the variety we offer in our holiday tickets. We’ll continue to offer games with added play value and specialized printing techniques that provide extra counter appeal, as well as second chance promotions that extend the holiday purchase.

## **Montana Lottery**

Montana’s holiday lineup included four games: two at \$1, plus one each at \$2 and \$5.

### **Most successful game(s):**

Historically, we generally only offer \$1 and \$2 games for the holidays, and they are the most successful. We did offer a \$5 holiday game this year for the first time. Naturally, there is a significant up-swing in pack activations in the middle of December.



### **Launch and end dates:**

We typically launch our holiday games at the beginning of October. It takes around three to four weeks for most retailers to have the holiday games in their dispensers. We evaluate game performance after the holiday season and remove them from the market around this time as well.

### **General holiday strategies:**

Our marketing campaign for our holiday Scratch tickets included POS advertising, a social media campaign focused on age responsibility, and digital advertising with winter/holiday themes. The \$5 holiday price point was a completely new product offering, and we decided for the first time to pulse the \$2 and \$5 games so more holiday artwork could be featured without having to destroy a majority of the game due to the sharp decline in holiday ticket sales after December. This allowed us to keep our usual order quantities, keep the top prizes and prize structures intact, and have artwork to replace the holiday themes without ordering two separate games.

### **Other holiday games, promotions or activities:**

In addition to Scratch, we offered holiday Treasure Play (EZ PLAY) games.

\$1 Blustery Bucks, \$1 Winter Wonder, \$2 Merry Christmas To Me, and \$5 Frosty Fun are the Treasure Play games that were included in our 2019 holiday product offering.

### **Major lessons learned in 2019:**

For holiday 2020, we would like to continue doing a scene pulse on the \$2 and \$5 holiday games. The first pulse will be heavily holiday-themed, while the second would feature a different theme. In 2019, ideally, we did not want the second pulse of either game to be distributed to retailers until the end of December, but this ended up not being the case. We ran out of the first pulse in the warehouse before then, and some retailers ran out of this theme early, while some had too many packs. As game planning for the 2020 holiday season approaches, we will conduct some analyses to determine the best way to distribute the first pulse of the \$2 and \$5 holiday games once they launch in October 2020. We may also consider doing holiday-specific second chance drawings for the 2020 holidays.



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## New Hampshire Lottery

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

### Most successful game(s):

This is a tough choice as we really pushed the local theme on our \$1 and \$5 with great results. The \$1 Santa Paws let players choose which NH pets would be featured on the ticket via a Facebook contest. Players loved this 12-scene ticket so much that very few have returned to the warehouse since the holidays. It was designed to create the feel of one continuous ticket over 12 scenes and was accomplished by looping a red holiday ribbon throughout each scene, connecting one ticket to the next, as well as a candy cane forest. The \$5 Holiday Lights ticket featured our 2018 Light up the Lottery contest winner's NH home decked out for the holidays, while promoting the contest for the second year. Not only did it sell really well, we were thrilled with the last top prize being claimed right around the holidays.

However, our \$2 ticket, with no local flair, provided great results in many areas. We launched one of NeoPollard Interactive's e-instant holiday games, Holiday Cheer, as a scratch ticket, and it was a wonderful cross-promotional tool. The front resembled the e-instant but had an added callout for free iLottery games. The ticket back had a red box detailing that if a person registers for an iLottery account they will get 25 free games of the Holiday Cheer e-instant. (For more on New Hampshire's omni-channel efforts, see the article on page 78.)

### Launch and end dates:

We launch our holiday games at the end of October. Generally we let them sell through to the next holiday

season if they don't sell out or if the last top prize isn't claimed. We often run "25th" promotions (BOGO on the 25th of each month at 12 different retailers) or Christmas in July. Once the next holiday season begins, they generally sell through pretty quickly (a high percentage sold with top prize(s) remaining = hot ticket!)

### General holiday strategies:

We tweaked the print run just a bit on our holiday games in hopes that we would not have too much inventory on hand, which boded well for us. We also went with contest-driven and local themes for two of the three games. The \$1 Santa Paws planning started in the spring with a pet photo contest on Facebook. The player-chosen winners' pets (by a public vote via social media) were photographed mid-summer and then the design phase commenced to create an integrated design that made the 12 tickets feel like one to encourage a \$12 purchase to get every scene. To put the popularity of this contest in context, the top 10 winners collectively received over 18,500 votes.

For the \$5 ticket, this was the second year we ran Light Up the Lottery, where our players submit photos of the outside of their home decorated for the holidays. A NH Lottery employee panel chooses the winner's home that is featured on the next year's holiday ticket. The jury is out if we will continue with holding this contest this year – it takes a lot of resources to execute properly.

### Other holiday games, promotions or activities:

At retail we had a subscription promotion for Powerball, Mega Millions, Tri-State Megabucks and Lucky for Life that ran from Nov. 29 to Dec. 31. There was also a Jingle All the Way promotion – from Dec. 16 to Dec. 25, players who purchased a single Tri-State Megabucks ticket of \$6 or greater had a chance to win \$25 instantly. We encouraged the lottery retailer to



suggest the sale of additional tickets with the "found" money won by the player in their store.

Multiple campaigns on the iLottery side were held around the holidays, with acquisition efforts around Black Friday/Cyber Monday and Christmas (free games with a \$10 minimum deposit) and CRM offers sent to target groups throughout the season, offering free games, cash match bonuses, surprise gifts, etc.

### Major lessons learned in 2019:

We will continue to do an omni-channel game to push iLottery registrations and hopefully be ready to offer coupons via iLottery to push players back to retail. Our field staff report that players want a \$10 holiday ticket, so we may do a pulsed portion of a \$10 game to see how it performs. We will continue to leverage our social media outlets as our players are incredibly engaged. And, as stated previously, we likely won't conduct another Light Up the Lottery contest, but will follow through with showcasing this year's winner on our \$5 ticket.



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## New Mexico Lottery

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

### Most successful game(s):

\$1 Holiday Fun! was our most successful ticket. It sold out well before Christmas.

### Launch and end dates:

We launched our holiday games on Oct. 1. Our \$1 Holiday Fun! and \$10 \$100,000 Holiday Countdown (which was re-launched from the 2018 holiday season) sold out in December. The \$2 Holiday Cash sold out in February 2020, and the \$5 Holiday Bucks ended in February 2020.

### General holiday strategies:

We launched four holiday games this year, all themed with the word "Holiday" in the name. We promoted the holiday games with My Rewards member emails, digital ads, outdoor boards, TV, radio and on social media. Initially we promoted the games with a "Happy Hall-o-days" campaign – because we can either promote Christmas at Halloween and annoy our players, or acknowledge that we're trumping Halloween and make fun of ourselves by saying, "yeah, we know it's not even Halloween yet, and we're kind-of, but not really, sorry." The POS we used pre-Thanksgiving looked like spooky Christmas. It featured spider webs and

it even had a pumpkin tree ornament. As soon as Thanksgiving ended, we began a very traditional warm and fuzzy Christmas campaign called "Scratcher Wonderland" that ran through Christmas.

We (meaning Director of Advertising and Marketing Wendy Ahlm) even made a Halloween appearance on the local TV show "New Mexico Living." She was dressed as an elf, to introduce the holiday Scratchers. We also held a Halloween "Hall-o-day" Treat Event at the Lottery's headquarters. The promotion featured the holiday games, and players who came dressed in costume had a chance to win Lottery bucks. Players who dressed in Christmas costumes received two entries. And players who purchased holiday games were entered for fun holiday prizes. We also decorated for Halloween with a lot of Christmas flare.

We added a 2X multiplier for My Rewards entries with the big ticket, \$100,000 Holiday Countdown, to encourage player demand, with the intent to increase placement in retail locations. The game was an oversized ticket, so placement in a special dispenser at the POP was critical. And players who purchased holiday Scratchers in our Lottery Claim Center had a chance to win a giant stocking filled with prizes, including a GoPro camera.

### Other holiday games, promotions or activities:

We offered Jingle Bucks, a \$1 Fast



Play! game, during the holiday season. And in December, we added "To:" and "From:" tags on the top of our draw tickets. We believe we're the first in the industry to tag our draw tickets with a "To:" and "From:" gift concept.

### Major lessons learned in 2019:

We think we are very clever and hilarious with our Halloween Holiday approach. Of course, we may be the only ones who think it's brilliant.





# ENGAGE WITH LOTTERY PLAYERS IN THE PURCHASE MINDSET, STEPS AWAY FROM THE C-STORE



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8

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(2018 ad effectiveness study for lotto client)

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Source: Audience Insights Study, July 2018; NACS, April 2018; Lieberman Research, Custom Client Study, February 2018. Reported actual purchase increase is of any of the brand's lottery tickets among those who recalled the ads. GSTV/Nielsen & Liebermann Ad Effectiveness Studies, (2006 - 2018), average ad recall = 49% (142 studies, 34,637 respondents), Nielsen TV Brand Effect = 27% (TV ad recall for 700 brands), Digital: Digital Ad Recall = 34%, Nielsen DPB Cinema Fusion to GfK MRI Doublebase Study, A18+.

## New York Lottery

New York's holiday lineup included four games: one each at \$1, \$3, \$5 and \$10.

### Most successful game(s):

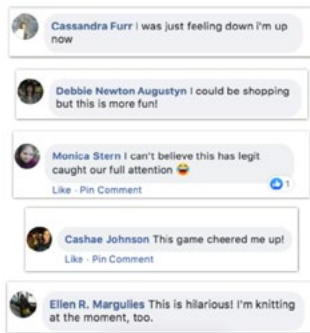
The \$10 game Holiday Lucky X50 performed the best. Our players respond very well to multipliers and were attracted to the \$1,000,000 top prize.

### Launch and end dates:

We launch our holiday games mid- to late-November. Depending on the theme, we end games considered to have stronger holiday themes by late January. Games with a seasonal theme last through February.

### General holiday strategies:

We did not change the launch timing or price points with the exception of offering a \$3 instead of a \$2 game. Tickets are ordered in quantities to last through the end of the year without much left in warehouse inventory as January comes to a close. These games tend to drop in sales rapidly and are returned by mid-January.



Sample Facebook comments on New York's Ugly Sweater Knitcast.

We partnered with Home Depot (through Alchemy 3) to create additional drawings for our draw ticket players on the New York Lottery's Collect 'N Win platform. A full advertising campaign, "It's Hosting Season," ran from Oct. 1 to Jan. 8, supporting the seasonal Home Depot promotion. The partnership was successful, and for the duration of the promotion, 1,788 electronic gift cards were received by players. Gift card prizes ranged from \$50 to \$5,000. We also held our regular monthly Collect 'N Win second chance promotion during November.

### Other holiday games, promotions or activities:

The New York Lottery each holiday season hosts an annual Facebook Live event. This year was an "Ugly Sweater Knitcast." During this knitcast, a knitter knitted a seasonal favorite, the ugly sweater. Viewers had the opportunity to play trivia, vote on what to add to the sweater, and win seasonal instant ticket prize packs. The Ugly Sweater Knitcast was the lottery's most successful season Facebook Live event to date, with 1.8 million total reach, 455,510 video views, 4,281 peak live views, 31,202 engagements, 16,174 post clicks, and 800 new Facebook page follows.

### Major lessons learned in 2019:

The Facebook Live event was very well received. We will continue to leverage social media to support holiday season product campaigns.

## North Carolina Education Lottery

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

### Most successful game(s):

Our \$1 game, White Elephant, became the most successful individual game this holiday season. We wanted to improve sales of our \$1 holiday game this year and White Elephant succeeded with that goal. Thanks to its popularity, sales for our \$1 game increased 10% over sales of \$1 games in the previous two years. This game's whimsical theme and look combined with Scientific Games' HD game symbols quickly made White Elephant a player favorite for the holidays. Our loyalty program, Lucke-Rewards, also featured a white elephant-themed play for fun game that drove awareness and trial of the game.

### Launch and end dates:

We launch all holiday tickets on our First Tuesday each November. We typically don't remove games unless they are still on sale into March.

### General holiday strategies:

Each of our five holiday games offered a different theme, which gave players more to choose from. Our \$3 game offered an extended play experience. At retail, we created a higher profile for holiday games by displaying them in a



# Give the gift of dreaming



North Carolina's collection of holiday instants.

spotlight dispenser. This also increases the number of facings at retail during the holiday season. We design the holiday games to sell out by March. The challenge we face is how to provide a strong prize structure for a \$10 game given the low number of tickets printed. This year, we experimented with a \$50 or \$100 Holiday Edition instead of a typical \$10 holiday game with a normal top prize. This way we could print the right quantity for the holiday season and still offer a strong game. To add value to our holiday tickets, we continued our practice of offering second chance drawings. This year, players could enter any holiday-themed tickets into one of two second chance drawings that provided some extra cash for holiday shopping or to pay off those holiday bills. Each drawing offered one prize of \$50,000, five prizes of \$10,000, and 50 prizes of \$500.

Our holiday games got support from a “Give the gift of dreaming” advertising and marketing campaign. Our TV ad featured a dog, Lucky, who brought home for the holidays one of our scratch-off tickets. The ad supported the entire suite of holiday games.

### Other holiday games, promotions or activities:

We always offer monthly and weekly drawings in our Lucke-Rewards program. During the holiday season, those drawings have a holiday theme and bigger prizes. This year, the monthly drawing, Reindeer Riches, offered 25 prizes of \$5,000.

### Major lessons learned in 2019:

The \$50 or \$100 Holiday Edition performed similarly to other \$10 holiday games in the past, but did not outperform other strong \$10 tickets. To take advantage of our big ticket dispensers, for the FY21 holiday season we plan to move up a price point and offer our first \$20 large format holiday game.

### Ohio Lottery

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

### Most successful game(s):

\$1 Holiday Cash is a perennial favorite, with a \$500 top prize and a callout to

a 71% prize payout on the front this year. Customers purchased almost 13.6 million tickets during the 13-week holiday sales period, the most of any holiday scratch-off. During that period, the \$20 Merry Millions scratch-off generated \$37.0 million in sales, bringing in the most of any of the holiday scratch-offs and setting us on a record pace for the holiday season. It’s the first \$20 holiday scratch-off sold by the Ohio Lottery since 2005.

### Launch and end dates:

Our six holiday scratch-offs were released on Oct. 15. In addition, a holiday version of our \$1 Cash Explosion scratch-off was released Nov. 5. Two winter-themed games followed on Nov. 26, including \$2 Snow Me the Money and \$5 Winter Winnings. The winter-themed games complement the holiday game release and provided additional options for customers looking to make small holiday gift purchases. We promote our holiday scratch-offs as great stocking stuffers. The games are removed based on parameters set on weekly sales performance. If the games maintain sales levels above the parameters, we will continue to sell them. Once they drop below the set parameters, the games are then set to be closed.



### General holiday strategies:

Launch dates have stayed fairly consistent from year to year. What we did do differently this year was to add in a \$20 holiday scratch-off and change up the \$10 scratch-off to an oversized “Gigantix” ticket, which captures extra attention due to its unique size.

Our promotions during this past year's holiday season centered around our scratch-off product line. Merry Millions Cornucopia, a MyLotto Rewards promotion, ran from Nov. 1-21. Customers could enter the \$20 Merry Millions ticket for one of three prize packages, which included cash, a "cornucopia" gift pack (tier one prize), and book of Merry Millions tickets. Our goal was to generate awareness and encourage the purchase of the \$20 holiday scratch-off. We had over 91,000 entries in a three-week period, which we considered a great response rate considering it's the first promotion that we ran for the \$20 price point. Indexing at 160, Merry Millions was our highest indexing ticket of the season.

We also offered a scratch-off coupon good from Dec. 2-21, which provided coupon holders with a \$5, \$2 or \$1 discount off purchase or a \$500 cash prize. The coupon, sent to one million households statewide, had a 20.5% redemption rate. That promotion was followed by Holiday Dash for Cash, Dec. 1-31. Customers who entered a non-winning \$1, \$2, \$3 or \$5 holiday scratch-off would receive one entry into the Holiday Dash for Cash drawing, which offered 100 \$500 cash prizes. Customers entered more than 1.2 million qualified tickets during the promotional period.

#### **Major lessons learned in 2019:**

The Ohio Lottery had a record setting holiday season for scratch-offs, including the best month (December, \$179.8 million), best week (Dec. 22-28, \$48.7 million) and best day (Tuesday, Dec. 24, \$10.6 million) ever during the 13-week holiday season. Although our Gigantix \$10 holiday scratch-off sold very well, only around 75% of all retailers carry this type of game. We will go back to a traditional \$10 holiday scratch off in 2020.

### **Oklahoma Lottery**

Oklahoma's holiday lineup included two games: one each at \$1 and \$2.

#### **Most successful game(s):**

We only launched one strictly holiday game this year, \$1 Cookie Dough. We did launch a 7s game at the \$2 price point, Ruby Red 7s/Emerald Green 7s, that was a scene game alternating between red and green art. This wasn't really a holiday game but we intentionally paired traditional holiday colors with a strong game theme to make the most of holiday shopping.

#### **Launch and end dates:**

We launch our holiday games in late October and typically remove them by late February if they don't sell out.

#### **General holiday strategies:**

We typically don't support our holiday games with large campaigns. We advertised the games on POS in stores and on our in-store marketing screens.

#### **Major lessons learned in 2019:**

We typically have success with our \$1 holiday tickets so I am sure we will do that again net year.



### **Ontario Lottery & Gaming**

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

#### **Most successful game(s):**

OLG's \$10 Gift Pack is a strong performer year after year and 2019 was no different with 3.5% sales growth from the previous year. We see a high demand for it at retail during the holidays as, by design, it's meant for gift-giving. We have also seen a steady increase in success at the \$5 price point. Our \$5 Holiday Winnings ticket saw a 9% increase from last year's ticket and had the highest sell through of our seasonal products at 91% – up 7% from last year. A simple play mechanic and appealing top prize of \$100,000 drove this success.

#### **Launch and end dates:**

We use a staggered launch approach for our holiday product to ensure we

satisfy the demand during the gift giving season. For 2019, we launched our \$20 ILC Celebrate 2020 ticket in late September, followed by our \$20 Big Ticket in the third week of October, along with our \$2 Stocking Stuffer, \$3 Peppermint Cash and \$5 Holiday Winnings. The \$10 Gift Pack was last to launch, in mid-November. Our holiday products are removed from sale after the first week of January, if not already sold out.

#### **General holiday strategies:**

OLG's 2019 instant holiday strategy was to give our products a traditional holiday look and feel. We even brought back a proven performer – Stocking Stuffer – at the \$2 price point after a five year break from market. Our advertising strategy kept gift giving top-of-mind with our successful "Stockings love lottery. Give one today!" campaign. Customer touchpoints included in-store POS,





radio advertising, OOH (in-store Powerwall) and social media. We also offered a holiday ticket second chance contest through the OLG Lottery App. From mid-November through the end of December, players who purchased a holiday-themed ticket could scan the barcode using the app to enter weekly draws for \$1,000 and a grand prize draw for \$5,000. The main objective of the contest was to drive player engagement, increase frequency and provide the gift of giving (back) to our instant players buying and or/playing our holiday-themed tickets. We had six weekly winners of \$1,000 and one grand prize winner of \$5,000, for a total of \$11,000 given back to our players!

**Other holiday games, promotions or activities:**

Our holiday tickets were featured alongside our OLG Lottery Gift Card in our marketing materials during the months of November and December. Additionally, to draw attention to our holiday-themed tickets we used a callout “burst” in our merchandisers (“Stockings love lottery!”), and provided retailers with cello bags and themed toppers for customers who wanted to make their own “pack” of tickets for gift-giving. We also created holiday greeting cards for our key accounts to give away with a \$20 instant purchase. Customers had three styles to choose from for regular instant products and one for the Big Ticket.

**Major lessons learned in 2019:**

Our greatest learning from 2019 came out of our \$20 Big Ticket category. Both consumers and retailers prefer a “countdown calendar” style ticket – with pop open tabs – during the holiday season. OLG’s sales and sell-through of this year’s product, which did not include those features, reflected the need to revisit the concept for the 2020 Holiday Big Ticket offering. Also, following a successful incremental \$3 and \$5 product launch during the 2019 holiday season, we plan to offer an additional \$3 holiday-themed product for 2020.

**Oregon Lottery**

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

**Most successful game(s):**

Throughout 2019, Oregon saw increased success in all our \$10 and \$20 tickets, and this was consistent with what we saw with the holiday tickets. The \$20 ticket was the first to sell through followed by the \$10 ticket.

**Launch and end dates:**

Our holiday tickets launched on Oct. 1. We removed the holiday tickets from our placement guides on Jan. 1, but allowed retailers to keep them in the market until Jan. 31.

**General holiday strategies:**

The holidays are the top selling period for Oregon Lottery Scratch-its. We treat our holiday-themed tickets as a featured set of games, but vary the art and play styles so the tickets appeal to a variety of customers. We offered the same price points as the previous year: \$1, \$2, \$5, \$10 and \$20, and focused on Scratch-its as a gift giving idea for Oregonians 18+. Our theme this year was “Scratch-it – It’s the ticket!”



We again utilized Surprise and Delight, where our Field Sales Representatives were able to surprise customers with lottery gifts (each gift contained a \$1 and \$2 holiday ticket with a holiday insert and ergo scratcher). We also added a new Big 15 promotion, which focused on off-premise, multi-register retailers where lottery staff handed out 400 gifts between 4 p.m. and 6 p.m. at specific retailers, as advertised on social media. We recently added 2nd Chance drawings for all games, which we included with our holiday tickets. This changed our \$20 ticket from an annuity prize of \$25,000 for 10 years to a \$150,000 top prize with a \$150,000 2nd Chance prize awarded through a drawing.

Due to new play center kiosks, the print advertising in off-premise locations was limited this year to banners in-counter and a header and button wraps on the Lottery to Go machines. This year's holiday advertising spend was reduced 42% by pulling back on TV and radio exposure while increasing our digital presence, resulting in improved net revenue. We adapted the media strategy to try to reach our customers in forms they are familiar with and advertised during a specific gift giving time frame. TV ads ran from Dec. 2 until Dec. 29; OTT TV, streaming audio and all other digital media from Nov. 25 to Dec. 29; radio from Dec. 9 to Dec. 29; and print from Nov. 18 to Dec. 29.

### Major lessons learned in 2019:

We will again utilize our research department to help fine tune our order quantities based on this year's sales and the market trends. We understand our customers like a variety of options and will continue to have various art and play styles that appeal to a variety of customers.

### Pennsylvania Lottery

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

### Most successful game(s):

The Pennsylvania Lottery offered a very strong lineup of designs and themes for each of our six holiday games. As we have done in past years, we launched one game at each of our price points, excluding \$30. All six games featured HD printing. For example, the \$20 \$1 Million Merry & Bright featured a special print element with silver Sparkle Select in the Twinkle pattern, and the \$5 Holiday Cash Blowout featured holographic ticket stock. Both games exceeded our sales expectations, with the former generating the most sales and profit when compared to any of our other holiday-themed games. Holiday Cash Blowout out-performed the previous year's \$5 game by more than \$5 million in sales at the 10-week mark,

making it the best performer when compared to previous games from the prior holiday selling season. We attribute the extra sales boost to the holographic ticket stock used on that game, once again proving that players in Pennsylvania gravitate toward games with special print and other features we have been weaving into our game lineup. Overall, the six Scratch-Off games as a whole were up just under 1% compared to the previous year after 10 weeks of sales.

### Launch and end dates:

We launched our holiday-themed games around the same period we usually do; this time it was Oct. 29. We generally look at the period of holiday sales as a nine-week time frame that ends just around the New Year. In terms of closing games, we follow the same process for our holiday-themed games that we do for all of our Scratch-Offs. We closely monitor the life cycle of each game and make a determination as to when to close each game based on several criteria, including sales performance, upcoming game launches, number of games available at each price point, and percentage of active stock at retail, to name a few. Typically, holiday games sell very well in Pennsylvania but, as can be expected, sales do drop a little after the season passes. We closely monitor game performance every week after the holiday season. When it becomes evident to us that it is time to close a game, decisions are made using our game closure procedures.

### General holiday strategies:

As we do each year, decisions on themes and play styles were made based on extensive research (both focus groups and surveys) and we took past years' experiences into consideration to determine what will work best in Pennsylvania and what might not be as well-received. We also worked hard to ensure that each game within the Scratch-Off lineup com-



plemented its counterpart. In 2018, we started utilizing HD printing, and moving forward we knew we had to build upon that with additional print features for the 2019 holiday season, as noted above.

Our Holly Jolly Second-Chance Drawing is another example of our success, as players in Pennsylvania continue to gravitate strongly towards value-added products and opportunities for a second chance at winning prizes. This drawing included the holiday-themed Scratch-Offs, the three holiday-themed Fast Play games, and all of our terminal-based games (except New Year's Millionaire Raffle). Each game category could be entered into its own drawing "bucket" for a chance to win up to \$100,000. Randomly-selected entries were also awarded a 5X or 10X entry multiplier. This second chance drawing not only offered our players extra chances to win cash prizes, but it also included a chance to win online play bonus money. Plus, for the first time, we started accepting Keno tickets into our Holly Jolly Second-Chance Drawing.

#### **Other holiday games, promotions or activities:**

We spread the holiday cheer through many more of our products in 2019. Our New Year's Millionaire Raffle returned for the 14th year. Sales began Nov. 5 and sold out one day before the drawing.

Holiday themes were also featured on our Fast Play games, Keno skins and iLottery games. Seeing growth with Keno and iLottery play, we were able to expand our holiday themes within these products as well with three new holiday-themed Keno screens to add to the five that were created last year; these appeared throughout various times during the months of December and part of January. Additionally, we launched four new holiday-themed iLottery games this season and re-launched five from last year to have



nine weeks of back-to-back launches during the peak holiday season. These games were still performing well for us through the end of February. Finally, the desktop version of our website even received a little festive makeover for the season.

#### **Major lessons learned in 2019:**

Much like the 2018 holiday selling season, it was reiterated in 2019 that our players gravitate towards new and interesting features, including special print options, high-definition play and prize symbols, and holographic ticket stock, to name a few. We will continue to look for ways to incorporate these features and more into our Scratch-Off lineup moving forward, remembering that Scratch-Off games are most well-received when they are sprinkled into the lineup strategically.

This was our third year launching holiday-themed Fast Play games and

once again, we saw proof that seasonal games perform very well for this category. Noticing an opportunity for growth, we decided to add a third holiday-themed Fast Play game to the lineup, with a \$2 game being the newest price point, and we launched them all one month earlier than in previous years. \$5 Holiday Tree Farm, \$2 Snow Much Fun, and \$1 Ho Ho Ho Tic-Tac-Toe generated 30% more in sales this holiday season when compared to the 2018 Fast Play games.

We also learned that, much like our traditional players, our online players love holiday-themed iLottery games.

#### **Rhode Island Lottery**

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

#### **Most successful game(s):**

Our \$5 Jingle Jackpot game was loaded with \$10, \$15 and \$20 prizes, providing more winning experiences for the players.

#### **Launch and end dates:**

Holiday games launched on Oct. 7. If a holiday-themed game does not sell out as predicted, we would pull the game in March.

#### **General holiday strategies:**

We try to keep the games festive and always launch them at \$1, \$2, \$5 and \$10 price points. Our goal is to completely sell out. This year we had all price points with a holiday theme, whereas last year, our tickets were more of a winter theme. We did a second chance promotion for the holiday games. Our holiday campaign theme was "Yankee Swap," so that was also the name of our holiday second chance promotion. Winners could decide to keep a guaranteed \$500 prize or "swap" it for 25 seconds in our Money



Booth for a chance to grab more than \$1,000 inside the booth. We did have one winner opt to go into the booth and she won \$524.

### Major lessons learned in 2019:

The Yankee Swap second chance promotion generated additional chatter as people discussed what they would choose, with most players selecting the guaranteed prize amount. Since the promotion runs for a limited time, and the games can remain on sale past the promotional period, we don't usually include any messaging on the holiday tickets about a second chance. However, we notice in general when tickets include messaging, player participation is higher.

### South Dakota Lottery

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

#### Most successful game(s):

Our \$3 Candy Cane Cashword and \$5 Snowflake 7s were the most successful tickets of our 2019 holiday lineup, not only because of their price points but also their game styles. The Candy Cane Cashword ticket also had a scratch n' sniff feature, which added an element of fun for our players. Compared to 2018's holiday tickets of the same price point, the Snowflake 7s saw a 19% increase in sales while the Candy Cane Cashword had a 6% increase in sales.

#### Launch and end dates:

Our holiday tickets launched the last week of September. We do not remove tickets from the market early at this time.

#### General holiday strategies:

We offered our players a wide variety of holiday tickets, including a licensed ticket, the \$2 A Christmas Story. In terms of advertising, we featured many of the same elements that we have in previous years, including traditional advertising such as TV, radio and billboards, as well as elements such as paid social media posts. We also included a landing page that showcased all of not only the holiday lineup, but also the second chance elements and responsible gaming.

We offered two different types of second chance drawings in conjunction with our holiday campaign. The first was a trio of A Christmas Story second chance drawings held throughout December. This promotion allowed players to enter their non-winning A Christmas Story tickets for the chance to win A Christmas Story prize packs. These prize packs included merchandise inspired from the movie, includ-



ing playing cards, a tumbler, fleece blanket, bunny slippers and a desktop leg lamp. In order to continue sales after the holidays, we also offered the Light Up Your January second chance drawing. This drawing allowed players to enter their non-winning holiday tickets for a chance to win a life-sized leg lamp and \$300 in scratch tickets.

### Major lessons learned in 2019:

Our continued success with the \$3 and \$5 price points are something that we will continue to utilize. The second chance drawing component added excitement among our players, which is something that we will look to continue utilizing.

### Texas Lottery

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

#### Most successful game(s):

\$5 Merry Money was the Texas Lottery's first introduction of a clear, recyclable plastic ticket utilizing the





Clear Play technology from Pollard Banknote. The unique look/feel of the game was well received by both players and retailers and the game experienced a twelve-week sales index of 124.

#### Launch and end dates:

The \$10 Winter Winnings ticket was introduced on Oct. 21; \$1 Frosty Fun, \$3 Glimmering Gifts and \$5 Merry Money were introduced on Nov. 4; and the last holiday game, \$2 Holiday Cheer, launched on Nov. 18. All Texas Lottery games go through a very detailed game close analysis and must reach certain criteria prior to starting the game close process. Actual sell-through percentage and number of weeks in market ultimately dictates when games can be closed.

#### General holiday strategies:

The only launch strategy change was to launch the games approximately two weeks earlier than they were in

the previous year. We did introduce a few games with new print options. As noted above, we launched our first Clear Play ticket, Merry Money, and the \$10 Winter Winnings was an oversized (8" wide) die-cut ticket shaped like a wreath and was produced with Pollard's Scratch FX holographic foil application. The \$3 ticket was a coordinate play ticket printed by Scientific Games which included holographic play symbols under the latex – the first game to do so.

#### Other holiday games, promotions or activities:

We do change the animation on our draw game ESMM slides to a holiday theme starting in November.

#### Major lessons learned in 2019:

The use of oversized tickets for the \$10 holiday game is being evaluated as we start planning for next year. These tickets have limited bin facings at retail and this limitation may hinder the overall performance of the game. We are looking at sales data to determine if the holiday game would have ultimately performed better as a standard 4" ticket.



### Virginia Lottery

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

#### Most successful game(s):

Our New Year's holiday raffle set another record this year, selling out on Dec. 21 – 10 days before the drawing. Our players enjoy the raffle which represents the best odds to become a millionaire. We updated the game three years ago to include some lower tier prizes in addition to the \$1 million prizes and that has made the game more exciting. With such an early sellout, we look forward to updating the game again for the 2020 holiday season.

On the scratch side, our \$2 Holiday Cash scratch game performed really well and it is one of the most successful \$2 holiday games we have launched to date. We also launched Clear Play at the \$5 price point and that performed well and offered something new to our players.

#### Launch and end dates:

We launched our holiday games on Nov. 5 this year, which has shown success traditionally. We typically remove them from the market in January, but this year, we sold out of all of the holiday-themed games.

#### General holiday strategies:

We conducted player research and worked with our ticket printing partners to develop prize structures that were loaded with low tier wins to increase the number of winning experiences. In most cases, we lowered the standard top prize to help increase number of wins. In theory, both of these tactics helped drive players to retail to redeem their winnings and potentially drove additional purchases. We produced new creative this year to illustrate and reinforce the idea that our games make great gifts – that don't require wrapping. The campaign really seemed to resonate with our players and helped drive our overall holiday sales.



### Other holiday games, promotions or activities:

We included our holiday raffle and our Print 'n Play Rolling Jackpot game in our holiday campaigns. Our strategy for holiday is to message a broad representation of our entire game portfolio.

### Major lessons learned in 2019:

This year, we featured two \$5 games – one to appeal to core players and the other to highlight the holiday season. We are concerned that having two \$5 games may have lowered the performance of the holiday game. Next year, we are only planning to launch one \$5 game for the season.

## Western Canada Lottery Corp.

WCLC's holiday lineup included 13 games: two each at \$1, \$3, \$4, \$5 and \$10, plus one each at \$2, \$20 and \$30.

### Most successful game(s):

This year was a great standout for us, as we enjoyed our second-best Christmas sales to date. Our \$1 offerings are always strong, with sell through being over 80%; our \$2 was up from last year; and our \$3 offerings were both strong, with Peppermint Cash being over 70% sell through. Our licensed \$5 National Lampoon's Christmas Vacation did very well, up over the \$5 offerings last year. Our cornerstone at Christmas is still our Player's Choice Mega Pack \$20 pouched ticket. We support it with a TV advertising campaign and it delivered over \$10,000,000 in sales.

### Launch and end dates:

Our Christmas lineup starts early with Player's Choice out at the end of September, with the rest of the tickets launching mid-October and the beginning of November. Sales typically slow

right after Christmas; our partner sales teams would make the decision to pull them from their merchandisers.

### General holiday strategies:

We strategically look at how well the tickets do in all the price points and we do a sit-down strategy on look, play mechanics etc. as a Zing group – Zing is our new brand for instant products, replacing Scratch 'N Win. We strive to strike a balance between price point, play style and theme. We did make a couple of changes this year by having our licensed ticket out in market a little longer with an Oct. 15 release. WCLC has had a second chance campaign the last few years with Pick Your Present on all but the national Christmas offerings. This second chance offer has been popular and has grown the last two years consistently with both new players and repeat players.

### Other holiday games, promotions or activities:

In the past WCLC has done a winter theme ticket that would come out around the time of our Christmas tickets in early October; we did not do that this year, but will incorporate it again



for fiscal 2021. We also do a "Year of" ticket with the Chinese New Year, and that has been done on and off for the past few years. The Year of the Rat ticket went out at the beginning of December and is still in market.

### Major lessons learned in 2019:

We are going to keep our \$30 offering in the merchandiser with a focus on the Christmas offerings. With a new theme but still a bigger size ticket (11"x7"), the continued positive sales of this Zing ticket make it a perfect placement during the holidays. WCLC will continue to analyze our data and research and base our decisions on this moving forward. Whether it means more tickets for Christmas or less, the discussion is always ongoing.

## Wisconsin Lottery

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

### Most successful game(s):

\$10 Holiday Magic and \$15 Celebrate were our most successful games. Both used FX (and FXtra) printing, which gave the tickets a holographic look. Typically, we only use this feature on \$30 tickets and premium \$10 games, so to use FXtra on the \$10 and add FX to the \$15 definitely helped the tickets stand out. The \$10 game sold out fastest of all of the holiday games. Both were definitely the talk of the town.

### Launch and end dates:

We launched our games in the second half of October. So far, we have never had to end a holiday game due to it not selling out. On some tickets that may be a little slower than others, we try to give them more of a winter theme than holiday theme, so if it sells into January, it still has seasonality.





**General holiday strategies:**

We used the same price points in 2019 as we did the year before, but we increased the quantity on four of the five games. The advertising tactic also used the same successful strategy relating to lottery tickets as gifting solutions. A TV ad specifically focused on the \$15 ticket, a radio ad covered all price points generally, and there were individual OOH ads. We offer a short term holiday incentive for retailers. That involved earning \$10 for each winning ticket worth \$30 or more that was sold and redeemed during the incentive period, when the retailer pre-ordered at least one pack of each of the \$5, \$10 and \$15 games.

**Other holiday games, promotions or activities:**

As in past years, we also offered a \$5 Holly Jolly Raffle game late in the year, which has become a popular holiday offering. It was a record-setting sales period for 2019 Holly Jolly Raffle tickets. Launched Nov. 1, the raffle sold out in just 26 days, marking the fastest sellout of 100,000 quantity in our history.

**Major lessons learned in 2019:**

We always are looking at changing quantities in order to maximize sales, and will continue to do so. However, probably the best lesson we learned was how much excitement printing effects can add to the games. Both the \$10 and \$15 were printed with special effects and both were very popular and great sellers.





# *Expanding the Online Reach*

Lotteries with online sales continue to enhance their services for everyone involved, and cross-channel opportunities are a hit with lotteries, players and retailers.

*By Patricia McQueen*



On the surface, it has been relatively quiet in the American market since our last online sales update a year ago – no new lotteries have launched traditional sales through digital channels in the last twelve months. That will soon change. The Rhode Island Lottery is readying an online sales platform this spring, and new legislation in Virginia allows for full iLottery sales, beyond the online subscriptions the Virginia Lottery has been selling for years. Other jurisdictions may have iLottery within their grasp, but the rapid spread of the coronavirus this spring has affected immediate plans, from operational implementation to legislative measures.

Below the surface, however, there has been a lot going on. The Illinois Lottery, the first in America to offer online single-ticket sales in 2012, completely revamped its iLottery system as part of an overall digital transformation last year by private manager Camelot Illinois. Others, especially the newest entrants, New Hampshire and Pennsylvania, have added new features as they continue to evolve.

Based on actual industry experience in the U.S. and around the world, iLottery sales do not negatively impact bricks and mortar retail sales – in fact, retail sales continue to grow and retailers are receiving increasing commissions as a result. And as a bonus, lotteries are using “web cash” (where players can fund their online accounts with an in-store transaction, earning a commission for the retailer) and are developing cross-channel products and promotions. These and other efforts help provide additional revenue sources for everyone involved.

That’s the intention, after all – to grow total sales by attracting new players in new channels in order to create a more sustainable business, providing increasing revenues to good causes, and supporting lottery

retailers along the way. “When we launched iLottery in May 2018, one of our key goals then was to use iLottery to build traditional business, and that still holds true today,” said Stephanie Weyant, the Pennsylvania Lottery’s Deputy Executive Director, Marketing & Product Development.

### Web Cash

The original efforts to involve retailers in the iLottery space centered around what is becoming widely known as “web cash.” Maybe a player doesn’t want to use a debit or credit card, or link a bank account to an

Online Game Card purchases have recently provided between 4% and 5% of monthly account deposits.

The Pennsylvania Lottery’s version, WebCash, can be purchased with cash or debit cards at any lottery retailer. With a regular slate of promotions such as “buy more, get more” options, the Lottery gives players an attractive reason to use WebCash to fund online play. About 5% of iLottery deposits in the state now come this way. “We are really happy with WebCash, because retailers can see in their bottom line the commission that they are earning from the sale of WebCash, just like any other product,” noted Weyant.



online wallet. With web cash, they can plunk down their cash (or other acceptable payment methods if they so choose) at any lottery retailer and that amount is added to their online account, typically by entering a code. Web cash is also at the heart of many promotional efforts, like “buy \$20, get \$25.” Best of all, the retailer generally gets their standard lottery commission on the sale of web cash.

The Michigan Lottery was very successful with this early on, and others have followed suit. Michigan’s

There are two web cash options offered by the Kentucky Lottery, iFunds and iGifts. Players initiate an iFunds purchase through their online player account, and show their Player Card to any lottery retailer. Subject to any account balance and deposit limits, the player chooses the amount of the purchase, makes the payment at retail, and the funds are automatically deposited into their online account. To purchase an iGift, which acts like a voucher, a player simply pays a lottery retailer the desired amount, and an

*"It's all about driving players to try all the different products around whatever property or theme."*

*- Stephanie Weyant*

iGift voucher is printed. The code on that voucher can be added to the player's account, or can be given as a gift for someone else to use in their own iLottery account. In either case, the amount of the iGift can't exceed account balance or deposit limits.

During the last holiday season, Kentucky ran a promotion for players to use one of these methods to fund their accounts, offering a bonus on the deposit amount. The result was a 27% increase in deposits, and 50% of the players increased their monthly deposit amounts.

Loto-Québec is another that promoted retail-purchased cash for use in online play as a holiday gift idea. And because the Lottery's sports betting pool can only be played online, retailers can also participate in that activity by suggesting retail-purchased cash to their customers.

The British Columbia Lottery Corp. launched PlayNow Web Cash as a pilot program in late 2017, and these \$25 vouchers are now available at select lottery kiosks throughout the province. Players may purchase the vouchers with cash and debit/credit cards; there are no usage fees and the funds never expire.

Other lotteries continue to explore these possibilities. The New Hampshire Lottery is working on an iCash option at retail; they know that despite the general move to a cashless society, some players still prefer to use cash even to fund their online play. Another option at a couple of selected retailers in New Hampshire is PayNearMe, a mobile-enabled payment service. The retailers work with PayNearMe, and players using it get a voucher that is deposited into their iLottery account. "The retail density is low for this, but it provides us with an easy-to-launch option to provide

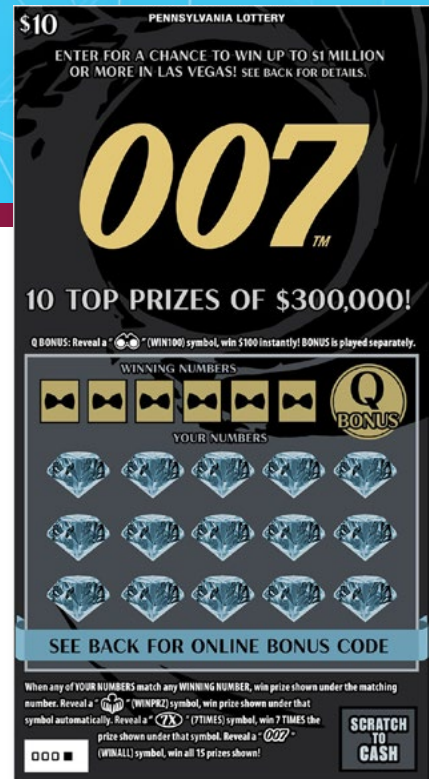
a cash payment method in our most densely populated areas," said the Lottery's Director of Sales and Product Development Kelley-Jaye Cleland.

### *Omni-Channel Progress*

Lotteries are also getting creative when it comes to involving the retailers in other ways, as omni-channel/cross-channel promotions and games are becoming more widespread. These help drive players from one platform to another. This Michigan Lottery has blazed the trail in various ways, starting with online second chance opportunities for games purchased at retail.

The two newest iLottery states, New Hampshire and Pennsylvania, have also embraced these concepts in a big way. "Michigan really established some of the best practices in the area of cross-promotions," said Weyant. She explained that Pennsylvania's strategy started with licensed properties and seasonal games, using coupons to drive players from one version of a game to another, including some combination of a scratch-off game, an iLottery game and a Fast Play game. She noted that these particular coupon redemption rates average 20%, much higher than typical coupons, so "the players are really engaged."

For example, if someone plays X amount on Wizard of Oz online, they will get a coupon to try the Wizard of Oz scratch-off game at retail. "We started with licensed properties because there's a nice synergy there with the brands, crossing the product lines. And then we give players a reason to try the different types of games all tied to that property." That has since been expanded to other games, such as keno and seasonal games. This past holiday season, for \$25 worth of iLottery play



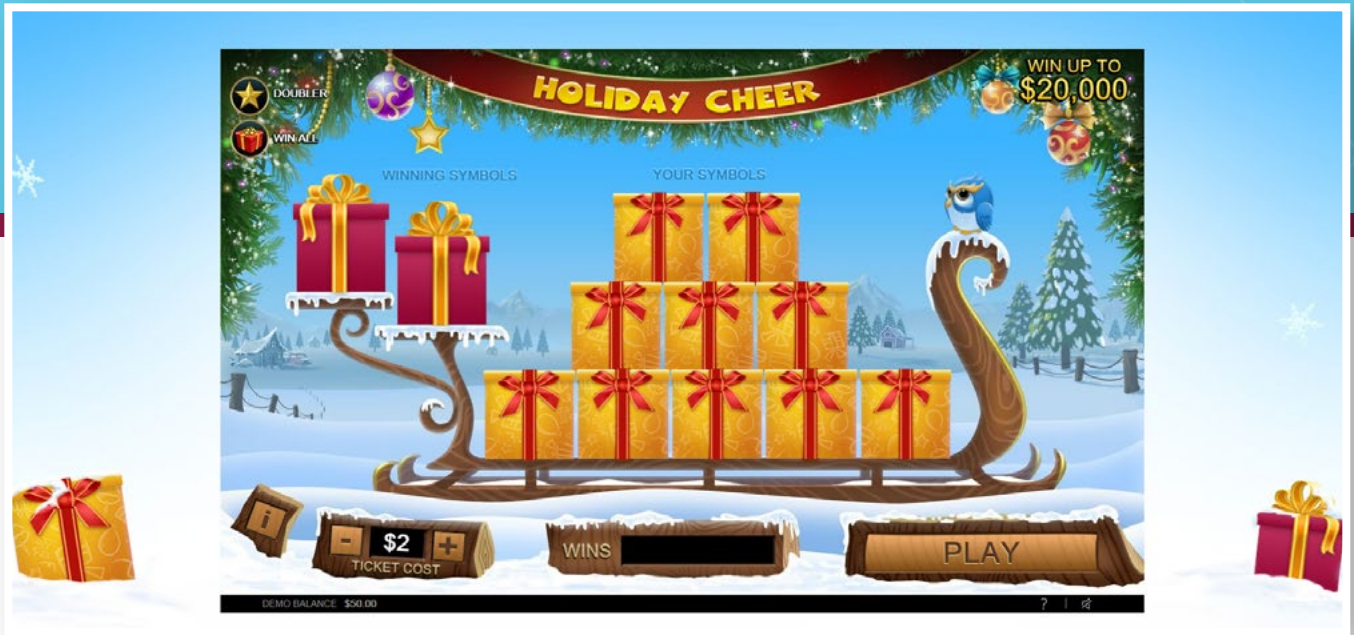
on a holiday online game, the player received a coupon for a \$5 scratch-off game.

Even better, through its vendor Scientific Games, the Lottery can now track where coupons are redeemed at retail, to show specific retailers exactly how much business they are getting from iLottery players. "We are starting to put real numbers behind this," explained Weyant, and she expects that to really have an impact, especially with corporate accounts.

To take it full circle, Pennsylvania recently launched JAMES BOND 007 as both a retail scratch-off and an online game. It's the Lottery's first game that has a bonus code on a scratch-off that gives the player free online plays. Each \$10 ticket has a code that provides iLottery players with \$7 worth of free play for the online version of the game. "We started with driving online players to retail; now we are starting to drive them from retail to online. It's all about driving players to try all the different products around whatever property or theme."

Another thing Pennsylvania is doing is awarding iLottery bonus money





as lower-tier prizes in second chance drawings. It's a way to track how many players become first-time iLottery depositors and how many continue to play. "We are just really trying to integrate the two sides of our business, and driving it through those sorts of promotions," said Weyant.

The New Hampshire Lottery has also embraced the concept of cross-channel games. For the 2018 holiday season – its first with iLottery – the e-instant game Holiday Cheer was very popular. The game was brought back online for the 2019 holidays, and a paper scratch ticket with the same theme was added to the mix. It marked the first time the Lottery's online partner, NeoPollard Interactive, had replicated one of its online games as a scratch ticket. The front of the \$2 paper ticket looked like the e-instant game, but had a callout for free iLottery play. Details of the offer were on the back of the ticket: Register for an online account and receive 25 free plays of the online Holiday Cheer (or other online game of equal value) using the promo code provided. The goal was to introduce retail players to the online channel and inspire omni-channel engagement.

And it worked! Both the paper and online versions brought in more than \$1.7 million in gross sales. There were

almost 1,200 new iLottery registrations, and more than 150 of those became first-time depositors – an almost 13% conversion rate. There were also more than 6,000 unique page views of the Holiday Cheer online landing page.

These promotions and products show that without a doubt, lotteries are working hard to grow the total pie, building player value and providing options to attract new players while meeting the needs of all players.

### Total Relaunch in Illinois

Meeting players' needs was a big part of Camelot Illinois' complete relaunch of the Illinois Lottery's online sales platform in February 2019, as part of a much greater digital transformation. With nearly three-quarters of its traffic coming from the Lottery's apps or the mobile web, the iOS and Android apps were updated and the website made fully responsive from a mobile first perspective. "It was all done with the consumer in mind," said Monika McMahon, Director of Digital at Camelot Illinois.

Those consumers have been able to play Mega Millions, Powerball, and Lotto online since the early days, but the Lottery's other draw games

*“It was all done with the consumer in mind.”*

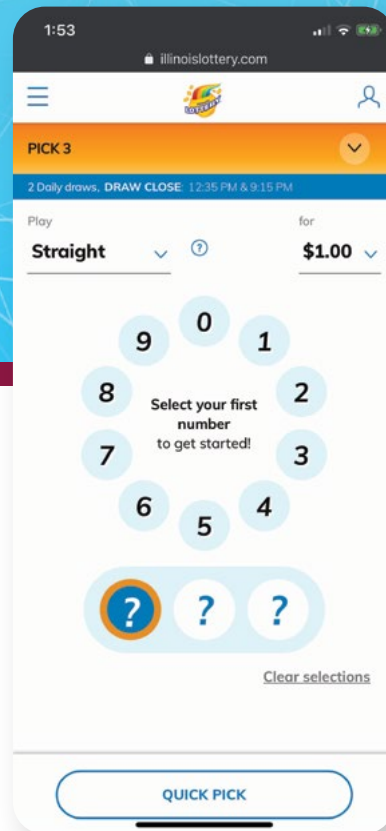
*- Monika McMahon, about the Illinois digital transformation.*

– Lucky Day Lotto, Pick 3 and Pick 4 – were only available with subscriptions. Legislation last year changed that, and allowed those daily games to be added to the mix for single-draw sales last August. “We’ve seen great success with that and those games have continued to grow.”

It hasn’t hurt that Illinois has had two big jackpot winners coming from online play in the past year. In April 2019, an iLottery player won a \$15,750,000 Lotto prize, and in February another player took a \$6,250,000 jackpot in the same game. “People have asked us how many people are actually winning online, and it’s nice to have these really big wins to point to. It’s very exciting when you see those iLottery players win,” noted McMahon, adding that after the February win, there was a 40% increase in downloads of the Lottery’s mobile app.

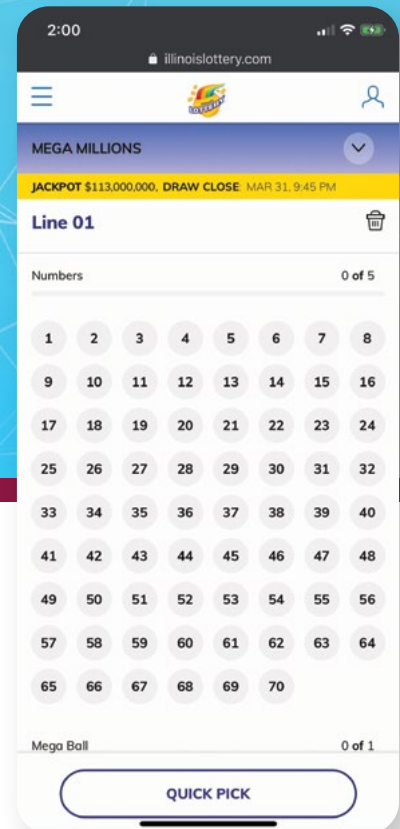
The new system includes several key enhancements for players:

**A streamlined online registration process.** Rather than have potential users navigate screen after screen to step through registration, only to get to a page deep in the process and decide they didn’t want to provide one bit of information, now it’s all together. “We made our registration form just one page so you can see everything we were going to ask for to set up an account all at once.”



**Enhanced interaction with numbers selection, with the goal of mimicking the experience of filling in bubbles on a retail play slip.** “We were changing so many things at the same time, this made it easier for people to adapt to the new system,” McMahon explained. When Pick 3 and Pick 4 were added, the digits were placed in a circle but with a similar selection process. “We did a lot of user testing to find the best way to show and select numbers. I think we came to a really nice and interesting solution.”

**New ticket scanning capabilities in the mobile app.** And as it turns out, many iLottery players are also scanning tickets – for both instant and draw games – purchased from retailers, proving that iLottery players are buying tickets whenever and wherever they want, adding to the overall user experience.



**A significant change in how players purchase and pay for their tickets.** Instead of having each transaction charged to a debit or credit card, with a \$5 minimum card transaction per purchase, a digital wallet was created. Requiring a minimum \$10 deposit, all ticket purchases – even a single 50 cent daily game – are simply deducted from the player’s wallet. “Shifting from the consumer mindset of having to spend a minimum of \$5 per purchase to making a minimum \$10 deposit caused some initial confusion,” said McMahon. But continuing education – including a series of explanatory welcome emails – helped to mitigate that. “Once we got through that hurdle, now people understand that the wallet is the way to go, and we see less friction.”

The new digital platform also provides the ability to do sweepstakes, such as those with some key retail partners. That function has not only brought new players into the iLottery





*More than \$1.25 million in winnings were claimed through March 20 at retail locations using the Michigan Lottery's withdrawal vouchers.*

realm, but has re-engaged lapsed iLottery players as well. Camelot Illinois is also exploring various kinds of cross-channel promotions, web cash and affiliate marketing, all efforts to support the Lottery's retailer base.

One key aspect of the digital transformation will continue to pay dividends for years to come – for the first time, there's a link between the player management and marketing databases, allowing for a much better understanding of players and their behaviors. This has allowed for personalized communication with players based on the games they play, which, when combined with all the other changes, has resulted in significant iLottery sales increases. In the year since the new site launched, there has been a 60% increase in base sales, and 146% uplift during jackpot rolls. The number of weekly players is up 44% with the new platform.

"We're all excited as a team to see that we will continue to grow, and we have some great ideas on how we are going to utilize some of these newer features like promotions and our additional sweepstakes and what that means to us as a business," said McMahon. "Without going through that, we definitely would not be where we are today in terms of our iLottery sales."

### *Other Recent Highlights*

While the Illinois Lottery has made the most significant changes over the past year, other lotteries haven't been

sitting idle. As described earlier, there are plenty of movements along the lines of cross-channel promotions and retailer involvement. A sampling of other new initiatives or experiences with iLottery are summarized below.

**Michigan Lottery.** While web cash products are increasingly common, Michigan has also developed a new withdrawal voucher option for its online players. It's a user-friendly way for players to make their withdrawals, and gets cash into the hands of consumers who can then turn around and spend it on anything they want right there in the store. Players can withdraw from \$10 to \$200 of their online winnings by getting a voucher through their lottery account, which they can take to any licensed retailer to redeem for cash on the spot. The vouchers expire 30 days from the date of issue, and if they are allowed to expire without being redeemed, the funds automatically go back into the player's online account.

Retailers reap the benefits of a customer having new cash to spend in their stores, and they also earn a 2% cashing commission on all vouchers cashed. Since the beginning of the Lottery's fiscal year last October 1, more than \$1.25 million in winnings were claimed through March 20 at retail locations using the vouchers.

**Pennsylvania Lottery.** With the addition of Powerball and Mega Millions as iLottery options in January (the first draw games added to the

platform, which launched with only instant games), Pennsylvania has seen an increase in first-time depositors. Weyant expects that metric – and sales – to continue to grow, and the goal over the next year is to add most, if not all, of the Lottery's draw games to the iLottery menu.

An increasingly important component of Pennsylvania's program is the iLottery Customer Referral Program, which offers ways retailers can earn additional compensation; even non-retailers can be part of this affiliate program. Retailers can participate either through digital marketing links or through a printed brochure that includes their unique code; players use that code when they sign up for an account. For two years, the retailer shares in the Lottery's profits from each player captured from this program.

Based on feedback from retailers, however, that revenue-sharing model wasn't well understood. Retailers wanted to know exactly how much money they would make. As a result, the Lottery added an option based on cost per acquisition: for every player referred who registers for online play using a retailer's code, that retailer gets \$75. "Retailers can wrap their minds around that, and I think it will help," explained Weyant.

In the fourth quarter of calendar 2019, about 4.3% of iLottery first-time depositors came via the affiliate referral program. To date, about 400 of the Lottery's retailers have signed

*"There's always something changing, a new adaption to make for a player, or a new trend to try online. It's a fun area to work in!"*

*- Lauren Walker*

up as affiliates, but not all of them are active recruiters every month. With the change to the program, however, there's a new push to engage retailers, especially corporate accounts. "There's definitely money to be made for them," she said, adding that some of the Lottery's top non-retailer affiliates are making \$15,000 a month. "We see a lot of opportunity there."

**Kentucky Lottery.** With four years of iLottery experience to date in both draw games and e-instants, the Kentucky Lottery continues to see double-digit growth in online sales annually. And right alongside has been growth in retail sales, which have grown every year since the launch of iLottery in April 2016, increasing retailer commissions accordingly.

Kentucky has learned that variety in the e-instant portfolio is important, and it's important to keep players engaged. "We look for ways to have rounds online, various ways to win, options for players to play leisurely or quickly," explained Director of Interactive Content and Customer Service Lauren Walker. She knows that players aren't playing only for the top prize, and move up and down price point offerings, so the top prize can be a little lower with more churn prizes available. Kentucky offers 50 cent games and is evaluating even lower price points, and there have been games that have wins of less than the purchase amount. And because online games don't have the physical limit of display bins on a counter, niche games with a small but loyal audience can stay available.

And the possibilities are endless. "There's always something changing, a new adaption to make for a player, or a new trend to try online," said Walker. "It's a fun area to work in!"

**Loto-Québec.** Online sales of both draw games and instant games increased by double digits in Quebec in FY19, but the Lottery's goal is always continued growth in both online and retail channels. As with other jurisdictions, retail sales have not declined due to the availability of games online. Online sales do attract young adult players, a desirable outcome for every lottery. For draw games, players aged 18 to 34 make up more than 18% of the online player base, representing about 8% of sales. For instant games, more than 22% of online players are in the 18 to 34 bracket, representing about 19% of sales.

For the most recent holiday season, Loto-Québec's holiday instant ticket collection was available for purchase on the website of a major grocery retailer, enabling consumers to purchase an array of scratch tickets online along with their groceries. The tickets were then delivered to the purchaser along with the grocery order. To ensure age compliance, the retailer's online customers are required to provide a credit card and be at least 18 years of age. This enables purchases including beer, wine and lottery products. And just like it is the retailer's responsibility to card their customers at their stores, they are required to do the same for home deliveries. The delivery person, an employee of the retailer, must ensure that the person receiving any products only sold to adults are in fact at least 18 years of age.

**British Columbia Lottery Corp.** Online lottery sales through BCLC's digital platform [PlayNow.com](https://www.playnow.com) continue to see strong growth with every fiscal year; eLotto sales saw double-digit growth over the last fiscal year while lottery sales at bricks and mortar retail locations have remained high.

A key feature of PlayNow is the availability of subscription play for draw games such as Lotto Max, Lotto 6/49, Daily Grand and BC49. Players can choose their own numbers or use quick pick, and have the option to set up a subscription that lasts anywhere from two to 104 consecutive draws; they can stop their subscription at any time.

Last summer the Lottery's Lotto! app was enhanced with a feature to allow players to purchase lottery tickets on their smartphones through their PlayNow accounts, without having to first log in via a web browser. This enhancement, which streamlines the customer purchase, was a contributing factor to the double-digit growth in eLotto sales. The enhanced app also allows players to scan their lottery tickets, making it more easy and convenient than ever to check lottery tickets.

In April 2019, BCLC had its biggest online winner to date, as a PlayNow player won a \$10 million Lotto 6/49 jackpot.

### *More to Come*

All of the measures mentioned above are evidence that online sales are a natural progression for lotteries, and their introduction benefits lotteries, players and retailers. While the spread of the pandemic may have put a hold on some new developments, lotteries able to offer games online may well see a surge in iLottery sales as states, and countries, issue shelter in place orders. These are unprecedented times. ■





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*Coming Soon...*

# Lessons Learned on Cashless Operations

*A year later: Revisiting the Ohio Lottery Cashless Project – six things to consider.*

By Fivi Rondiri  
Director Account Management  
INTRALOT USA

Multiple U.S. lotteries (including Pennsylvania, Virginia and Georgia) have piloted the idea of cashless lottery transactions. The Ohio Lottery, though, was the first in the nation to go cashless on a big scale with 8,000 self-service terminals on Nov. 10, 2017. The Lottery utilizes two types of self-service vending terminals provided by INTRALOT: the WinStations® that vend both instant and draw games, and the family of MP® terminals that vend only draw games. The Lottery also turned on cashless capability for 10,000 clerk-operated Photon® terminals in May 2019.

If your lottery is considering going cashless, here are some of the lessons learned that will help you make it a success story.

## 1. Understand Merchant Category Codes (MCC) and check with regional banks to avoid unnecessary declined transactions or fees.

Previously, most credit companies had a policy to decline all gambling transactions, including lottery, despite the fact that lottery tickets were legal. Nowadays, there is a new MCC specifically for U.S. lotteries that separates lottery from casinos and sports betting.

In Ohio, after launch, there were some regional banks that were still coding the lottery cashless transactions as gambling/cash advances, resulting in declined transactions or high extra fees charged to the players. All instances have been corrected by working with the banks to get the correct coding and get all extra fees reversed.

## 2. Be mindful of transaction fees. Lotteries should consider paying all transaction fees in order to make cashless payments an attractive option for all retailers.

A transaction fee is an expense a business must pay each time it processes an electronic payment. Transaction fees vary across service providers, typically costing merchants a percentage of the transaction amount plus a fixed cost per transaction (usually a few cents). That makes small transaction amounts, e.g. \$1 and \$2, more expensive for the retailer to process.





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In Ohio, there are no fees to players or retailers and all fees are covered by the Lottery. INTRALOT worked with the Ohio Lottery to limit the risk of paying for higher transaction fees from smaller transaction amounts by setting four amounts at the self-service terminals for players to choose from: \$10, \$20, \$50 and \$100. Please note that is not the case for the clerk terminal – the clerk terminal allows the player to spend exactly the amount they wish to purchase. The solution there was to introduce basket functionality and allow retailers to group lottery purchases for the same player under one transaction instead of multiple.

### 3. Offer cashless everywhere.

Although there are some benefits to offering cashless only with self-service terminals (e.g. the lottery can limit the transaction amounts and therefore fees, as well as make it easier for players to purchase higher price point tickets), cashless adds a new level of convenience to lottery overall, and cashless payment options should be offered with all types of terminals. After all, players are more likely to make cashless payments in business types where they routinely use cards anyway regardless of terminal type. Not only that but the increased rate of payment using electronic payments like Apple Pay (9% penetration rate in August 2019, and 43% of iPhone owners have enabled it globally) enables you to address more market segments that previously were not addressed.

### 4. Enable responsible gaming by adapting reasonable velocity controls.

Although all cashless payments are still anonymous, the processor can add velocity controls per card used. Cashless play allows for stronger responsible gambling controls than a cash economy. In setting controls, states may choose to set daily, weekly or other consumer spending limits for this category. While spending limits should be reasonable, it is also important to establish controls that promote responsible consumer practices.

In Ohio, the Lottery limits cashless spending to \$700 per week per card. The Lottery monitors the velocity controls and consumer behavior closely and since inception,

approximately 1% of all cashless transactions have hit this limit. A message notifies the player when they exceed the weekly limit; the transaction is denied.

### 5. Understand retailers' concerns and focus on training.

Retailer acceptance is key for success of the program. Their main concerns include their own convenience of only making one transaction at POS for all purchases (including lottery), the impact on their cash flow, and understanding the new financial balancing reports. Extensive training is needed to address these concerns and get them to embrace the program.

### 6. Cash is not going away any time soon.

Our recent market research showed that players feel more control on spending with cash and they don't want to view their lottery spending on bank statements. On the other hand, cashless has been shown to have broad appeal; even more with frequent players who pay with plastic to buy their Pick games.

Moreover, in Ohio, the Lottery experienced substantial increases in cashless sales when the jackpots for Powerball and Mega Millions were high and also during the holidays with the launch of holiday instant tickets. New players are entering the lottery world because of cashless!

Since the inception of the program, lottery players haven't been increasing their cashless spending month after month, proving that they are becoming more and more comfortable with this new form of payment. In CY19, Ohio Lottery had over 18,000 terminals that accepted cashless payment, and the average monthly cashless sales represented 4% of total sales.

At INTRALOT, we strongly believe that offering cashless payment options is crucial for the future of the U.S. lottery industry. It is a great way to modernize the image of the lottery as well as execute true responsible gaming. In addition, it can give lotteries access to some insightful data on its players' lottery spending. Above all, it is a great way to improve the players' overall entertainment experience, thus growing lottery sales and returns to beneficiaries. ■

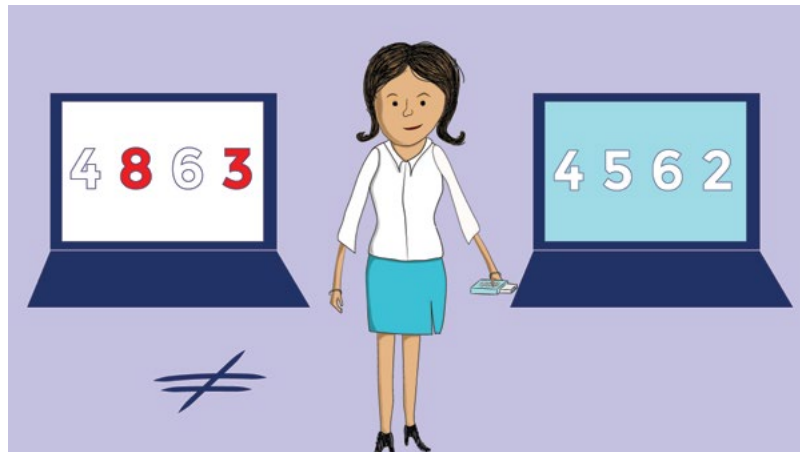




# What is Proof of Integrity?

By Helena Pereira, Marketing Director, Szrek2Solutions

*Lotteries must understand proof of integrity and why it is so important in the industry.*



“Randomness” is hard to see and most systems do not provide a way of verifying randomness. In other words, the intrinsic problem with most systems that lotteries use to generate random numbers is that they don’t allow lotteries to prove without a doubt that the numbers were randomly chosen and that they occurred without any errors or fraud. The lottery or an independent auditor can only review the logs or traces provided on the systems and confirm that they do not indicate a problem. However, that does not prove that there was no hidden problem. Hence, there is a justified concern that an RNG system may have been defrauded or had an error on either which went unnoticed.

Traditionally, there are two types of methods of addressing these concerns – preventive and detective:

1) Traditional draw systems use many preventive methods to circumvent problems – trying to stop all

problems that one can think of before they occur. There are many preventive methods deployed, such as RNG code review, physical security, system hardening, separation of roles, ensuring the RNG is certified, etc.

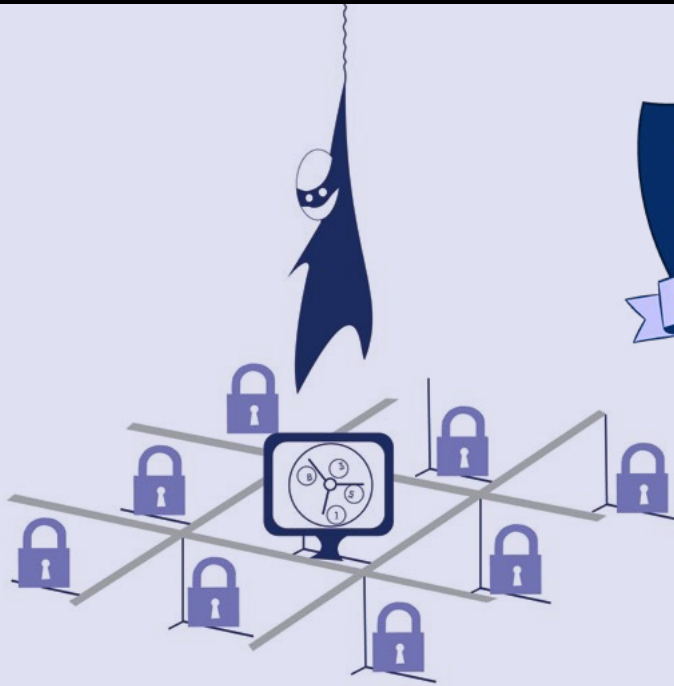
2) There are also detective methods. These include verifying RNG hardware device status, verifying that the certified RNG code is deployed, verifying critical system logs, statistical analysis of generated data, use of forensic evidence to detect security issues, etc. Like preventive methods, these detective methods are useful to avoid problems but they are not fully conclusive.

In contrast, there exists an ultimate detection method which enables lotteries to create an immutable proof-of-integrity record of each draw which is verified on an independent system. The lottery (or an independent

auditor) mathematically recreates the draw results from this proof-of-integrity record to obtain the same numbers, providing 100% assurance that each draw was correct, valid and problem free.

What is necessary to create this proof of integrity? It must fulfill certain conditions:

- The information that is created and used for verification is tamper evident – it cannot be fraudulently created or modified without a way to detect the changes.
- There cannot be a way to compromise this proof-of-integrity information.
- The solution cannot rely on proprietary information known by any one party, e.g. a vendor or operator, and furthermore, verification and generation methods cannot rely on secrecy of the algorithm.
- It cannot be taken on faith that the RNG seed was properly generated and that it was not produced by faulty hardware or manipulated. There must be a conclusive method for validating the integrity of the seed and the hardware used to generate it.
- There also needs to be a way to prove that the random numbers were generated at the correct time and within a defined time window, i.e., after ticket sales were closed.



Traditional RNG  
Vulnerable



- Every random number generated needs to be accounted for.
- It should also be possible to verify the game matrix.

If proof of integrity meets these conditions, and if it is verified on an independent system which recreated the same draw results and draw data, then the lottery has a guarantee that the results were correct. Otherwise a problem has been identified and it needs to be investigated.

There are various methods used that don't meet these criteria and provide only partial protection – i.e. they do not provide proof of integrity for draws.

- Digital signatures are sometimes used to protect draw numbers after they are generated or after the RNG seed is generated. If the data is digitally signed after generation, this will allow the lottery to verify only that the draw numbers were not modified afterwards, when they were transferred or distributed to other systems.

- Using different types of encryption to transform draw data protects the draw results from being modified after the data was generated but does not guarantee it was generated properly.
- Encoding draw results in a barcode can facilitate their transfer to another system and make for simple verification of the data but it also does not guarantee it was generated properly.

These types of methods do not ensure that the random numbers were correctly generated – they do not protect against hardware problems that could affect the seed (source of the randomness) and they do not protect against code modifications or manipulation of the draw process before the numbers are generated.

One solution is to enforce the integrity of the RNG seed for each draw by using a digital signature as the RNG seed. Digital signatures can be verified and allow creation of an immutable proof of integrity. This protects the draw process from the

onset and allows verification on an independent system of the actual draw numbers, the RNG hardware, the draw time, the game matrix, etc. At the same time, no secret algorithm or any secret data known to any party, including the vendor, is required to generate the random numbers. This way the lottery is able to provide 100% assurance that each draw was correct, valid, and problem free. ■



Use this QR code to view a short video on proof of integrity.



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The health and safety of the wonderful people who work in the lottery industry is of utmost importance. While we always look forward to the NASPL conference schedule each year, things are different in 2020 given the COVID-19 public health crisis. Our upcoming conferences may have been canceled or postponed, and other industry events may also be impacted.

Please visit the [\*event calendar\*](#) on the NASPL website for a list of currently-scheduled events, and keep an eye out for communications regarding NASPL webinars and online meetings as we continue providing educational opportunities for our membership.





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