

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

INSIGHTS

MARCH/APRIL 2021

FOCUS ON:

Online and Interactive







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We have reached the one-year mark since the COVID-19 period forced our entire industry – and the world – to shift the way we do business. At the onset of the pandemic, we were all focused on tackling immediate hurdles. As we faced and overcame uncertainties over the past year, we have been able to convert challenges into opportunities with a strong focus on iLottery.

In Georgia, we launched our iLottery channel in 2012, as one of the first U.S. lotteries in the online space. This was the result of a lot of effort from our previous executive leadership, board of directors, policymakers, vendors and team members.

Since then, several jurisdictions have added iLottery, and the changes of the past year have sparked many of us to explore, fast track and grow our online and interactive channels.

Within a very short stretch of time, consumer behavior and habits have evolved in every imaginable way—from how we work and communicate to how we shop and entertain ourselves. We must continue to expand and innovate in order to position ourselves for success during this period and beyond.

Although many of us are already in the digital space, we understand and respect that policy decisions and gaming cultures differ by jurisdiction. Every lottery must make the decisions that are best for their jurisdiction.



Sending my best,

Gretchen Corbin

President and CEO, Georgia Lottery Corporation
NASPL President

One of the things I appreciate the most about our industry is how we collaborate, support each other, and share information and experiences. For those lotteries in the process of establishing digital channels or where decisions may still be underway, you have the advantage of being able to look to the lotteries that are further along in the process for the blueprint and best practices.

A universal concern that we've all discussed has been our valued retail partners. We want to ensure that the additional sales generated from digital platforms don't negatively impact our retailers. What we've found is that retail sales grow along with our online sales, as new consumers become familiar with our brand and products.

We always appreciate our retailers, and over the past year especially, we want them to know how grateful we are for the services they provide. They remain a vital link between our lotteries and our players, and we must ensure that our retail and digital networks continue to complement one another.

Since this time last year, the number of people who are plugged into their devices and digital networks has increased exponentially, and so have their expectations. Our players want our products and technology to be as cutting-edge, user-friendly and engaging as every other product and platform that they utilize.

Digital technologies and the online sales channel are critical to positioning our lotteries for sustainable, long-term success, so that we can continue to support our important beneficiary programs.



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iLottery

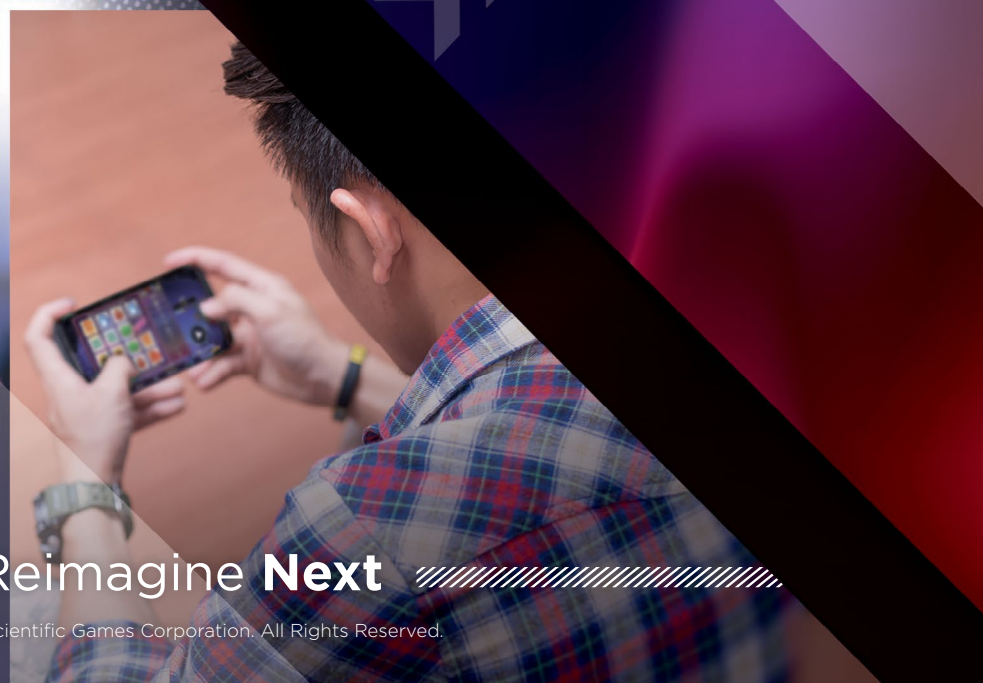
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Reimagine
Next



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Moving Online With Lottery Leadership and More

NASPL's full calendar of events is back this year, albeit with a virtual twist.

By Mackenzie Whitacre



It's safe to say that COVID-19 has prompted changes in the ways most businesses operate. For NASPL, one of the most significant challenges brought on by the pandemic is finding effective ways to continue to bring educational and networking opportunities to our membership, while traditional in-person programs are on hold.

After a successful foray into the digital conference realm with last year's DeskCon 2020, NASPL will be offering all of its regular annual events for 2021 as virtual seminars, starting with Lottery Leadership Institute in April.

Throughout the year, NASPL will be utilizing the event technology platform Hopin, to better streamline and simplify each event. With this "virtual venue," we will be able to offer a more interactive experience, with improved networking capabilities, personalized breakout

workshops, and even a complete trade show floor.

We also took the membership's advice, and we will be switching up the schedules a bit. For example, the Professional Development Seminar, typically held on-site over four jam days, will instead be spread across three weeks this summer, to help attendees better juggle their work and family responsibilities during that time. DeskCon will return in the fall as well, with a tighter agenda and more robust features.

We hope this new virtual arrangement will provide an even better educational experience to an even wider audience.

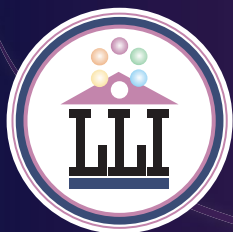
To kick things off, LLI begins on April 27. It's a must for any lottery professional looking to develop or strengthen their industry knowledge and leadership skills, and our online version only changes the delivery mechanism. As always, this

one-of-a-kind event features sessions comprehensively designed to help attendees improve skills, build confidence and become stronger leaders, both within the lottery industry and in their personal lives.

This year, LLI features an impressive lineup of speakers, including a senior trainer from the famed Dale Carnegie program; a leading consultant on equity, diversity and inclusivity; and a specialist focusing on work-life balance. Participants will also hear from leaders in the industry, from long-term lottery directors to responsible gambling experts, as well as industry vendors.

Over the course of three days, LLI attendees will attain a more complete view of the lottery industry and what it means to be an effective leader, gaining real tools for continuous self-improvement and individual growth.

We hope you will join us at LLI, and at all of NASPL's 2021 events! ●



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Making A Difference

Phu Nguyen

Administrative Assistant III,
Retail Operations - Claims,
Colorado Lottery

"We are very lucky to have found such a great employee to work with us here at the Colorado Lottery." - Wendy Weldon

For a new lottery industry employee, most jobs are those you'd find in just about any business with a consumer product line. There is at least one significant exception: prize claims. Forget about Disneyland – for some people, the happiest place on Earth is a lottery claims center when a winner comes in. Just ask Phu Nguyen, who began in claims at the Colorado Lottery in November 2019. And like most newcomers to the industry, he's also surprised and impressed with the magnitude of the dollars the Lottery raises for the parks and public spaces he knows so well as a Colorado native.

"Phu is an integral part of our team," said Retail Operations Supervisor Wendy Weldon. "He repeatedly receives compliments on his excellent customer service skills not only from players but from his peers as well. He is always positive in his interactions with everyone he works with. Even though our offices have been closed during the pandemic, we have offered appointments for our high tier customers. During this busy time he also helped train an employee who took on the role of helping in the Denver office after his co-worker found a new opportunity within the Lottery. Phu is very flexible and is always willing to help with whatever is asked of him; he is an exceptional employee. We are very lucky to have found such a great employee to work with us here at the Colorado Lottery."

Lucky indeed. Nguyen came to the lottery after almost five years in the U.S. Army as a military police officer. When it was time to move on, he knew he wanted to stay in a government position – he thrives on structure. But he was torn between

his background in criminal justice and finding another path. "The politics of law enforcement right now really had me thinking about other career options," he said. As it turned out, that openness to consider alternative careers was a big plus for both Nguyen and the Colorado Lottery.

He was only on the job for a few months before the pandemic changed everything. The Lottery's offices were closed to the public, and most employees worked from home. But lottery winners still needed to claim their high tier prizes, so a staff of two remained in the Denver claims center to serve the state's largest population: Nguyen plus an investigator who could handle any unforeseen situations.

While most of his days are filled with winner appointments, there is occasional downtime where he can brush up on the Lottery's latest games, learn more about the Lottery's history and its contributions to the state, and even about what other lotteries are doing. Building that knowledge has helped him with customer interactions, especially when it comes to the ins and outs of the games. He's developed a reputation for being very patient with players, and a big part of that comes from understanding the games so he can address just about any player concerns. Most of those concerns involve prizes won – or not won, as the case may be. "I do my best to help them out when they have questions or complaints," said Nguyen. "Sometimes it just means going step by step through a game's rules."

He's admired by his co-workers for not only going above and beyond in customer service, but also for



handling any other projects that might come his way. One such recent project was helping facilitate a move to new state-owned facilities, part of a plan to reduce costs for the Denver office.

Away from the Lottery, Nguyen spends a lot of his spare time with his family – his parents and seven siblings. And his four-legged family as well, the dogs Milo and Hachi, with whom he often goes running and hiking. He also enjoys playing video games and watching sports. He's looking forward to a post-COVID world where he can play basketball with his friends again; that's one of his favorite sports to both watch and play. In the winter, he enjoys snowboarding, and he's recently learned to ride a motorcycle. "That might be a new hobby!"

Nguyen has a Bachelor of Arts in criminal justice from the University of Colorado, Denver, and is slowly working on a master's degree in the same field. He's also received multiple certifications in security and cybersecurity.

What brought you to the Colorado Lottery?

Definitely faith and losing a lot of sleep. I lost count of how many job applications and interviews that I had to go through before getting the call from the Colorado Lottery. I was doing a lot of searching, and even though I had continued my criminal justice path with a degree after my military service, I wasn't sure about my future. So when I did get the call from the Lottery I had a choice to select a career more related to my background, or go with the Lottery. I really enjoyed the interview for the position here; it was more warm and welcoming than other interviews I had. Lottery was also something I thought would be fun and interesting. I think I made one of the best decisions that I have ever made in selecting the Colorado Lottery's offer. And ever since, working with great leadership and co-workers has helped remind me why this was a very good decision.

How have you adapted to the customer service role?

I've always enjoyed working with customers directly, especially when they needed help with an issue or just needed customer service. That's why I was so drawn to the Colorado Lottery's claims position; I knew that customer service would play a huge part in that. And certainly my past work experiences have been beneficial in successfully maintaining that role, which requires a lot of procedures to process claims. Gathering and securing customers' personal information, along with balancing cash register accounts, are just a sample of the duties required on a daily basis. A lot of the work I did as a military police officer also required paperwork and attention to procedural detail, so those were skills that helped me quickly learn my new role at the Lottery.

You never got a chance to really settle into a routine before the pandemic hit. Did that help you

stay creative in your job since there wasn't a strong pre-conceived notion of how things were "supposed" to work?

Definitely, and it also kept me on my feet and very flexible. I was just starting to get comfortable with the Lottery, learning all the basic duties and meeting my team members. The news of the virus was definitely a huge shock, but the leadership at the Lottery was what kept everything running smoothly. After the initial quarantine passed, only two of us were allowed to return to the Denver office, myself and an investigator. We kept the office rocking and rolling, and we had a long waitlist when we first opened up for appointments. Our headquarters in Pueblo was able to open a drive-through claims service, but we had to receive winners inside our Denver office. It was critical for us to reopen, since Denver is one of the busiest claims centers. Yet at the same time, Denver also had the highest number of COVID-19





cases, so everything we did – and still do today – was built around social distancing and keeping everyone safe through additional measures such as temperature checks for everyone who comes in.

Tell us a few of your most memorable winner stories.

The best stories are those from first-time winners, or when someone thinks they won one amount but it turns out to be for a lot more.

Before COVID-19, I had a customer who walked into the office believing he was a \$3,000 winner on a scratch ticket. I looked at his ticket and it looked like he didn't scratch all the way. After scratching the rest of the ticket we found out that it was worth \$30,000. Just seeing how excited he was really made my day!

Just this past Valentine's Day, we had a customer whose girlfriend gave him a \$2 scratch ticket as one of his gifts. This ticket turned out to have the top prize for that game – \$27,777! Wow, what a gift that turned out to be! I told him that he'd better take her out somewhere nice.

And then sometimes you have to be a little flexible. When we opened up the Denver office again, we only allowed customers to claim by appointment. At the end of one day, I was about to wrap everything up when I heard banging on the front door. I couldn't

help but peek from the counter and when I did, I saw a gentleman holding a scratch ticket. Since I was sure he could see me, I walked up to the glass door and explained to him that we were about to close. After speaking with him, it turns out that the scratch ticket he's holding is a \$250,000 winner! Well, after the approval of our security director, Chris Shroll, we decided to pay this winner even though he did not schedule an appointment. The customer definitely walked out super happy since he said he could finally pay off his mortgage!

What do you enjoy most about working at the Colorado Lottery?

I definitely enjoy working with everyone here. They've been so helpful, especially during this pandemic. I love how strong we are to overcome this virus and still provide great service to our customers! It's really not surprising; after all, the Lottery has been running so well, and so long, for a very good reason – we work together for the common good. I wish our community knew more about the Lottery and how much money it raises for our parks and recreation. But I'd say the most enjoyable thing about my job is hearing all the stories and seeing how happy customers are when they claim their prizes. These stories will always be something that I can keep forever in my mind, since I get to be a part of it. ●

Quick Player Insights: PA Lottery Insiders

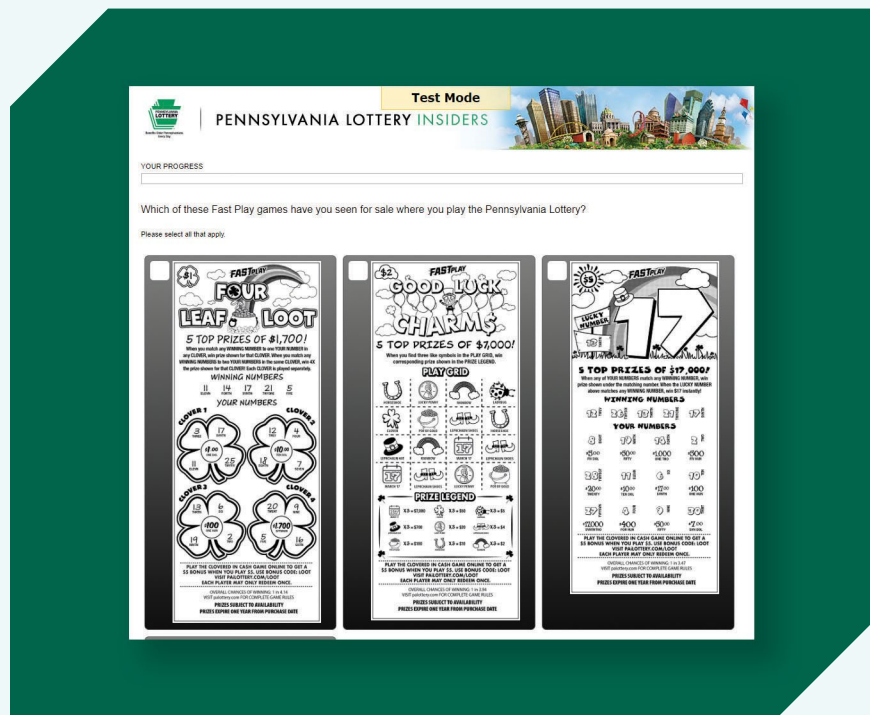


By Craig Troop
Deputy Director of Research, Pennsylvania Lottery

In July 2017, the Pennsylvania Lottery launched the Pennsylvania Lottery Insiders online research community powered by Alida (formerly Vision Critical). The goal of the community, which started with a group of about 5,000 players, was to create an engaged community of player volunteers who wanted to share their opinions about all things lottery. The strategic aim of starting Insiders was to allow the Pennsylvania Lottery to gather quick, continuous feedback from engaged players about products, marketing and retail experiences in a timely and cost-effective manner.

The advantages of hosting our own online community are numerous. Within hours, we can gather feedback on questions from something as simple as the appeal of marketing to something as complex as new product concept testing. All of the community members are richly profiled so that routine demographic questions like age, gender and play preferences are asked only once. This community also allows us to compare player answers over time and segment players in any way needed for analysis.

One of the projects we began shortly after launch was monthly surveys for the new Scratch-Off and Fast Play games. Since we, like



many other lotteries, launch a new group of tickets in both categories every month, the Insiders community provided a logical place to gather instant feedback. Each survey was designed with a similar set of questions and launched about three weeks after the games entered the market. The design of these tracking surveys allowed us to measure changing perceptions and preferences between launches and get a quick read on how unique ticket features are received.

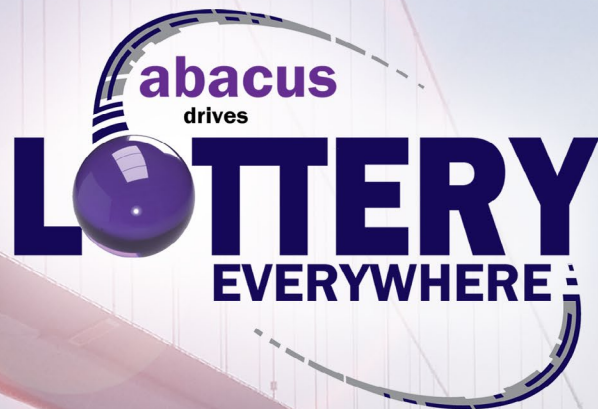
Our Product team receives a report after every survey that highlights significant differences between age, gender and geography. They incorporate feedback about the appeal of the art, game name, and specific features into development of the next set of games, which are then tested to produce a continuous cycle of improvement.

Other projects we have used the Insiders community for over the last three and a half years have included:

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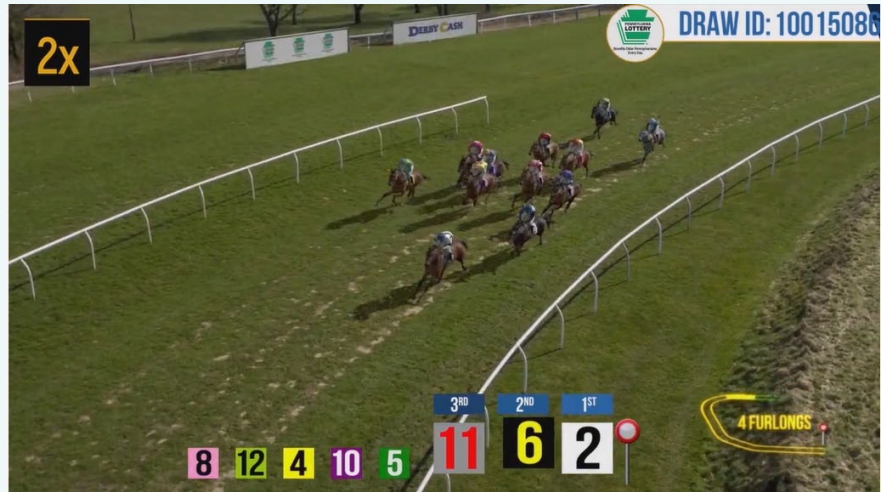


It started with in-lane but
it is now so much more.

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- Assessing the appeal of various licensed properties. Our Insiders told us that James Bond® is a strong licensed property which led us to create a \$10 Scratch-Off ticket with an accompanying second-chance drawing and television commercial along with an iLottery game. Both games were very successful.
- Testing new in-state lotto game concepts. Our Insiders told us which of four concepts they prefer for potential changes to our long-running Cash 5 game. This feedback contributed to the design of a new version of Cash 5 that launched on March 23, 2021.
- Gauging the effectiveness of messaging. Our Insiders told us how they feel about hearing about Powerball, Mega Millions and Cash4Life winners from other states. This has helped our winner awareness messaging focus on highlighting a local message when possible.
- Recruiting participants for in-person and virtual focus groups about niche products. Our Insiders volunteered to participate in focus groups about our newly launched (2018) second monitor game Xpress Football. From these focus groups we decided to launch an additional virtual sports monitor game called Derby Cash Horse Racing, which has proven to be a solid performer even as the pandemic has created capacity limitations at traditional monitor establishments.

With so many different topics for exploration, we now average about four activities being deployed every month to more than 12,000



participants in this community. Our goal is to increase our Insiders community size to about 20,000 in 2021. To achieve this, we will use our social media channels to find under-represented segments like those 18-34-years old. We will also use website banners on palottery.com, plus email and texts to our iLottery player base, to find the new Insiders. The increased community size will help minimize respondent burnout by varying samples and reducing the number of times an individual member is asked to participate in an activity.

The key to maintaining an active and vibrant online insights community is engagement. Information needs to flow in both directions, from players to lottery and from lottery to players. Since we do not incentivize the Insiders monetarily, we make it a point to regularly share back with Pennsylvania Lottery Insiders community members on how their feedback has been used by the Lottery, and give them glimpses into the Lottery that are exclusive to this group. For example, in 2020 we told our Insiders about our Scratch-Off game Plu\$ the Money weeks before it

publicly launched and informed the group that it featured an additional Scratch game on the back of the ticket, a first for the Pennsylvania Lottery.

In 2018, we hired a full time Research Analyst, Carol Powanda, who focuses more than half of her time on PA Lottery Insiders. She does everything from project design and management to monitoring and responding to Insiders' questions and comments in a private, interactive portal called the Hub.

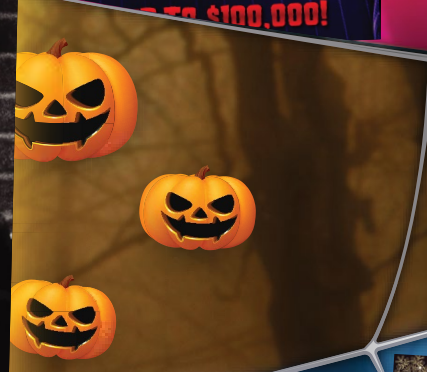
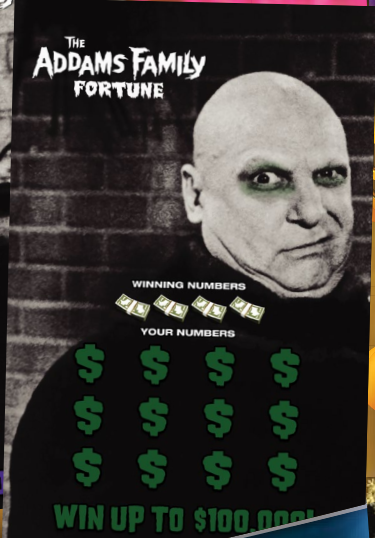
As we reflect on how far we have come over the last three and a half years with Pennsylvania Lottery Insiders, we realize the knowledge we have gained has touched on nearly every functional area

of the Pennsylvania Lottery. Projects that have been fielded through Insiders have helped our executive office, sales, marketing, products, digital media and business partners. Additionally, other lotteries have benefited from the research results obtained from our Insiders group. As we fully immerse in our 2021 Research plan, we are confident that our online insights community will be a valuable asset for years to come. ●



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Meeting the
Challenges
to Stay Relevant

Observations
about the needs
of the lottery
industry to find
ways to diversify
and modernize.

By Beth Bresnahan

*Former Executive Director and Current Advisor,
District of Columbia Office of Lottery and
Gaming (DC Lottery)*

As industry folklore has it (or at least according to Wikipedia), the concept of leveraging lotteries to help fund public programs and initiatives dates as far back as the Chinese Han Dynasty. The first recorded signs of a lottery were keno bet slips from between 205 and 187 BC that may have helped finance the building of the Great Wall of China. Legend even has it that carrier pigeons served as the industry's first "lottery sales reps," delivering the keno bet slips bearing Chinese symbols and promises of riches as well as the news of winnings after each drawing. Much later, lotteries helped to finance private and public ventures in colonial America.

It took nearly 200 years for the first modern lottery to legalize in the United States with the 1964 debut of what is now known as the New Hampshire Lottery. Today, the U.S. lottery industry has grown to include 48 jurisdictions: 45 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Since 1964, NASPL reports U.S. lotteries have collectively returned more than \$526 billion in profit to their respective jurisdictions for public programs and initiatives including college scholarships, veterans' benefits, elder care and benefits, general revenue, healthcare, and K-12 education, among other good causes. (That includes \$2.2 billion in transfers from the DC Lottery to the District's General Fund since 1982!)

And while the fundamental concept of utilizing entertaining games of chance as a source of revenue to help fund vital public programs and initiatives may not have waived much since the second imperial dynasty of China, lottery games, the channels through which the games are distributed and sold, and the prize offerings have evolved dramatically from the

days when birds dropped games into villages.

Several lotteries across the country are delivering their gaming experiences to players through digital air space, leveraging web-based platforms and mobile apps to complement their retail-based offerings and to maximize revenue return for their respective jurisdictions.

We need to
devise new and
creative solutions
to support
traditional
retail sales
while providing
digital platforms
to attract and
retain the next
generation of
players.

However, we know well that the U.S. lottery industry as a whole has lagged behind other sectors in modernizing and diversifying sales channels and offerings largely due to legislative restrictions or, in some cases, obstacles created by other gaming interests.

With traditional forms of lottery games being overshadowed by more technology-driven and engaging

entertainment options, or simply going unacknowledged by younger and more tech-savvy consumers, it is imperative that lotteries move toward diversifying our game offerings and adopting other sales channels quickly or risk continued loss of basic awareness and consideration for our products. We need to devise new and creative solutions to support traditional retail sales while providing digital platforms to attract and retain the next generation of players. As an industry, we also must position lotteries as viable operators of expanded gaming opportunities, such as instant win games and sports betting, or we will not retain relevancy and risk losing market share in extremely competitive gaming environments.

In the last calendar year, we focused on establishing digital sales platforms to generate new revenue for the District of Columbia, responding to the marketplace's growing demand for innovative new entertainment options, and making playing the DC Lottery more convenient and attractive for our technology-driven customers. This also helped attract new players during a time when stay-at-home orders, temporary lockdowns, and a shift to remote work have significantly reduced travel into the District and customer traffic into our retail store locations.

In May 2020, we debuted GambetDC, a digital sports wagering platform that accepts bets on U.S. and international sporting events via a citywide mobile app and website. And as we prepared to enter the sports wagering market, a journey that was accompanied by nearly two years of challenges and obstacles, our team simultaneously developed an iLottery platform. DC iLottery launched in December 2020.

To launch two digital sales platforms in a single calendar year would be a massive undertaking for any large state lottery. So, the fact that one of the country's smallest and only city-run lottery accomplished this within a seven-month span, during an unprecedented global public health emergency, is a testament to the DC Lottery team's commitment to continuously improving our operations, our brand innovation, and our game offerings. It is also a testament to the DC Lottery team's ability to push through the criticism, obstacles, and outright noise to retain our market share of gaming operations and best support our mission: "To provide revenue-generating entertainment through the sale of innovative lottery products and promotions that directly benefit residents and contribute to the economic vitality of the District of Columbia."

(Also of note, during the pandemic our team created a new regulatory division and began collecting new tax revenues to benefit the General Fund, after licensing the District's first Class A private operated sports book and 37 of their employees, plus five new sports book suppliers.)

While the expansion of the DC Lottery's game portfolio to include digital platforms came to fruition within a short window of time last year, it was an effort fraught with obstacles, starts, stops (some court ordered!), and much fanfare that was more than a decade in the making.

As many will recall, the D.C. Council passed legislation in a December 2010 supplemental budget bill that authorized internet gambling and positioned the DC Lottery to offer the first-in-the-nation legalized intrastate casino-style games sold online. The U.S. lottery industry

“If
trailblazing
were easy,
the road
would be
paved.”

watched with great anticipation hoping the DC Lottery's iGaming program would open the door to legalization of similar internet-based gaming in their respective jurisdictions. After a year of legislative debate, opposition from the rapidly-expanding casino industry, and spirited community meetings detailing the DC Lottery's plans to roll out online versions of Hold'Em Poker, Blackjack, Bingo and instant win games, the Council voted in early 2012 to repeal iGaming in the District before it ever launched. And while it took another six-plus years before the DC Lottery could

again position itself to gain legislative authority to have a digital sales presence, the experience, conversations and lessons learned in the District helped pave the way for many U.S. states to legalize iGaming and iLottery.

Diversifying our portfolio of games and modernizing the ways we make those games available to the players has truly become critical to the DC Lottery's mission of increasing revenue and transfer to the General Fund. While the last 12 months have been challenging and required extremely heavy lifts from the small but mighty DC Lottery team, they have also been fulfilling as our year-over-year transfer and game sales have rebounded with an increase of 23.9% and 1.9%, respectively, through the first five months of fiscal year 2021.

Each lottery across the country faces its own unique set of challenges, restrictions and obstacles when it comes to expanding our game portfolios, but we share a common expectation from our overseers to increase revenue returned every year. Achieving that goal becomes increasingly difficult if we are limited as to what type of games we sell and the channels through which we sell.

I saw a quote a few months ago that read: "If trailblazing were easy, the road would be paved." Granted, the quote was on a canvas sitting on the clearance rack at HomeGoods, but that doesn't discount the message it conveyed.

If we as an industry do not advocate to be "players" within new/newer gaming verticals and do not work to blaze trails within our respective jurisdictions, other gaming entities, operators and interests will steamroll over our paths and our respective good cause-beneficiaries will suffer. ●

We create and maintain new revenue channels for lotteries.

Diamond Game is committed to providing innovative products to support our customers' ability to safely raise money for good causes.

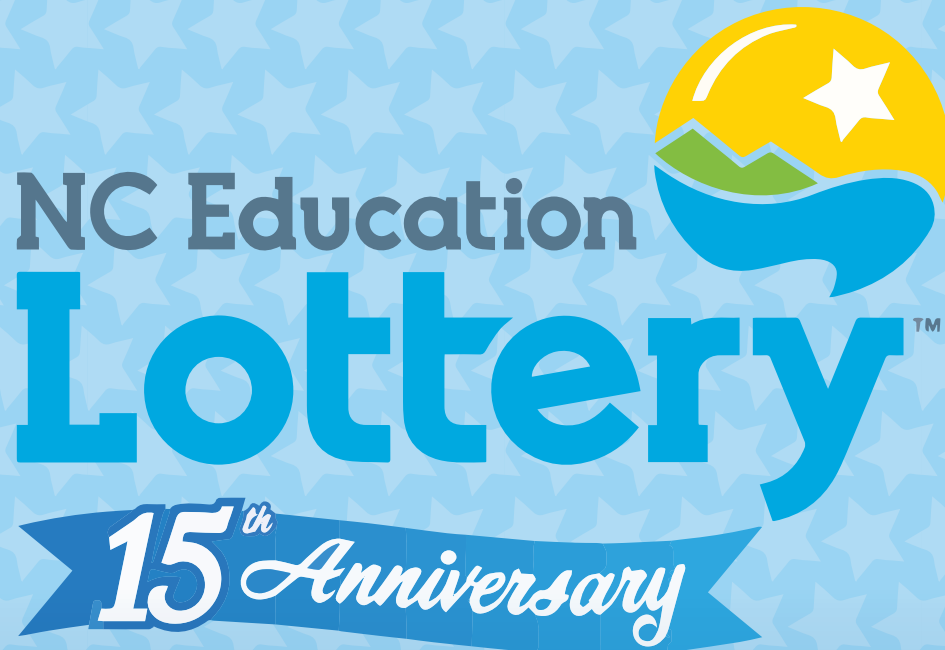
Excellent product helps pull in revenue to our site.

The machines have saved our site.

These games have been a financial boon to the site, not only allowing us to remain open, but also to live up to our charter and donate back to veterans and the community.

Income from games are very helpful in keeping the site open!





Fifteen Years of Growth and Counting

The North Carolina Education Lottery has excelled at maintaining growth, and is well-positioned to meet the challenges facing the lottery industry in the years to come.

By Patricia McQueen



It's not easy for a startup lottery to maintain growth year after year, especially 15 years on, but the North Carolina Education Lottery (NCEL) has done just that since its launch on March 30, 2006. Even better, with just one exception revenues to the state have also increased year after year. And now, every single day \$2 million is generated for public education in the state. That's a milestone officials are understandably proud of, that makes employees feel good every day, and that also serves as a great message for the Lottery's 15th anniversary.

Perhaps an even better message is the \$8 billion milestone expected by March 30 – the cumulative funds raised for education since the Lottery's debut. "We're estimating that we'll have done about \$29 billion in cumulative sales and given about \$18 billion in prizes," said Executive Director Mark Michalko. "But the most important line we're going to cross at that time is the \$8 billion we've raised for education. That's a significant amount of money for North Carolina."

Just as importantly, it has all been done with a keen eye towards social responsibility. "We've been able to achieve those numbers while also having great deal of emphasis on our commitment to responsible gaming. I think that's one of the things I'm most proud of in this organization."

Michalko and his team have continued the work really started by previous Executive Director Alice Garland, which included a joint effort with the North American Association of State and Provincial Lotteries to produce a series of responsible gambling training videos. Shortly before Michalko assumed his role in April 2018, NCEL became the youngest American lottery to receive the highest Level 4 certification in the World Lottery Association's Responsible Gaming Framework in December

2017. "That's a badge of honor and we are really proud of that."

This year, the Lottery is on track to smash its sales and profit records yet again, thanks to continued outstanding performance by instant tickets and the biggest Powerball and Mega Millions jackpots in two years. "The really good news for public education here is that every single day we are growing the amount of money that we earn for them. And frankly that's the reason why I took this job," emphasized Michalko. "I want to do something that is meaningful, and our whole team has subscribed to that same concept every single day."

"I want to do something that is meaningful, and our whole team has subscribed to that same concept every single day."

- Mark Michalko

That said, he knows that for most lotteries, including NCEL, the biggest challenge will likely come in the next fiscal year, when (presumably) some sense of normalcy returns and consumers get back to their usual discretionary gaming, entertainment and travel spending. When these activities were curtailed during the pandemic, lottery games became a

safe and fun outlet for many consumers, including those who may never have played before.

Keeping those new players engaged won't be easy, but North Carolina is positioned to keep winning them over through continued emphasis on brand management, research and responsible play. Those are all things ingrained into the entire staff of 260 employees. "I've been around this business 43 years, and I've worked with a lot of companies globally," noted Michalko. "I can honestly say that the people here are certainly among the smartest, most talented and most creative people in the industry. And they have the ambition to always get better."

Optimization Is Everything

For NCEL, getting better means constantly optimizing the game portfolio. After all, games are what attract players. "Very early in my tenure, I threw out a challenge to the team: Why do we have the games that we have? How do we make sure we've got the very best games, at the right price points, with the right attributes? All the different factors that go into peoples' purchase decisions." So Michalko had everyone focus on optimizing the game portfolio by understanding the reasons why successful games are successful, examining data in-depth across lotteries and across vendors so they weren't just putting new games in the market and hoping for the best. That ongoing research and analysis is the best way for the product development team to "make sure that we've got an ongoing pipeline of high-performing games throughout the year. I think we are now putting out the very best products and marketing them the very best way."

That last part is important – it's not just knowing about the games themselves, but the advertising and



North Carolina Education Lottery at a Glance

| | Scratch Ticket Sales | Draw Game Sales | Total Sales | Total Prizes | Net to Education |
|---------|----------------------|-----------------|-----------------|-----------------|------------------|
| FY 2020 | \$2,089,212,972 | \$926,992,582 | \$3,016,205,554 | \$1,957,588,289 | \$729,399,707 |
| FY 2019 | 1,908,861,531 | 950,763,208 | 2,859,624,739 | 1,845,286,560 | 709,194,953 |
| FY 2018 | 1,782,807,480 | 822,505,540 | 2,605,313,020 | 1,647,827,727 | 670,261,549 |
| FY 2017 | 1,695,232,342 | 732,837,237 | 2,428,069,579 | 1,543,158,180 | 622,505,029 |
| FY 2016 | 1,617,456,944 | 766,134,200 | 2,383,591,144 | 1,491,030,615 | 634,267,914 |

Current games:

Scratch tickets: About 55 new games per year; \$1, \$2, \$3, \$5, \$10, \$20, \$25 and \$30

Terminal games: Powerball, Mega Millions, Cash 5, Pick 3, Pick 4, Lucky for Life, Keno, Fast Play

Vital statistics:

Number of employees: 260

Number of licensed retailers: 7,177

Vending equipment: 1,634 full-line self-service machines

“You can’t just put anything on the air, it has to actually be good, or else you are not really using your media the way that you should.”

- Frank Suarez

marketing messages as well. “You can’t just put anything on the air,” said Frank Suarez, the Lottery’s Deputy Director, Brand Management and Communications. “It has to actually be good, or else you are not really using your media the way that you should.” He’d much rather spend a few thousand on research about media usage and preferences before spending \$1 million on a three-week campaign, to make sure that \$1 million goes as far as it can.

While Suarez believes that the dedication to research differentiates North Carolina from many other lotteries, he knows not every lottery has the same resources at their disposal. “There are ways to get research done,” and it’s important to take advantage of every opportunity that presents itself.

Sure, focus groups can help you really understand consumers, but even low-budget surveys can provide

valuable insights. So can some of the easiest and cheapest research of all – tapping into players club members. NCEL has done that often, sometimes giving its Lucke-Rewards members extra points as incentives to participate. Taking it a step further, there is now a more formalized Dream Makers panel through which player research is conducted.

Another great alternative is to learn from other lotteries’ research. One great thing about the lottery industry is that everyone is happy to share information. NCEL of course wants to look closely at its own players, but it’s also important to see what players think in other jurisdictions. If a new game is under consideration, for example, the Lottery’s team will always ask the vendor what other lotteries have tried it, and ask to see the research. That’s especially valuable when there’s a jurisdiction with similar demographics or cultural



makeup, but it can help under any circumstances as long as regional differences are accounted for. “We are all about getting free research – leveraging other lotteries is a big deal,” said Suarez. “It’s the same with advertising – if we see a good ad, we’ll try to borrow it from that lottery. We’re not trying to spend money to create ads if we don’t have to.”

Suarez has one more word of advice for lotteries with little or no research budgets. “If you are coming up on a vendor contract, include research in that contract. One of the great things that we did was create research budgets in both our systems contract and our scratch-off contract.”

Brand Power

Research drives the Lottery’s evolution from startup success to building a brand that has been firmly established in the minds of consumers. “When you talk to lottery employees, they will tell you the Lottery exists to raise money for education,” said Suarez. “But that completely

ignores your consumers and your players, because that’s not really why they play, even if they might feel good about playing because of that.”

So the task at hand when Suarez arrived in 2015 was to create a brand that united the Lottery’s reason for being with the player’s reason for playing. Research had confirmed that many residents still eyed the Lottery with doubt, not believing that money actually went to education and thinking that lottery games were only for “old people.”

So with the help of a new advertising agency and a new research partner, NCEL ended up with the tagline, “Igniting the power to dream.” There was a new look and feel to the Lottery’s messaging, with advertising that features young adults in aspirational situations. Even technology plays a role, with the use of all digital and touchscreen vending machines, consistent with the way people interact with everything else in the market.

To build the brand from a beneficiary standpoint, it was all about creating an emotional connection

with the Lottery – that warm and fuzzy feeling. “We created some unique ways to get people to understand and learn about beneficiaries,” said Suarez.

The first was a program called “Proud Moments,” where people could nominate their proudest moment in education. People would go to a special website and vote for their favorites. “Really we were celebrating others, but when people voted, the website would load details about Lottery money that went to their specific county,” he explained. “That worked really well to find a more motivating and interesting way for people to learn about the beneficiary message.”

When the legislature shifted most education proceeds to support non-instructional personnel, a new promotion was developed. “These are sort of like our unsung heroes, the folks who keep our schools running, make sure kids feel safe, and make sure they have a good experience,” noted Suarez. So in came the “NC School Heroes” program, which had the same nomination and voting



mechanism as “Proud Moments.” This time, both the Heroes and their schools would win money. It was a wild success – achieving some 3.3 million votes and a 600% increase in visits to the Lottery’s beneficiary pages.

“We’ve really taken our beneficiary advertising to a different level with a more emotional connection, and also making sure people are getting educated about what we do in a much more interesting way.” And Suarez is convinced that having a strong brand that makes the emotional connection is a big reason why the Lottery has continued growing every year, smoothing out any natural ups and downs that may otherwise occur.

Thoughts on Games

It helps that there is a steady stream of games that players like, which goes back to optimization. To that end, Suarez works closely with Randy Spielman, Deputy Executive Director for Product Development and Digital Gaming.

North Carolina’s newest game category, Fast Play, takes some of the successful elements of scratch-off games and applies them to Fast Play – things like instant wins and entertaining themes. Launched last September, Fast Play “came out of the blocks much faster than what we had expected,” said Michalko. “It’s continuing to do well and I think it found its niche, because it fits in neatly with the other products in our overall portfolio.”

The sugar on top with Fast Play is the progressive jackpot feature. “There’s a magic to the Fast Play jackpot and the idea that it increases over time, all day long. Folks love to play for a jackpot,” said Suarez. Now the team is working out how to apply that concept to the instant game side of the business.

Other draw games in North



Carolina’s portfolio include Pick 3 and Pick 4, which sell more than any of the Lottery’s draw games. Cash 5 is also a strong performer. Then of course there’s Powerball and Mega Millions, plus Lucky for Life. Keno was launched in 2017 to help build the Lottery’s presence in social spaces.

Like every other lottery director who has been in the business a long time, Michalko finds the concept of “jackpot fatigue” fascinating. “Everyone has always said that big jackpots drive sales, but what constitutes a big jackpot keeps changing. Years ago \$10 million made news and that number kept creeping up. Now \$100 million barely makes the news. So I think some of the bloom is off the rose. I just think the games are not as exciting or as compelling as they need to be.”

One issue, of course, is that there can be a lot of time between a ticket purchase and the drawing. But more than that, Michalko thinks society has gotten numb when it comes to large jackpots. “\$100 million is incomprehensible to almost everyone, myself

included, but I don’t think people can differentiate that from \$200 million, or \$300 million.” The numbers are so big that they become less meaningful, and people don’t really comprehend what they mean in real terms, what it would actually mean to their lifestyle. “So I think to some degree, the messaging on these games just isn’t as compelling as it used to be. I find it hard to believe that even \$40 million does not motivate people to buy a ticket.”

He doesn’t see an easy fix for Powerball and Mega Millions, but welcomes the work being done to try and improve their long-term viability and excitement. In the meantime, it’s important for lotteries to keep a broad portfolio of games to meet different customer needs.

Scratch-off games account for almost 70% of lottery sales in North Carolina. This is another area where lotteries can learn from each other, and what is old news in one jurisdiction might be innovation in another. “We like to look at other states as sort of test markets for a lot of things,



and leverage their learnings,” said Suarez. That’s where the optimization strategy shines, to really understand the attributes of games being used by other lotteries and how they might work in North Carolina based on what features local players are known to love.

The team will keep looking to other lotteries for ideas, like The Big Spin, and will also add more digital components to scratch-off play. Still, Suarez thinks the industry’s real challenge is to create games that are something completely new, not just something new for a specific lottery.

Online Success

North Carolina is one of several American lotteries that offers at least some products online. Starting with subscriptions in 2013, single-draw sales began in June 2016. Games available for online purchase are Powerball, Mega Millions, Lucky for Life and Cash 5. Not surprisingly, online sales have become increasingly important over the past 12 months.

For the last fiscal year ending June 30, 2020, total online sales were almost \$25.3 million, an increase of 83% from the year before. That growth rate was significantly higher than any other lotteries offering draw games online, and even came close to the eInstant growth rates experienced by lotteries offering those products.

When NCEL’s mainstream broadcast advertising was pulled from the airwaves for two months last spring, there was an opportunity to shift gears and expand awareness of



online purchasing. “Not everybody really knew that they could purchase tickets at home,” noted Michalko. “They were learning about that for the first time.”

The best news is that even as pandemic-related restrictions were relaxed, online sales growth has continued. “We’ve brought in a lot of new players who hadn’t otherwise participated, and they are sticking around,” he added. “So some of the things that we were sort of forced into doing during the pandemic have actually turned out to benefit us in the long term.”

There’s one big question mark when it comes to the future of online sales in North Carolina – the prospect of adding eInstant games. “We see that as the next big thing, but it’s not completely up to us,” explained

Suarez. What the team is doing now is concentrating on providing information about eInstants to all the stakeholders, educating them about the concept and explaining how they work. Included are conversations about the responsible gambling measures that are much stronger in an online environment than they can ever be in a retail setting.

Getting the retailers on board is also important, but the Lottery already has proof that online sales of draw games haven’t hurt retail business one bit. “We all know they are different players for the most part,” said Suarez, but retailers are still skeptical. So discussions are ongoing about detailed plans for retailer involvement in online play, through cross-promotions, web cash options and the like.

Should eInstants be approved, a robust digital platform is ready and waiting, and there is a new Director of E-Commerce already leading a dedicated digital group. No matter what happens, that group continues to ramp up the digital portfolio, always looking to expand and improve player experiences.

Play Smart

No matter what aspect of NCEL activities you talk about, there is a common lens through which everything is seen – social responsibility. In addition to the



commitment shown by its WLA certification, the Lottery created a program to educate players about responsible gambling and problem gambling prevention. They loved the idea of the British Columbia Lottery Corp.'s GameSense, but wanted something more lottery-focused and faced legal issues on bringing it to North Carolina. And of course, as a believer of the power of brands, North Carolina's program needed a brand that could be instantly recognized.

Enter Play Smart, a term borrowed from the Illinois Lottery. Launched in January 2020, Play Smart provides information on lottery myths, education about lottery play and game odds, plus tools for "playing smarter, not harder." The latter include how to set a budget and recognize your limits, spending calculators, and tips to "keep your head in the game." Also available are extensive resources on how to recognize a gambling problem and where to get help if needed.

Not surprisingly, Play Smart was first introduced with a full research-based advertising campaign, and each year the concept is advertised during Problem Gambling Awareness Month in March. Content is regularly updated throughout the year, and new tools are added. Those are often driven by – you guessed it – research. "We do research on responsible gambling and Play Smart to understand where people might be confused, and to help us create new concepts to address that confusion," explained Suarez.

Thanks to this and all the Lottery's other branding efforts, perceptions about the organization have risen steadily. Key measures tracked are statements like "it's for people like me" and "it's an organization I'm proud to support." From 2015 to 2020, the percentage of players voicing the latter sentiment rose from 38% to 50%. "All of our perception measures have gone up in a statistically significant way over time," said Suarez. "To me, that means we have a strong brand that can withstand a lot of the industry's ups and downs."

Future Path

While its history has been full of "ups," Michalko knows that at some point, the Lottery's streak of constant growth might come to an end. The biggest unknown is how consumer discretionary spending will change once society reverts to pre-pandemic norms with all the entertainment, sports and travel options back in play. But he also thinks that the optimization strategy keeping compelling products in the marketplace will continue to serve the Lottery well. "I'm confident that we probably are in as good a shape as we can be in. We'll market our products appropriately and do our very best."

In addition, there is definitely an upside through an expansion of the retail network. Like many lotteries around the country, NCEL worked with Walmart to get vending machines in place, and officials are also keeping a close eye on in-lane

developments in other states (see page 94 for some of the latest news). For North Carolina, the most important benefit of these efforts is reaching new retail categories, places that don't currently sell lottery because they don't want the hassle of a traditional lottery network and terminal. Everything is on the table – from in-lane terminals to gift cards and everything in between. "We're still trying to figure out what platform is the best way to get into locations like Target, home improvement stores and a host of others," noted Suarez. "Right now, there's just not an easy way to do that."

There are also still plenty of opportunities to expand into more restaurant and social environments with Keno, especially with self-service terminals. Those plans ground to a halt with the pandemic, but should be getting back on track.

Meanwhile, the Lottery is celebrating its 15th anniversary in a few ways, through a special giveaway for Lucke-Rewards members, gift card giveaways at claims centers and a variety of fun and engaging efforts through email and social media. "It is always a nice opportunity when you have an anniversary to talk about all your accomplishments and the impact you have had," said Suarez.

After all, raising \$2 million for education every single day is a huge accomplishment, one not likely envisioned when those first scratch-off tickets hit the stores in 2006. ●





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Arizona Lottery

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

Most successful game(s):

Each of our 2020 holiday games saw sales increases over 2019, but our game with the highest increase (26%) was our \$10 Scratchers ticket, 25 Days of Winning. This game was a returning favorite from 2019 (albeit with a slightly different background color) so it was no surprise that players were drawn to this ticket.

Launch and end dates:

We launch our holiday games each year on the first Tuesday of October. This year we ended distribution of the holiday games on December 29 and ended the games on January 11.

General holiday strategies:

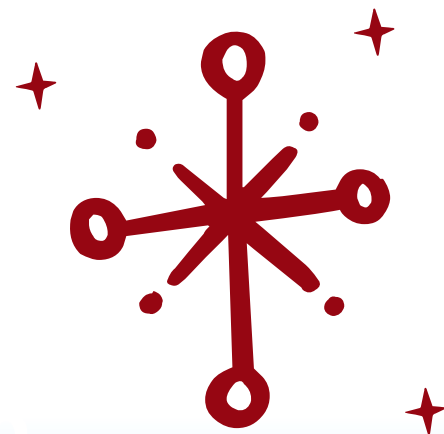
We typically try to follow multiple themes for our holiday lineup, with a variety of styles (traditional, whimsical, classic, etc.) Our primary distribution goal is to ensure that we do not run out of inventory prior to the launch of our January replacement family, even if it means excess inventory at the end of the game. Each year we offer a holiday-specific second chance drawing, but this year players were also able to receive loyalty points for each ticket they entered into our Players Club, which drove increased participation. One significant change from 2019 was the removal of the \$20 price point from our official holiday launch. Instead, Arizona Gold (a \$20 game launched in May) was positioned as a holiday game and included in the second chance promotion.

Other holiday games, promotions or activities:

In addition to Arizona Gold, a holiday-themed Fast Play ticket (\$2 Stocking Stuffer Doubler) was also an eligible ticket for the holiday second chance promotion. As noted, we also offered additional holiday-themed loyalty promotions and activities on our Players Club platform. Players received points for entered tickets and completed activities, and could choose to redeem their points for these holiday monthly and bi-weekly drawings. A free play digital game, White Elephant, was another holiday activity in our Players Club that allowed players to play up to three times per week for points.

Major lessons learned in 2020:

Since overall \$20 sales were higher in 2020 than 2019 (despite not having a specific holiday \$20 holiday game like we did in 2019), we are looking at not offering a \$20 holiday ticket again in 2021. If we do, it will be offered as a pulsed ticket in order to still get a sales boost without having to end the game after only a few months.



Arkansas Scholarship Lottery

Arkansas' holiday lineup included one game at \$1.

Launch and end dates:

We launched our single holiday game, Holiday Fun, in November 2020. We try to start the end-of-game process for holiday games by early spring if possible.

General holiday strategies:

We launch a \$1 holiday ticket with lower inventory with a goal that it is 100% distributed by the end of February.

Other holiday games, promotions or activities:

We launched two Fast Play games that had a holiday theme, and one that had a winter theme.

Major lessons learned in 2020:

We plan to continue launching a \$1 holiday instant ticket.



British Columbia Lottery Corp.

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

Most successful game(s):

BCLC saw an increase in sales for all holiday tickets with all but three holiday tickets selling out prior to Christmas. Overall, the year-over-year sales increase was more than 25% during this sales period. BCLC's \$10 national ticket, Gifts of Gold, had the largest increases versus target and last year's ticket, partly due to pandemic-related sales increases and partly due to a new ticket design which made it easier for players to identify where to scratch.

Launch and end dates:

BCLC launches its holiday lineup in two waves. This year, because of higher demand due to the pandemic, we moved up the launch of a one-off \$5 non-holiday ticket to coincide with the second wave of holiday tickets, essentially launching 11 tickets. The first five holiday tickets (1x\$20, 1x\$10, 2x\$5 and 1x\$3) launched on October 13, and the remaining six (1x\$5 one-off, 1x\$3, 2x\$2 and 2x\$1) on October 26. Most of these tickets sold out prior to December 25. The remaining three tickets (2x\$1, 1x\$3) were in market until the end of December.

General holiday strategies:

Each year, BCLC offers a wide variety of games with a strong seasonal design theme, with both

traditional and modern designs. We stayed with the same price points and number of holiday tickets as we typically launch during the holiday season, and we added a \$5, one-off ticket. In terms of prizing, BCLC continued with our best practices for seasonal tickets by lowering the odds and increasing free-ticket prizing for an enhanced winning experience. Of note, the additional \$5 one-off ticket offered the same odds and prizing as BCLC's traditional \$5 one-off tickets.

As per previous years, BCLC had a holiday media campaign that included radio, out of home, print and digital and, new this year, TV tags. However, in 2020 BCLC varied its media mix based on media usage trends during the pandemic, reducing some of our traditional media spend in favor of a larger digital and social presence, as well as the addition of TV tags. BCLC-owned assets were leveraged with digital signage

and retail point-of-sale materials to promote the holiday campaign.

Lastly, BCLC ran its Tech the Halls second chance contest for the ninth year in a row, in which players 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. This extends play from the ticket and provides better value for the holiday season. We continue to see overwhelming engagement with repeat players and new players alike.

Other holiday games, promotions or activities:

Due to the pandemic, BCLC limited additional promotional activities for the 2020 holiday season. After receiving feedback from our retail partners that their preference was not to handle too many products, BCLC did not offer a gift-with-purchase premium holiday greeting card, as was done in past years. In

keeping with the annual tradition, BCLC ran several account-specific promotions offering air miles, a free Scratch & Win ticket or loyalty points/awards with a Scratch & Win purchase.

Major lessons learned in 2020:

Given the uncertainty of the market, BCLC maintained the same strategy as previous years, launching the same number of tickets at the same cadence and continuing with the same print run quantities, odds and prize payouts. BCLC added one \$5 one-off ticket and changed the media campaign mix. BCLC will continue to monitor sales and feedback from our retailers before determining whether to incorporate these changes in future. There are some market trends that favor a permanent shift to more digital versus traditional marketing that BCLC is taking into account for future campaign planning.



Colorado Lottery

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

Most successful game(s):

While we think all of our holiday games performed quite well (the lineup sold out over 90% of available inventory), this year we added the \$10 price point to the holiday mix as that price point has become extremely strong in Colorado. That game, Holiday Luck, sold out 100% of available inventory and proved to be quite popular.

Launch and end dates:

Our holiday games launched October 19 which is consistent from year to year. As mentioned above, more than 90% of all inventory was sold, so there was very little to remove from the market. However, any holiday

inventory left after December 31 is usually removed from our retailers.

General holiday strategies:

Other than adding the \$10 price point to the mix, the Colorado Lottery's strategies remained consistent with previous years. We have been very successful promoting our holiday lineup over the years, and this year's efforts incorporated all methods of support – TV, radio, POS, out-of-home, digital, social, second chance drawings, etc.

Major lessons learned in 2020:

We were pleased with the sales and marketing efforts pertaining to this year's holiday lineup. The \$10 price point will be included moving forward, and we will continue to focus on that time of year as it provides great momentum as we move into the second half of the fiscal year.



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Delaware Lottery

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

Most successful game(s):

We offered five holiday games this season, one more than the year before, and it worked out well. The \$3 game Snow Magic was more seasonal than holiday, and the \$10 game was a new price point for our holiday games this season. We also launched a supplemental seasonal \$2 ticket, Snowed Under With Cash. All six games did well, but we would consider the \$10 Merry Money to be the most successful.

Launch and end dates:

Our five holiday games launched on November 2, while the extra seasonal game Snowed Under With Cash was launched on December 7.

General holiday strategies:

As far as advertising, there was a holiday campaign that included both the instant and draw games – there was the same theme and feel, but each product was advertised separately. OOH and POS were split evenly between the two product lines. In December, we held two Facebook Live events where viewers could join in and win a chance to spin our prize wheel to win cash prizes or “pick a present” to win gift cards or merchandise. The first event included a segment focusing on the launch of our holiday instant tickets and how Lottery tickets make great Christmas gifts. The second event



promoted our 45th anniversary family (\$1, \$2, \$5 and \$10), and explained how those tickets were eligible to be entered into our Collect 'N Win loyalty program to win monthly cash prizes.

Major lessons learned in 2020:

In regards to next holiday season, we will be offering all of the above price points again.

Florida Lottery

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

Most successful game(s):

By far, the \$10 Holiday Cash Blowout game was the top performer, out-selling the 2019 \$10 game by 160%! Since introducing the blowout-style prize structure in April 2019, the \$10 price point has experienced unprecedented growth. This trend has continued, as two additional iterations were introduced, one in April 2020 and the recent holiday game in October 2020. As a result, FY20 saw year-over-year growth of 46.5% at the \$10 price point, and this fiscal year we were tracking 20% ahead of last year at that price point.



Launch and end dates:

The holiday games launched on October 26. If a game still has top prizes remaining, we leave them as active games through the end of the next year's holiday period. This strategy gives us a backup option if we end up selling through the newest holiday games too quickly. Most of the time, though, our holiday games are ended the spring/summer after they launched.

General holiday strategies:

This year we diversified from launching a traditional family of games to include more variety in the holiday offerings. However, as in recent years we included a holiday pulse for a current \$20 product, allowing us to advertise a \$1, \$2, \$5, \$10 and \$20 holiday game in the

A dynamic scene from a virtual horse race. Two jockeys are in the foreground, leaning forward on their horses. The jockey on the left wears a red and yellow outfit and a yellow helmet. The jockey on the right wears a white and blue outfit and a dark helmet. They are racing on a green grass track under a clear blue sky. In the background, another jockey in a red helmet is visible.

THEY'RE OFF!

A close-up view of a jockey riding a grey horse. The jockey is wearing a black and yellow outfit and a helmet with red, yellow, and black stripes. The horse is in full gallop, and the jockey is leaning forward. The background shows a blue sky with light clouds and a white fence.

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same campaign. We offered a Holiday Bonus Play Promotion, with cash prizes up to \$25,000 plus gift cards, awarded in each of two drawings – one on December 2 and one on January 6.

Other holiday games, promotions or activities:

All five holiday Scratch-Offs, as well as our recently revamped FLORIDA LOTTO game, were eligible for the Holiday Bonus Play Promotion.

Major lessons learned in 2020:

We had not previously offered a promotion that allowed both Scratch-Off and terminal game tickets to be eligible, and will likely offer more cross-product promotions in the future.

Hoosier Lottery

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

Most successful game(s):

Our most successful holiday ticket launched was our \$10 Holiday Cash Blowout. It sold out a few weeks before Christmas and ended up being one of our most successful \$10 Scratch-offs ever launched. We actually brought back a \$10 holiday Scratch-off after a four-year hiatus.

Launch and end dates:

We launched \$10 Holiday Cash Blowout and \$3 Candy Cane Crossword in October, and the rest of the holiday offerings – \$1 Tis the Season, \$3 Candy Cane Crossword and \$5 Merry Multiplier – in November. We always pull our holiday tickets from sets with our Scratch-off launch at the beginning of January.

General holiday strategies:

Our holiday offerings were focused on providing players with diversity of price points, a variety of themes including crossword, and the rebranding of a successful \$10 limited tier game, as well as traditional holiday offerings which are important to our annual launch strategy. Our holiday campaign efforts focused on “holiday memories made from scratch,” which was brought to life by celebrating the memories and spirit of fun and warmth that gifting Scratch-offs brings to the holiday season. Efforts included traditional advertising,

social media, digital, promotions, public relations and retail support.

With the pandemic, in lieu of a traditional live action television spot we utilized an animated approach to bring our campaign idea to life. We leveraged consumer and media landscape insights to help inform marketing decisions and better connect with players. We worked to demonstrate both traditional and non-traditional ways to gift holiday Scratch-offs.

Other holiday games, promotions or activities:

Our promotional footprint included radio and TV station giveaways where

players had the opportunity to share how they intended to make memories from scratch for a chance to win a Hoosier Lottery prize pack. We also partnered with retailers to create unique promotions that leveraged our holiday offerings. With the purchase of holiday Scratch-offs, players could participate in promotions for chances to win prizes like Scratch-offs, holiday baskets, gift cards and stand mixers.

Over the holiday period we also launched a digital activation, Cheer Challenge, where players could complete weekly holiday-focused challenges through the myLOTTERY program for a chance to win a Hoosier Lottery prize pack. This activation resulted in record-breaking engagement, including participation from myLOTTERY members who were not active with the program. We also utilized social media influencers to broaden our campaign reach and to demonstrate ways to gift holiday Scratch-offs.

We did not offer a holiday-specific 2nd chance drawing; however, all non-winning \$1 and \$2 holiday Scratch-offs were eligible for a 2nd chance promotional opportunity through our Game On! promotion. This monthly promotion provides players with a chance to win prizes up to \$500.

Major lessons learned in 2020:

From the success of the \$10 ticket to the digital activation, we will continue to build on our marketing and product strategies based on learnings and the evolving consumer landscape.





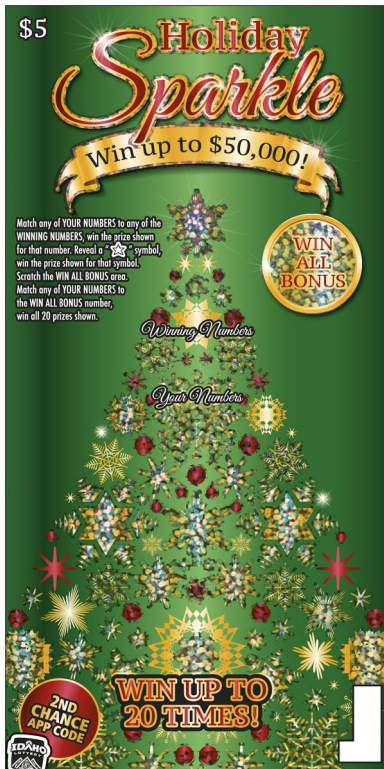
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Idaho Lottery

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 portfolio, the fastest selling game of the season was the \$5 Holiday Sparkle, ending when the second and last top prize was claimed after just 13 weeks of sales. Our \$1 Reindeer Riches game also ended at 13 weeks, followed by our \$3 game Candy Cane Cashword and the second \$5 game Rebel Without a Claus after 15 weeks. Perhaps more importantly, though, was the success of the 14th edition of our Idaho \$1,000,000 Raffle game. This year's Raffle sold out the earliest of any of the previous Raffle games (on December 4), and was the second fastest selling Raffle game in Lottery history. It lasted only 45 days in market, second only to the first Idaho \$1,000,000 Raffle in 2007. With the sellout so early in December, players looking for holiday-themed products to play or for gifts turned to our holiday lineup of Scratch games.

Launch and end dates:

All of our holiday 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. The Idaho \$1,000,000 Raffle game began on October 21. At press time, four of the six holiday games have ended with the last top prize being claimed. The two games remaining on the market were over 89% sold through. These games remain on the market until the last top prizes are claimed.

General holiday strategies:

"Joy Worth Sharing," a theme from 2019, was used for a second year in 2020. Our Scratch game

lineup was also consistent with previous years' price points. The \$3 game was scented with peppermint. 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 the Idaho Lottery's website through our VIP Club. This promotion featured an online, interactive game called Snowball Fight, based on a good ol' fashioned snowball fight. It was added to provide additional entertainment value for players due to pandemic-related closures and restrictions. Players entered the code on their non-winning ticket for their chance to win one of the \$1,000 prizes. This promotion ran from October 5 through January 31. There were a total of 103,107 individual tickets entered, or about 5.1% of the tickets sold.

Other holiday games, promotions or activities:

As discussed earlier, we also offered our seasonally traditional Idaho \$1,000,000 Raffle game during the holidays. This game offers a limit of 250,000 tickets at \$10 each with a guaranteed top prize of \$1,000,000.

Major lessons learned in 2020:

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. After this year's success, we are strongly considering adding a \$10 Scratch game to the holiday lineup in FY22. As a final thought on the success for this year, we did realize a 45% increase year-over-year in VIP Club memberships due to participation in the Snowball Fight online second chance game.



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Illinois Lottery

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

Most successful game(s):

While we consider the overall portfolio to have been very successful this year, the \$20 game was the star, nearly doubling the sales from the \$20 game the prior year. Additionally, the re-introduction of a \$3 game launched in November provided a nice incremental bump for the portfolio.

Launch and end dates:

We launch our holiday portfolio in October and generally end the games at the end of January or early February. This year, however, we supplemented our holiday games with two other winter-themed games in November. These two games fit within the gifting occasion, but also lasted well beyond the holiday season.

General holiday strategies:

This year, we started by placing a much greater focus on game testing. From there, we moved back into our core themes at \$1 and \$20, while maintaining the same cash and whimsy themes at \$2, \$5 and \$10. The biggest shift to the plan was the addition of the supplemental winter-themed games in November at \$3 and \$10. Specifically, our \$10 Big Blizzard Blowout game performed exceptionally well, setting records at the \$10 price point for us and maintaining momentum into March.

Tactically, we utilized a variety of channels to drive awareness above the line and convert

players closer to retail with more ticket-specific messaging. While we typically lean more heavily into a holiday gifting message with our creative execution, this year with the pandemic we took

channels, particularly in store, we spoke more to the gifting occasion. Our media buy was also a bit different than in years past as we needed to adapt to changing consumer behaviors. We elevated

our presence on streaming video and other digital platforms, while minimizing direct OOH buys and takeovers given consumers were not necessarily out in public spaces this year.

Additionally, we tweaked our supply chain to try and limit the retail hoarding of holiday games. The leaner inventory strategy worked well, with four games ending distribution the week of Christmas. It also led to fewer returns of these games.

Major lessons learned in 2020:

We had a very successful holiday 2020 and will definitely take a lot of the learnings from this year and apply them to next season. From a product perspective, we will continue to test tickets in the same manner, as well as consider adding additional tickets in November. Our leaner inventory strategy also worked in our favor, so is likely something we'll implement again next holiday season as we focus on availability and stock management. From a marketing perspective, our decisions around communications and media will likely be determined by the environment and ex-

pectations for the holiday season. If the country reaches herd immunity by the fall with people resuming normal activities, and employment rebounds, we'll likely consider leaning into gifting a bit more than we did this year and evaluating media buys in high-traffic areas.



a more subtle approach and our communication priority above the line was all about creating joy during the holiday season for the people of Illinois. In a year that came with so many serious topics for players, we wanted to remind them of the fun and optimism that our products offer. In other

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Iowa Lottery

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

Most successful game(s):

We consider our holiday lineup as a whole a success for the 2020 season. Holiday ticket sales in Iowa were strong over the previous year with a 17% increase overall. We attribute this to the introduction of two new games at two new price points. A \$2 holiday Crossword game and a \$20 Holiday Wishes game were launched this year, increasing our holiday game offerings from 11 in 2019 to 13 in 2020.

Launch and end dates:

We have traditionally launched our holiday tickets in conjunction with the launch of our annual holiday promotion. This year the Winner Wonderland Play It Again promotion began on September 29 and ended on January 5. Holiday tickets are removed from the field beginning the first week of January and replaced with new offerings.

General holiday strategies:

We utilized the "max bet" approach in our 2020 holiday promotion, as it had been really successful the previous year. With that approach, the size of the prize that a player can win increases along with the



purchase price of the scratch ticket they have entered in the promotion. Our Winner Wonderland holiday promotion offered all-cash prizes ranging from \$500 up to \$5,000 in the initial drawings and a grand prize of \$250,000. We supported the initiative with a full multimedia campaign that included TV, radio, digital outdoor, digital online, paid social media, Lottery InMotion screens at the point of purchase and in-store point-of-sale hard copy materials. Players could enter the promotion through the Lottery's website or mobile app. We ultimately received more than one million entries in the

promotion and, as previously mentioned, we increased holiday ticket sales by 17% over the previous year. We also partnered with a dozen radio stations across the state for Winner Wonderland contests, where listeners could call in to win a package containing one of every holiday ticket and special holiday-themed merchandise.

Major lessons learned in 2020:

Iowa Lottery players love their holiday tickets!! We begin getting inquiries from players in late September wondering when the holiday tickets will be available. They have also come to expect a fall holiday promotion that runs through the end of the calendar year. We didn't deviate from that format this year. We may look at different promotions in the future, but this wasn't the year for us to make those changes.



Kansas Lottery

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

Most successful game(s):

The \$10 ticket outperformed the rest of the Holiday Lucky Times family, with a 10-week index of 147. Both the 5- and 10-week index scores were 54 points higher than the 2019 holiday

games. All price points did see an increase from 2019 sales, with the 5-week average increasing 31.5 points and the 10-week average increasing 23.5 points.

Launch and end dates:

We launched our holiday games on October 5. We typically remove the games from the market even if they

don't sell out. Our strategy has been to attach a second chance drawing to the family of tickets and remove any tickets that still remain in the market once the drawing has occurred – which has been late January.

General holiday strategies:

Our general strategy was to create appealing holiday tickets that

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outperformed previous versions, while providing giftable fun and excitement to our players. We recognize the benefit of families of games here in Kansas. This is both beneficial for advertising purposes as well as encouraging players to “play up” from their traditional price points. From October, when the tickets were released, to late January, we held a second chance drawing where players could enter non-winning tickets for a chance to win up to \$10,000 bonus cash.

Other holiday games, promotions or activities:

Our advertising campaign this year was “Holidays Made Easy,” and we included our Holiday Millionaire Raffle in our ad campaign. This is our annual \$20 draw game in which players can win up to \$1 million. Since we were unable to host in-store promotions, we relied more heavily on our digital media. We held our own House Parties via Facebook Live, which gave us the ability to reach a broad target audience across the state and keep them engaged by giving away promotional items and talking about all of our product offerings, including the holiday family of tickets. We relied heavily on these House Parties, and we are undergoing some exciting changes to provide an even more comprehensive and polished offering with our all-new Vault Parties this spring. We also utilized our PlayOn platform to promote the tickets, which helped us reach a milestone of 300,000 unique players in our database.

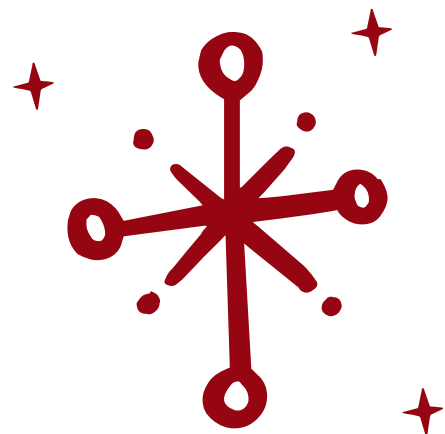
Major lessons learned in 2020:

We learned that the challenging times are actually opportunities to expand beyond our comfort zone. If it weren’t for the pandemic, we likely wouldn’t have moved forward with our highly successful House Parties.

The Kansas team utilizes the SciTrak System by Scientific Games to analyze and send orders to the retail network on a weekly basis. By utilizing past learnings, understanding the market and strategic timing of increasing the orders, the Kansas team was able to get ahead

of the holiday curve and increase order quantities on holiday and core games to ensure that games arrived ahead of the holiday rush. This continued past the holidays to ensure that retailers were adequately stocked to recapture the post-holiday cashing and recycling period. This was a key factor in successfully navigating through the challenges that the pandemic presented by having to navigate with limited to no field work by our district managers – they utilized the SciTrak system to recommend order additions and adjustments to their respective retailers.

We still understand that families of games are key to the success of our Lottery, and we hope to add additional games to our \$5 and \$10 price points next year, as well as increase order quantities to meet growing demands.



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Kentucky Lottery

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

Most successful game(s):

In 2020 we launched a holiday family of Scratch-off tickets consisting of \$1, \$2, \$5 and \$10 games called Holiday Lights. In terms of performance, our \$1 and \$2 Holiday Lights tickets had the best indexing of the four price points with an average of 142 and 129, respectively.

Launch and end dates:

We launched on October 23 this season and started removing games from market on January 8.

General holiday strategies:

Our strategies were the same as the past few years in launching a family versus individual games. Sales were slightly down this year compared to prior years, but given the pandemic we attribute the lower sales to the



lack of holiday parties and fewer gift-giving opportunities. We typically do not conduct second chance promotions for our holiday-specific games.

By happenstance given the pandemic, we went with a TV concept highlighting a radio-controlled sleigh that delivered holiday Scratch-offs instead of people celebrating in a group or parties. This gave a subtle nod to social distancing. The ad concept had been pitched a couple

of years ago and came up again over the summer as we were discussing the campaign, and it worked out very well for us.

Other holiday games, promotions or activities:

We co-promote all our holiday offerings in Scratch-offs, iLottery and (this year) a new Fast Play game in all owned channels. The paid media campaigns for each were targeted separately. TV focused only on Scratch-offs as gifts. As for other promotions conducted over the holidays, we launched a \$5 Scratch-off game 21 CASH in December and tied that to a second chance promotion to award cash prizes of \$2021 to usher in 2021.

Major lessons learned in 2020:

People loved our TV spot. It scored the highest in likeability of any ad we've done in over three years at 76%. With people craving nostalgia, this could become a perennial favorite and used in future years.



Loto-Québec

Loto Québec's holiday lineup included six 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):

The collection was successful as a whole. All tickets outperformed last year's performance and budget. Every year, we continue to be impressed by the success of our core games with a holiday theme. We have been adding a new one each year (2018, Mots Cachés/Crosswords; 2019, Bingo; 2020, 7 chanceux/ Lucky) and they all perform well with little cannibalization of the regular category. And with no surprise, Célébration was again a huge success as it is every year.

Launch and end dates:

We typically launch holiday games in mid-October and remove them in early January, with the exception of Cadeau Surprise; that is sold until mid-February. Due to the pandemic, this year was a little different. Because we were not allowed to accept returned tickets at our warehouse until the second week of February, we ended up leaving all tickets (even our Advent Calendar) in the market for an additional month.

General holiday strategies:

We worked on our 2020 collection during the April lockdown's retail blackout, so the mood was completely different from what we would typically have had. Normally, we would brainstorm as a team in a festive atmosphere. Since the general mood was not geared toward celebration,



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we decided to go with a theme that was comforting and sweet. No one knew last spring what the world would be like six months later, so we opted to stay with the same products as the year before with only a minor change to our gift tags, branding them with our 7 chanceux core ticket. Our sales goals were low because we didn't know if retail lottery sales would be reinstated by late fall. We had planned an ad campaign for

November and December, but our last flight for Célébration was halted due to the Christmas lockdown and was replaced with ads geared to our online offering.

Other holiday games, promotions or activities:

We had a promotion on our social media platforms to win \$1,000 in gift cards (the same gift cards that were up for grabs in our Cadeau Surprise

ticket). We also had an online promotion in November and December for our instants category, as well as increased visibility for our elinstant Christmas products.

Major lessons learned in 2020:

We will definitely keep our Christmas theme core games in the mix but we might increase the price points, since there seems to be an appetite for higher price points this year.

Louisiana Lottery

Louisiana's holiday lineup included four games: one each at \$1, \$2 and \$5, plus a \$3 seasonal game.

Most successful game(s):

Our holiday games have always been some of our top performers. This year was no exception, although our indexes were slightly lower than in previous years. We knew that the holidays for many would be spent at home with family and decided to take a very traditional direction with our games using the theme "Fun to Give. Fun to Get." With a focus on gift-giving traditions, the Lottery launched a cohesive ensemble of three holiday-inspired scratch-off games on October 26. The \$5 game Stocking Stuffer (109 index) with top prizes of \$100,000 featured three different holiday stocking scenes, each adorned with iconic winter holiday symbols and colors. The \$2 game Snowball Bucks (109 index) with top prizes of \$15,000 brings together Santa, a snowman, polar bear and penguin surrounded by snowballs on a blue background. Separating the four into quadrants are red and green gift boxes to be scratched to reveal the game's play symbols. The \$1 game Holiday Gifts (110 index) shows five multicolored gift boxes in front of a decked out Christmas tree on a red or blue background. The \$1 and



\$5 games also include a "TO/FROM" section to promote and coincide with the season of giving.

Launch and end dates:

Our strategy, launch dates and print quantities stayed the same as previous years. If not sold out, holiday games are removed from the market after the holiday as sales for those games typically decline.

General holiday strategies:

For these holiday tickets, producing a television spot was a little different for us. We focused again on the "Fun to Give. Fun to Get." theme, having our draw game mascots (Powerball, Mega Millions, Easy 5 and Lotto) open Christmas presents. Powerball played the father figure and Easy 5 the mother figure, with Mega Millions and Lotto playing the kids. The spot centered on a cozy living room setting with holiday decorations abound, a roaring fireplace and three mascots jubilantly opening their Christmas presents as Easy 5 looks on in excited anticipation. They open their

presents to reveal holiday tickets from the Lottery. Excitement reigns throughout, as our Lottery logo stocking hanging from the fireplace comes into focus and transitions to our final logo. The flight ran for three weeks up to and including the week of Christmas along with radio, OOH, POS and social media. We ran this campaign parallel to dueling jackpot messages for Powerball and Mega Millions, along with jackpot alerts for our Lotto game.

This year's holiday tickets also inspired a holiday radio listener call-in promotion and our "Fun to Give. Fun to Get." social media promotion. Beginning November 30, eligible participants began entering the promotion on the Lottery's holiday campaign landing page. With their entry, participants also included the information for a friend to whom they would be most likely to gift scratch-off tickets. Winners received a promotional prize package consisting of an insulated stainless steel water bottle, tech bag, koozie and \$15 worth of Lottery holiday scratch-offs. The same prize pack was also sent to the friend they designated in their entry, for a total of 20 prize packages awarded. The promotion ran through December 13 and garnered 1,941 participants. Along with this social media promotion, the Lottery hosted a statewide radio listener call-in



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promotion that ran weekdays, December 7 to 18, on 15 stations. Each station participating gave away a prize pack each weekday.

Point-of-sale included a front counter mat and play center card. A multichannel advertising campaign ran on radio and TV, including streaming services, and internet ads drove traffic to the Lottery's campaign landing page. Also, the Lottery ran front page sticky notes on major newspapers throughout the state on Thanksgiving and Black Friday. Finally, the holiday games were featured on digital outdoor boards and gas pumps.

Other holiday games, promotions or activities:

Inspired by the season and wanting to give Lottery fans some holiday spirit during their day, we gave away holiday prize packages with the Holiday Trivia Extravaganza

on Facebook Live. The Facebook Live broadcast was a final push to advertise the Lottery's holiday scratch-offs and the website promotion, giving fans a way to come together and share some holiday fun. Communications staff asked a series of holiday-inspired trivia questions, and the first Facebook viewer to correctly answer the question during the broadcast won a prize package. The Facebook Live event reached 1,721 views overall, had a total of 464 engagements (including 401 comments) and a 27% engagement rate!

Major lessons learned in 2020:

The Facebook Live trivia contest we hosted for the holidays was so well received that we have continued to incorporate this tactic into other seasonal ticket promotions, including Mardi Gras.

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 was our \$10 Holiday Luck X10. This year we used a pulse strategy. The first half of the print run was holiday themed (Holiday Luck X10), and the second half was winter themed (Winter Luck X10). Paired with a multiplier, this game has been very popular with players and the Lottery enjoyed strong sales for this ticket well after the holiday was over.

Launch and end dates:

We launched our holiday tickets on October 19, and they are removed from market by mid-to-late March, unless sell-through or a hard recall dictates otherwise.

General holiday strategies:

We did not make any major changes to our overall holiday instant ticket program, but we did use a slightly different strategy compared to previous years. We launched a holiday family of games with a cohesive multiplier/luck theme and design. It's the first time in many years that we have

used that strategy. This approach and the market conditions worked well for games at the higher price points; however, sales for lower price points were slightly depressed compared to prior years. We surmise that in addition to lower price point game sales trending down overall, less foot traffic in stores due to the pandemic had an impact. Tickets at the lower price points tend to be popular holiday gifts, and our sales may have been impacted by having less-whimsically themed tickets than we've offered in past years. Our holiday tickets were once again connected with our annual Cash & Dash promotion, which includes a Warehouse Dash trip to Chicago as well as cash prizes.

Advertising efforts included more budgeting for digital, search and social media programs compared to prior years. The Lottery's television commercial was designed specifically



to resonate with players during the pandemic, with scenes that included drive-by caroling and holiday ticket delivery to the homes of families and friends. In addition, we created various Zoom backgrounds with holiday elements such as snowflakes and ornaments that players could easily obtain through our website and social media.

Other holiday games, promotions or activities:

The holiday campaign was limited to the instant product line; however, holiday and winter-themed Fast Play games and a few holiday/winter draw promotions were also available.

Major lessons learned in 2020:

We will consider returning to a non-cohesive strategy for our holiday games next year or possibly launch an additional game at a \$1 or \$2, as it appears that less-frequent players and those who prefer lower price points enjoy whimsically themed games at that time of year.



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Massachusetts Lottery

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

Most successful game(s):

Our \$10 Holiday Winnings Blowout ticket was the most successful, with 10 consecutive weeks of sales over \$10 million, peaking at \$12.9 million in each of the last two weeks of December.

Launch and end dates:

Consistent with our usual launch schedule, our holiday tickets went on sale the third Tuesday in October (October 20). In most cases, tickets remain on sale until all grand prizes in the game have been claimed.

General holiday strategies:

This year, we offered our first-ever family of Fro\$ty the Doughman tickets at the \$1, \$2 and \$5 price points. Complementing the Fro\$ty family were Holiday Winnings Blowout, our latest \$10 game that offers exclusively \$50, \$100 and \$500 prizes, and the \$2 Winter Winnings Cashword.

As we have the last several years, we ran a second chance holiday promotion in which anyone enrolled in our VIP Club could enter non-winning holiday tickets into a

cash drawing for prizes from \$1,000 to \$10,000. This year's promotion featured an interactive Bonus Game that revealed the number of entries a player received with each ticket entered.

Unlike previous years, we did not produce a holiday television spot, a decision influenced by the pandemic. Instead, we implemented an advertising campaign that included terrestrial and streaming radio, multiple digital platforms and outdoor advertising. The primary messaging of our holiday campaign focused on supporting our retailers and the funding that Lottery sales generate for communities. Secondary messaging promoted holiday instant tickets, the Holiday Cheer promotion and Season Tickets.

In addition to paid advertising, we utilized all available Lottery-owned digital and electronic assets, including our newly redesigned website, an enhanced e-marketing program, in-store LED screens, and in-house produced video and animated content on social media.

Major lessons learned in 2020:

It is clear that demand for Blowout tickets remains high. Since introducing this concept in 2018, Blowout tickets have consistently been among our highest performing tickets each



year. And as media consumption continues to evolve toward digital platforms, the traditional broadcast television spot is something that will be reevaluated as we develop future holiday campaigns.

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 41% of total raw activated dollars over an observed 13-week cumulative period.

Launch and end dates:

Our holiday games were launched on October 27. As a rule of thumb we typically end holiday game distribution when returns outpace activations, which historically occurs mid-January.

General holiday strategies:

Our primary goal for this year's holiday campaign was to outperform last year's campaign; however we fell short by ~1% when comparing performance

head-to-head over the prior year with cumulative game sales across our four price points launched. However, non-holiday instant games, specifically our higher price points of \$10, \$20 and \$30 games, performed way beyond our expectations during the 13-week holiday selling season, contributing to a total portfolio increase of revenue to the tune of 43%. Specifically, we launched a \$20 game in late September, \$50,000,000 CASH BLOWOUT!, featuring exclusive

prize levels of \$50, \$100 and \$500. The game did not have an explicit holiday theme but did employ a color palette evocative of the holiday season – gold, green and red. This game was in a sense a proxy to the core holiday game lineup, giving retailers the opportunity to merchandise this game along with the traditional holiday price points. In short, holiday sales were flat but overall sales were up by double digits, a growth trend that started at the beginning of the pandemic and continued into and through the holiday season.

We significantly reduced our terrestrial inventory ad spend (TV, radio, print) to ensure we were not encouraging frequent visits to physical retail outlets – keeping our outside sales team, retail operators, and most importantly the public, safe during the ongoing pandemic. Instead we focused on our digital paid media channels with the goal of keeping the Lottery brand visible during the holiday selling season with a focus on digital game content.

Other holiday games, promotions or activities:

Our digital team ran a holiday promotion that was supplemental to our brick-and-mortar based products, using paid digital media across various social channels along with Lottery owned assets featuring our holiday digital eInstant games positioned within MichiganLottery.com and the Michigan Lottery app.

Major lessons learned in 2020:

We continue to learn that sourcing original holiday content from our print vendors and then taking that content and putting it through our technical research regimen continues to be the best approach. This despite holiday sales being flat, as our non-holiday game content receives the exact same sourcing and testing application with the results far and away exceeding our budgeted projections. As we road map next year’s holiday strategy, our current sourcing and testing methodology will continue to play an important role in future product



development cycles. And given the success of the non-holiday \$20 game, next season we may attempt to grow our holiday sales at the higher price point end of our portfolio.



Minnesota Lottery

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

Most successful game(s):

We really consider all of this year’s holiday games successful. The \$1, \$2, and \$5 tickets will all hit a 90% sell-through rate.

Launch and end dates:

All four holiday-themed games were launched November 3. The games ended in February, which is typical for our holiday games.

General holiday strategies:

Sellout goals are always 80% or



higher. We did make a change to one of the price points. Normally we would launch a \$1, \$2, \$3 and \$5 game with seasonal/holiday themes, but this year we opted to launch games at \$1, \$2, \$5 and \$10. We moved the \$3 crossword game to launch in December and made it

more of a winter theme to extend its selling period beyond February.

There were second chance promotions for each of the four holiday games, offering cash and prizes with final drawings on March 4. During the season, the Lottery’s sales reps focused on getting the tickets on counters during peak holiday shopping time; there was a retailer incentive to get that prime placement.

With a nod to the pandemic, we moved our messaging on holiday games from more of a hard sell to more of a branding effort. Our “Give Joy, Get Joy” messaging focused on doing nice things for others.



Mississippi Lottery

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

Most successful game(s):

Our \$10 game Winter Winnings. Our players enjoy \$10 scratch-off games!

Launch and end dates:

We launched on November 3. Similar to all our instant games, we leave games in the market as long as there is player demand.

General holiday strategies:

We launched the \$10 Winter Winnings, \$5 Holiday Cash, \$2 Holiday Treasures

and \$1 Sleigh Bill\$ this past season. The year before, in our first year of operation, we introduced one \$2 holiday game as it was shortly after we launched. Beginning in August last year, all of our games are 2nd Chance eligible games. As the result of selling out nearly 95%, the \$1 Sleigh Bill\$ will be our first 2nd Chance drawing to occur, and will be held on June 2. We ran holiday radio, TV, and billboard ads featuring our mascot, Lucky Buck, encouraging players to gift responsibly.

Major lessons learned in 2020:

Four holiday games may be too many. We will reevaluate next year.

Missouri Lottery

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

Most successful game(s):

While five out of our six holiday Scratchers price points outperformed their 2019 counterparts, our \$5, \$10 and \$20 games actually recorded historical highs for holiday game sales. The \$5 Clear Play game, Holiday Cash, was our highest selling \$5 holiday game ever, beating a record previously set in 2012 and generating great player feedback. Similarly, the \$20 Merry Multiplier ticket outsold last year's record-setting \$20 game by more than 30%. Like last year's \$20 holiday game, this year's design offered exceptional play value and provided extra appeal with Bonus Spots and additional scratch-my-back play on the reverse side. It also featured Sparkle printing technology for an extra festive look at retail.

Our \$2 ticket saw sales increase by 8.5%, the \$3 game was up 54.1%, and the \$10 ticket came in at 17.5% above last year. Overall, this year's holiday Scratchers sales were the highest

total holiday game sales in Missouri Lottery history, outselling last year's milestone year by 23.5%.

Launch and end dates:

Our \$20 holiday game was launched on September 28, and the remaining holiday games were made available in mid-October – with the exception of our \$3 game. That game began separately on October 5 due to inventory of our non-holiday \$3 game running out early. Retailers were instructed to replace holiday games during the last week of December, 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 second chance promotion that offered taxes-paid cash allowances for home makeovers. Our holiday second chance promotions have traditionally centered on experiential prizes that offer premium “second chance of a lifetime” trips and excursions all around the country and



world. With that option off the table during a pandemic, we turned our focus to home remodeling projects,

tapping into the renewed interest in home improvement over the last year. Instead of trips, the promotion offered three home makeover allowances worth \$32,000 each, 30 prizes of \$1,000 and 600 weekly merchandise prizes of themed items like power tools and kitchen electronics. The “Home for the Holidays” promotion received a total of 3.2 million entries into the monthly drawings and 33 million entries into the weekly drawings – which correlates to more than \$33 million worth of holiday Scratchers and draw games tickets entered. That’s up just over 55% from the previous year’s entries into the holiday second chance promotion.

Our successful “Scratchers as Gifts” spot was supported on TV, radio, streaming audio and connected TV. Due to cuts in our advertising budget, the holiday second chance promotion did not have a corresponding ad campaign.

Other holiday games, promotions or activities:

Draw game tickets were also incorporated into our holiday second chance drawings. While our “Home for the Holidays” promotion specifically required players to enter the holiday-themed tickets on the Scratchers side, any draw tickets printed and entered within the

promotion dates were 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.

Major lessons learned in 2020:

We’ll continue to offer variety within our games and take advantage of added play value options, as well as specialized printing techniques that provide extra counter appeal. We’ll also continue to tie our holiday games into second chance promotions that help extend the holiday purchase for our players.

Montana Lottery

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

Most successful game(s):

In terms of the number of tickets activated, the most successful holiday game that we launched in 2020 was the \$1 Snow Days with 115,600 tickets activated between October 14 and February 14. Year over year, our \$1 holiday games always sell out very quickly. This is most likely due to the low entry price point.

Launch and end dates:

We launched our four holiday games (\$1 Merry Christmas, \$1 Snow Days, \$2 Happy Holly Days/Max Money and \$5 Holiday Magic/High 5) on October 14. If holiday games don’t sell out, we usually remove them from the market within the first two weeks of January, or switch to the non-holiday scene two on our \$2 and \$5 games.

General holiday strategies:

This past holiday season, we followed the same strategy as in



2019, launching two \$1 winter/holiday themed games and a \$2 and \$5 holiday game with a second non-holiday scene attached to each. Other than the games themselves, we did some limited social media and digital POS ads in-store for our holiday campaign.

Major lessons learned in 2020:

For the 2021 holidays, we are planning to not scene-pulse our \$2 and \$5 games. We will likely

do a more general winter theme and reduce the ticket quantity. We found that it can be a logistical mess to coordinate when to switch over to the second non-holiday scene on the \$2 and \$5 games.

Nebraska Lottery

Nebraska's holiday lineup included three games: one each at \$1, \$3 and \$5.

Most successful game(s):

We consider the \$3 Jollier Jackpot as the most successful because it was the first time the coordinate play style was used for a holiday game, and it was also the fastest to sell through.

Launch and end dates:

We launched our holiday games on October 19. We do not typically remove them from the market if at all possible. Because our \$1 holiday game is a low top prize, we usually will remove it when settlements begin to dwindle.

General holiday strategies:

Our general 2020 strategy was to offer three games with as favorable odds as possible, along with easy and fun play styles. We offered "Jolly" Christmas themes at the \$1, \$3 and



\$5 price points, and hoped to sell out somewhere around January 1. We offered a \$3 holiday game instead of our typical \$2 – over the course of the last year, we transitioned one of our regular \$2 offerings to \$3, and that price point regularly uses a coordinate play style. The holiday

launch happened to call for that play style in our rotation; next season it could be different.

We offered a Jolliest Holiday Second-Chance Promotion for all three games; the cash prize of \$1,000, \$3,000 or \$5,000 was dependent upon which non-winning ticket was entered. There were three drawings, in November, December and January, so we awarded nine cash prizes in total.

We supported our holiday tickets/ gift giving campaign by in-store POS and by tv, radio, digital and social media advertising.

Other holiday games, promotions or activities:

We do feature our Pick 5 Lotto game in our gift giving campaign.

Major lessons learned in 2020:

We learned that our price points, play styles and print quantities work well for our holiday offerings and we plan to use similar next season.

New Hampshire Lottery

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

Most successful game(s):

Our \$2 Frosty Fun was the most successful for several reasons. It was a new type of game play that we created to mimic how the IWG eInstant game plays; it utilized the same art and play style as much as possible; and we increased the size from 4"x4" to 4"x6" so the play area was larger and the player felt there was more value to the ticket. We also did an omnichannel offer for players to receive \$5 in free iLottery dollars when using the promo code, and supported the game with a landing page and "Easter eggs" on our website. By far this was our most successful \$2



ticket. Calculating the index back to FY15, this game came out on top at an index of 166; the next closest was another holiday game in FY19 with an index of 150.

Launch and end dates:

We launch our holiday games at the end of October, and generally just let them sell out rather than removing them from the market. Unlike

previous years we have very little holiday inventory remaining. Though our sales are about 20% higher year over year (mostly due to COVID-19) we did not increase our print runs. This could be the reason why we do not have additional inventory after the holidays.

General holiday strategies:

Our \$1 Merry Money was whimsical and fun, with three difference scenes featuring holiday creatures: an elf, a narwhal and a yeti. The \$2 Frosty Fun was a larger ticket and was omnichannel. The \$5 Granite Holiday Multiplier was a holiday game featuring five scenes from last year’s Light Up the Lottery house decorating contest winner. We did not do that promotion again; it was lots of work with not a lot of reward. We did offer a \$10 \$200,000 Bonus game with two pulses: A holiday theme for 40% of the print run that ran out Christmas week (yay!) and a traditional theme that is still on sale and doing well. This is the first time in many years we ran a holiday \$10, but we wanted

to do so as our sales reps stated that many retailers and customers ask for it. We will do a similar approach next year.

From an advertising perspective, the games were supported with TV, with individual ornament POS and a Frosty Fun POS solo piece. There was also social support, bmps and more. As noted, Frosty Fun and its elements were pulled onto our website, which was very successful!

Other holiday games, promotions or activities:

We also launched three holiday-themed eInstants over the course of six weeks. On October 28, we launched Frosty Fun (IWG) in conjunction with the scratch launch. Holly Jolly Winnings (NPI) launched November 10, and Holiday Multi Towers (IWG) launched November 25. We offered a retail-only subscription promotion for 10% off Powerball, Mega Millions, Tri State Megabucks and Lucky for Life subscriptions, which ran from November 27 (Black Friday) to December 31. A “Jingle

All the Way” promotion ran from December 13 to December 26, from 6am to midnight daily – players who purchased a single Tri-State Megabucks ticket of \$6 or greater had a chance to win \$25 instantly. Here we encouraged the lottery retailer to suggest the sale of additional tickets with the “found” money won by the player in their store. Finally, we did loads of iLottery promotions for acquisition and retention marketing.

Major lessons learned in 2020:

We will continue to do an omnichannel holiday game with omnichannel promotional support. We will do another \$10 pulsed game so we can offer holiday then transition to non-holiday. We won’t offer the same subscriptions program for all games, as we are adjusting how and where we offer game subscriptions. And hopefully the pandemic will not be present next holiday season and we can do additional promotions to support other games like Keno and Fast Play in bars and taverns.



New Jersey Lottery

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

Most successful game(s):

The \$10 \$1,000,000 Spectacular game was the most successful, delivering the greatest volume of sales during the holiday season and through the end of December. This game has become a staple for the New Jersey Scratch-Offs portfolio, and was bundled with the holiday launch and all holiday marketing communications. Since launch, the game has averaged \$2.3 million in weekly sales and remains the top performing \$10 game on the market. The week ending December 26 was a record-breaking holiday sales

week for Scratch-Offs, generating more than \$46.2 million in total sales. This was driven by the highest single day, on December 24, of over \$10 million.

Launch and end dates:

Three holiday-themed games (\$1 Happy Holidays, \$2 Happy Holidays and \$5 Happy Holidays) and a winter refresh of \$10 \$1,000,000 Spectacular launched on November 2. In New Jersey, we end or remove games from distribution on a quarterly basis. The holiday games will be removed from the market beginning in April 2021. With a larger print run, the \$10 game will remain in the market to sell through its inventory.



General holiday strategies:

The 2020 holiday Scratch-Offs strategy was reminiscent of the prior year by price point and theme. The goal was to achieve near sellout levels by the turn of the New Year. To diversify the holiday launch and introduce a different approach to the holiday games, a mini family of games was launched at the \$1, \$2 and \$5 price points. All three games shared the same name, Happy Holidays, but showcased different art and top prizes to coincide with their relative price points. With its continued successful proposition, it was decided to reintroduce the \$10 \$1,000,000 Spectacular game with a winter/holiday theme. The \$1, \$2 and \$5 games had a silver metallic treatment to their art, while the \$10 game had a gold metallic treatment.

As the holiday period is the most important time of year, an all-encompassing advertising campaign supported the holiday Scratch-Offs games and promoted gift giving. The New Jersey Lottery's new Scratch-Offs Division added to the

promotional support this year as well.

During the holiday season there were two second chance opportunities for players. The Lottery Bonus Zone Second Chance promotion gave an added value to non-winning tickets with a chance to win additional lottery Scratch-Offs and merchandise. Players entered a non-winning \$2 Happy Holidays and \$5 Happy Holidays tickets which equaled one entry. The Million Dollar Replay Second Chance promotion allowed for players to enter a non-winning ticket from the holiday Scratch-Offs launch, which resulted in four times the entry value.

Other holiday games, promotions or activities:

While additional lottery products were not inclusive of the holiday campaign, the draw game second chance website, Collect 'N Win, was updated to a winter theme. Players entered their winning or non-winning \$1+ draw game tickets into their account to collect symbols for a chance to win a prize. The symbols

collected and Collect 'N Win logo are holiday themed as well. A new holiday-themed Fast Play Progressive game, Merry Money Match, was introduced in November. Introducing whimsical themed games brings added entertainment value to players.

Major lessons learned in 2020:

For the 2021 season, each price point will keep a similar theme to holiday 2020 games because of their ability to sustain year over year record-setting Scratch-Offs game sales. Due to past success during the holiday season, New Jersey will look to relaunch \$2 Holiday Lucky Times 10 with updated holiday art, along with the \$1 and \$5 price points. The \$10 game will have a winter theme due to its extended presence at retail. New Jersey will continue to leverage Lottery Bonus Zone and Million Dollar Replay Second Chance promotions during the holiday season because of their added appeal. New Jersey will continue to support the holiday games by promoting gift-giving during the holiday season.

New Mexico Lottery

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

Most successful game(s):

Candy Cane Crossword was a sugar-coated success story and sold out before Christmas. Notably, all of our Crossword games are successful, but this is the first Christmas Crossword game we have launched. Since Crossword already had so much going for it with our history of crossword popularity, we consider the \$1 Holiday \$25 game our most successful holiday ticket. It featured more than 4,500 top prizes of \$25 and



nearly 7,000 \$10 prizes, and sold out by the end of the holiday season.

Launch and end dates:

Our holiday games launched on October 5. The \$2 and \$5 holiday games are still available; we do not have an anticipated end date at this time.

General holiday strategies:

Our four games were the \$1 Holiday \$25, a \$1 game featuring thousands of \$25 top prizes; \$2 Holiday Doubler, featuring \$500 top prizes and more than one hundred \$100 prizes; \$3 Candy Cane Crossword, featuring top prizes of \$30,000; and \$5 Happy

Holidays, featuring a 5X multiplier and \$500 top prizes. Because all of our holiday games were red and green, our ad campaign played off New Mexico's favorite food, red and green chile, with a "'Tis the Season for Red & Green" headline.

Radio and TV spots featured Santa walking into a convenience store to buy himself Scratchers. The cashier asked, "Would you like red or green with that?" Santa responded,

"Make it Christmas!" Of course, New Mexicans know that if you want red and green chile on your food, you ask for "Christmas." We offered social media promotions on Facebook and Instagram, asking players to share what their favorite red or green holiday Scratcher was for a chance to win Lottery bucks and Lottery swag.

We did face reduced store visits due to a two-week statewide shutdown around Thanksgiving.

Our collateral was not distributed to all retailers, so our holiday POS did not reach all stores. Luckily, we announced the holiday games with a Halloween theme in October, so they were still advertised in stores, just not with the Red and Green Christmas theme.

Major lessons learned in 2020:

We will certainly offer another \$3 Holiday Crossword game next season.



New York Lottery

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

Most successful game(s):

Our \$10 game, \$600 Surprise, was the most successful. Players enjoy playing for the top prize, and the game is profitable.

Launch and end dates:

We launched our four games on November 3.

General holiday strategies:

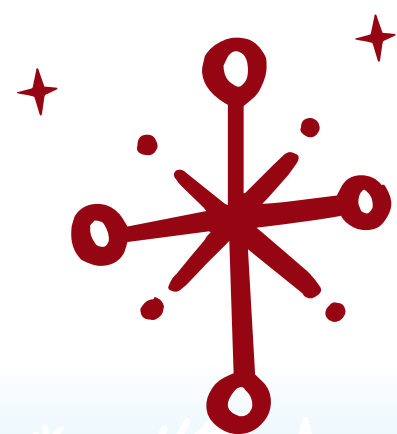
Our strategy was to launch games that would be seasonal, but would have staying power through the winter. We revised the launch schedule to introduce the seasonal games a week earlier, partially due to the pandemic, and partially due to the decision to launch a multiplier family in early December.

There was traditional advertising around the holiday season, along with our Facebook Live holiday event. This year's Live event theme was Giftcast, where the host unwrapped a series of oddly shaped gifts that turned out to be something quite different. Before each unboxing, the New York Lottery gave the audience a chance to win that gift by guessing what it could

be. There were also opportunities to win prize packs by playing trivia and other fun games. The event had multiple segments to engage players – 25 unwrapping segments; various performances including a magician, Rockette, violinist and our comedic Snowman, Marv; trivia with the Lottery's draw talent; ticket interactions; and alpaca entertainment. We had a 600k total reach, 137k video views, 2,383 peak live viewers, 71,130 engagements and 14,634 post clicks. We also gained 707 followers.

Major lessons learned in 2020:

We learned to give the seasonal games a bit more time in market before launching new games. We won't be repeating the non-holiday family launch in December.



North Carolina Education Lottery

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

Most successful game(s):

This holiday season, no one holiday game stood out from the rest as being the most successful. All of our tickets carried a Holiday Luck Multiplier theme. The entire group of games performed extremely well, and we successfully introduced a \$20 price point – an oversized ticket – into our holiday lineup.

Launch and end dates:

We launched our holiday scratch-offs the first week of November as we have most years. We sold through all of the holiday games by mid-January this year. Most games were out of the warehouse a week before Christmas.



General holiday strategies:

We made two significant strategic shifts with our holiday lineup this year. First, we developed a cohesive family theme for our \$1, \$2, \$3 and \$5 games, Holiday Luck X. Lottery players in North Carolina love the multiplier theme and we wanted to find new ways to leverage the theme's popularity with our game introductions. We thought that the holiday lineup gave us a good opportunity to do that. Next, we added the \$20

price point as an oversized ticket. In previous years we stopped at the \$10 price point because of the challenge of creating a compelling \$20 game with such a short print run. The oversized ticket gave us an opportunity to create a unique value proposition for the player at the \$20 price point. Like previous years we included a second chance promotion that featured cash prizes up to \$150,000.

Major lessons learned in 2020:

We learned that we can probably expand our holiday scratch-off lineup to include all price points moving forward. The unique value proposition offered by the oversized ticket at the \$20 price point complements the rest of the holiday lineup nicely. This year we excluded the \$10 price point from the lineup to make room for the \$20. We determined that there is an opportunity to include both next year based on the demand for the games that we saw this year.

Ohio Lottery

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

Most successful game(s):

The \$10 \$500,000 Holiday Money ticket was this year's holiday game standout, showing the greatest rate of growth among the release of holiday scratch-offs. With sales of \$36.9 million during the 12-week holiday sales period (October 11 to January 4), the \$10 holiday game grew 54.4% compared to the \$10 Happy Holidays sold the prior year. The dimensions for \$500,000 Holiday Money, 8.0" x 4.0", fit in a standard dispenser. While the \$10 Happy Holidays ticket sold well the prior year, that game needed a special dispenser to accommodate its 10" x 7.8" size, and it was carried in about 75% of retail locations.

Customers have been gravitating to higher-priced scratch-offs over the past year, and the success of the \$10 holiday game continues that trend. We realized an increase in sales for our \$2, \$5, \$10 and \$20 holiday games, which led us to reorder tickets for these games after just three weeks on sale.

Launch and end dates:

Our holiday-themed games launched October 13, followed by a release of winter/seasonal games November 24 that also serve as great stocking stuffers and support the overall customer demand for holiday games. Holiday scratch-offs, like other scratch-offs sold by the Ohio Lottery, are removed based on parameters set for weekly sales performance. If our games maintain sales levels above these parameters, we will continue to

sell them. Once they drop below the set parameters, the games are closed.

General holiday strategies:

We've been consistent in the timing of our holiday game release for many years. Our six holiday games kicked off the season on October 13, with the perennial favorite, \$1 Holiday Cash, joined by the five other price points. During the 12-week holiday sales period, these six games produced more than \$134.5 million in sales, up \$19.4 million or 16.9% compared to sales generated by the six holiday games sold during the same period the prior year. The holiday scratch-off release was followed on November 24 by our winter/seasonal package of games: \$1 Festive \$50s, \$2 Winter Doubler, \$5 Winter Green 7s and the \$10 Winter Wonderland Gigantix ticket. An increase from two

to four winter-themed games made a tremendous difference, generating almost \$62.6 million in sales during the 12-week sales period, with sales of our winter-themed games up 285% compared to the prior year.

In total we released 10 holiday or winter themed games during the 12-week holiday sales period, up from eight the previous year. For the 2020 holiday season, we took full advantage of predictive analytics for inventory distribution, supplied by our vendor Scientific Games. An increase in the print of seasonal scratch-offs, strong inventory controls and ongoing support by our team of sales representatives provided the structure necessary to meet pent-up customer demand, due in part to limited entertainment and traditional shopping options during the pandemic.

To generate awareness and engagement in our holiday product offering, we were active on social media with a number of holiday-themed campaigns, including the “Mystery Gift” promotion and the “Holiday Word Scramble.” The Mystery Gift promotion ran November 16-20, providing Facebook followers a daily opportunity to choose a mystery gift by color from the two gifts in the promotion graphic. Followers who commented on the correct colored package were entered into a drawing to win the mystery gift inside, a book of Ohio Lottery holiday scratch-offs. We held one drawing a day for four days, with one winner chosen each day. The social promotion brought in 6,015 new page likes and 31,543 comments, with overall engagement up 150% over a typical post.

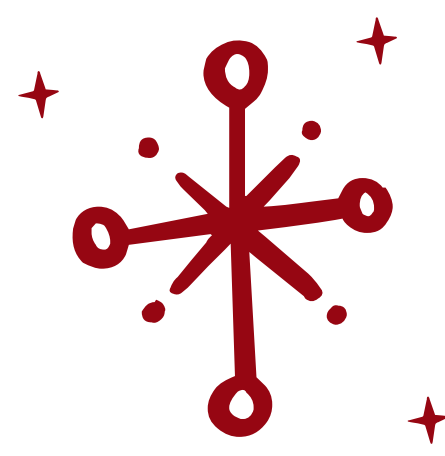
The Holiday Word Scramble, which ran December 7-10, provided Facebook followers with the opportunity to unscramble a holiday phrase. We held a daily drawing for four days, with one winner chosen each day. All followers who successfully unscrambled the phrase during the designated time frame were entered into a drawing for a chance to win a book of \$10 Winter Wonderland Riches tickets. This social promotion brought in 1,406 new page likes and 21,664 comments, with engagement up 165% over a typical post.

Other holiday games, promotions or activities:

A scratch-off coupon was the one holiday promotion that included not just holiday-themed games, but all scratch-offs. Sent to one million households statewide, the coupon provided \$2 off the purchase of any \$10 scratch-off. The promotion ran November 20 to December 19 and had a 10.1% redemption rate.

Major lessons learned in 2020:

Based on 2019 holiday sales results, we switched our \$10 Gigantix game release from October to November. We went back to a key number match for our \$10 holiday game and transitioned our Gigantix ticket to a winter theme. This was a very successful switch that we will continue for the 2021 holiday season. We will continue to improve our use of predictive analytics for an even stronger holiday season in 2021.



Oklahoma Lottery

Oklahoma's holiday lineup included one game at \$1.

Launch and end dates:

We launched our single holiday game, Stocking Stuffer, in late October with the intention that it would be activated and available by early November and sold through by late January.

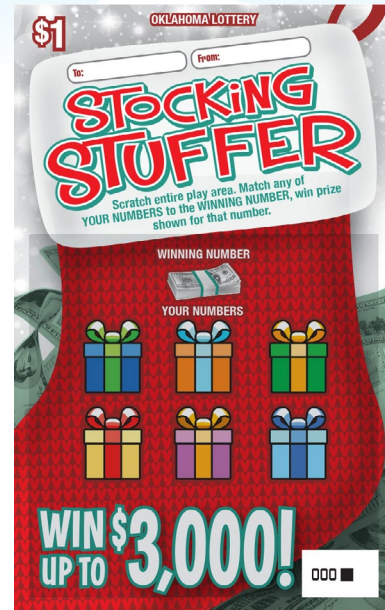
General holiday strategies:

We have tried holiday games at the \$1 and \$2 price points in the past. We have found that the sell-through rate of the \$1 price point works better with our instant calendar initiatives so we continue to launch

holiday at that price point only. We have considered higher price points but don't think we would be able to sell through the tickets in the three month window – we would need to dramatically reduce the print quantity, which limits our ability to create a prize structure comparable to the others in that price point.

Major lessons learned in 2020:

We were pleased with the performance of the game and will most likely launch another \$1 holiday ticket in 2021.



Ontario Lottery and Gaming

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

Most successful game(s):

OLG's \$10 Gift Pack continues to be our top performer, achieving the highest sales volume of the holiday products at \$18.2 million and a 92% sell through this year. We see great demand for the packs at retail during the holidays as, by design, they're meant for gift giving. The standout product of the season with the greatest sales growth from the previous year was our \$20 Big Ticket, 24 Days to Celebrate. The "countdown calendar" style ticket fits with the holiday theme and a simple play mechanic and appealing top prize of \$250,000 help drive its success. We saw sales growth of 23.4% over last year's \$20 Big Ticket and a 29% increase in sell through for this product this holiday season.



Launch and end dates:

We use a staggered launch approach for our holiday product to ensure we satisfy the demand during the gifting season. For 2020, we staggered the product even further, with the launch of our High Valued products (\$20 24 Days to Celebrate and \$10 Gifts of Gold) in early October, followed by our \$2 Stocking Stuffer and \$3 National Lampoon's Christmas Vacation tickets the first week of November. A week later we launched our \$5 Merry Money Multiplier and another week later \$10 Gift Pack hit the ticket trays at our retailers. Our holiday products are removed from sale after the first week of January, if not already sold out. The \$10 Gifts of Gold was launched regionally, instead of nationally along with other Canadian lottery jurisdictions. The decision to change to a regional launch strategy for that game was driven by temporary closures or decisions to halt lottery sales by some of our retail partners early in the pandemic.



General holiday strategies:

OLG's overall 2020 instant holiday strategy was to give our products a traditional holiday look and feel. The lineup was designed as a cohesive collection with the use of festive imagery, gold elements and a holiday color theme to link each price point together. Based on 2019 consumer feedback we brought back a high-demand product at the \$20 price point – 24 Days to Celebrate, our countdown calendar style Big Ticket game.

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 Powerwalls and digital screens), social media and a partnership with Post Media (article and infographic). Additionally, to draw attention to our holiday-themed instant tickets we refreshed the callout burst in our merchandisers (“Stockings love lottery!”)

As a result of the pandemic and mall closures in Ontario over the holiday, we pivoted our out-of-home media buy from digital mall posters to

digital screens in condos, lobbies and elevators to maintain visibility to our target audience.

We also offered a Holiday Scan & Win second chance contest through the OLG Lottery App. From mid-November through the end of December, players who purchased or received a holiday-themed instant ticket or any lotto draw ticket could scan the barcode using the app to enter weekly draws for \$1,000 and a grand prize draw for \$10,000. The main objective of the contest was to drive player engagement, increase frequency and provide the gift of giving (back) to our Lottery players over the holiday season. We revised the contest content from previous years, allowing entries from lotto draw games and increasing the grand prize to \$10,000 (from \$5,000).

Other holiday games, promotions or activities:

Our holiday instant tickets were featured alongside our OLG Lottery Gift Card in our marketing materials during the month of December. This approach was successful in 2019, so we carried it through for this year. As noted, our Holiday Scan & Win

App contest was open this year to all lottery products, not just holiday instant tickets. Our team is still evaluating the success of opening up the contest to all lottery purchases, but in general we're pleased with the participation results.

Major lessons learned in 2020:

Our greatest learnings from 2020 came out of the success of our higher price point holiday-themed tickets. This season also validated our decision to bring back the \$20 Big Ticket countdown calendar game, as it achieved the highest percentage growth in sales and sell through of the holiday instant products (sales growth of 23.4% vs. the previous year's ticket that did not have a calendar theme). For holiday 2021, OLG will test adding an incremental holiday instant game to the lineup to drive incremental revenue. OLG's instant games experienced record sales weeks during the holiday season in 2020, demonstrating the importance of instant products for our business in the gift giving season, and we are looking forward to enhancing our product offering for holiday 2021!

Pennsylvania Lottery

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

Most successful game(s):

We were very excited by this year's lineup of designs and themes for our six holiday games. As we have done in past years, we launched one game at each of our price points, excluding \$30. This year's games included the \$20 \$1,000,000 Merry Money, \$10 Tree-Mendous Winnings, \$5 Holiday Gifts, \$3 Santa's Workshop, \$2 Cash Kringle, and \$1 Oh, Snap. Once again, all six holiday games featured HD printing from Scientific Games, while \$1,000,000 Merry Money featured a customized holographic ticket stock and Tree-Mendous Winnings featured MicroMotion, a new print feature that uses coatings on foil paper with a raised texture to create the illusion and feel of motion on the ticket.

Both \$1,000,000 Merry Money and Tree-Mendous Winnings exceeded our sales expectations. After 10 weeks, \$1,000,000 Merry Money brought in more than \$86 million in sales. This marks the highest-selling game out of any of our holiday themed games ever, and generated the most profit. Tree-Mendous Winnings outperformed the previous year's \$10 game by more than \$11 million in sales at the 10-week mark, with a total of more than \$60 million in sales, making it the best growth performer when compared to previous games from the prior holiday selling season.

We attribute the extra sales boost to the spotlight in our longest-running TV spot, called "Snowfall," and the use of the MicroMotion print feature used on that game, once again proving that players in Pennsylvania love the special print and other features we have been weaving into our game lineup.

Overall, and with the help of the surge in popularity with the



Scratch-Off product and higher price points, the six games were up more than 50% over the previous year after 10 weeks of sales.

Launch and end dates:

We launched our holiday Scratch-Off games on October 27, similar to past launches. We generally look at the period of holiday sales as a 9-week time frame that ends just around the New Year. In terms of closing games, we follow the same process for our holiday games as we do for all of our Scratch-Offs. We closely monitor the lifecycle 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-themed 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 normal game closure procedures.

General holiday strategies:

Our new holiday tagline was "Bring the Holidays to Life!" We used this tagline to tie together various holiday advertising elements including television, out-of-home, digital and point-of-sale. As we do each year, decisions on themes and play styles were made based on extensive research (both focus groups and surveys) and past experience as to what works best in Pennsylvania and what is not as well received. We also work to make sure that each game in the Scratch-Off lineup complements one another. Since we've included HD printing the past few years and have tried to weave in additional print features on select games, we wanted to try to raise the bar even higher this year. In order to keep improving our games for our players, we used a custom, one-of-a-kind dollar sign and snowflake patterned holographic ticket stock on our \$20 game, \$1,000,000 Merry Money. Additionally, as noted we used MicroMotion for the first time on Tree-Mendous Winnings. Players responded very favorably to both special print features.

We also conducted a holiday-themed second chance drawing again this year, the \$100,000 Wish List Second-Chance Drawing, which included the holiday themed Scratch-Offs, the three holiday-themed Fast Play games, Keno, and all draw games sold at traditional retail locations, excluding Millionaire Raffle. Each product category could be entered into its own drawing bucket for a chance to win up to \$100,000. Within each drawing bucket, the player could choose to put their entries into a "Naughty List" or a "Nice List" drawing, each

with different prize amounts. The prizes were not promoted in marketing materials to players for the “Naughty List” drawing, while prizes WERE promoted to players for the “Nice List” drawing. Players had the opportunity to select which drawing to enter. This second chance drawing was another huge success, as players in Pennsylvania continued to gravitate strongly towards value-added products and opportunities for a second chance at winning prizes.

Other holiday games, promotions or activities:

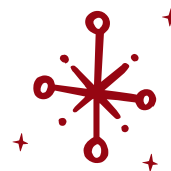
The holiday spirit did not stop with that multi-product second chance drawing. With Keno and iLottery still

growing, we were able to expand into these products as well. We created three new holiday-themed Keno screens to add to the seven created in previous years. For our eInstant games, we launched four new holiday-themed games, two winter-themed games, and also re-launched three from last year. That gave us eight weeks of back-to-back online game launches during the peak holiday season. These games continue performing well for us.

Major lessons learned in 2020:

We’ve learned that our players appreciate nostalgia, especially during the holidays. The PA Lottery’s “Snowfall” television spot has been airing for

more than 25 years and it is still the most popular commercial that players look forward to every year. Additionally, this was the fifth year that we aired the Gus the Groundhog “Sledding” TV spot. Players have shared with us that when they see these PA Lottery commercials, it officially signals the start of the holidays.



Rhode Island Lottery

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

Most successful game(s):

The \$10 Winter Cash Blast was our most successful game. Its lowest prize started at \$20 and the game was loaded with prizes from \$50 to \$500.

Launch and end dates:

The holiday games launched October 3; they are typically left on the market until they are sold out.

General holiday strategies:

Our strategy on the \$10 price point was to have the lowest prize higher than the price point, knowing many tickets are given as presents and we wanted the recipient to have a winning experience that was more than the investment. We found over the years that the beginning of October is the best time for launching the holiday games, and we are putting less attention to the lower price points of \$1 and \$2. The advertising campaign this year was more of a warm and

fuzzy campaign, recognizing the challenging times we’re in, while also reminding people that not everything has changed – you can still exchange gifts and show people you care, and what better way to do so than with Lottery instant games?

We ran a second chance promotion, as we always do, but kept it very basic with only cash prizes, and gave longer claim periods. As in past years, we held one drawing for second chance prizes before Christmas and one at the end of January. That second drawing always gets more entries and new sign-ups, as it’s targeted to attract new players that may have received the tickets as a gift. We didn’t run our usual promotions at retailers (i.e. the malls) and our headquarters, so we ran some digital promotions, including one for iLottery. Because of the pandemic, it was the first time



in many years that we didn’t offer holiday gift sets for purchase or our Black Friday promotion at Lottery headquarters, and many players were asking for them this year as they always do.

Other holiday games, promotions or activities:

With the addition of eInstants to our product portfolio last year, we released two holiday-themed eInstants. We also ran a Cyber Monday promotion, giving anyone

who wagered on Keno or eInstant games on our website or app over the one-week time frame leading into Cyber Monday the chance to win \$50 in iLottery Bonus Money.

Major lessons learned in 2020:

We learned that the \$1 and \$2 price points have been decreasing in sales, year after year, and we are considering changing the starting price point.

South Carolina Education Lottery

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

Most successful game(s):

South Carolina only launches a \$1 and \$2 holiday ticket. They perform fairly equally but with our players, the \$2 key number match is generally more successful than the \$1 reveal style.

Launch and end dates:

We launched our holiday tickets on October 6, and begin sell-down by the middle of January if they do not sell out or end based on top prizes.

General holiday strategies:

Our themes are simple and whimsical and aim to appeal to a wide audience, as we market them for gift-giving and stocking stuffers. We reduced quantities slightly in order to sell through as much holiday inventory as possible by the week of Christmas. Our goal was to have all inventory in the field in the two weeks before Christmas and to have inventory sold out or ended via top prizes in the two to three weeks after Christmas.



South Dakota Lottery

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

Most successful game(s):

While we saw record-breaking weeks in instant ticket sales, we cannot attribute those sales to our holiday tickets. The holiday tickets specifically performed up to par compared to the rest of our instant tickets, but they did not pace above the rest of our portfolio.

Launch and end dates:

Our holiday tickets launched October 5. We used sales figures from previous years to identify the proper quantities to print per price point. This prevented this year's holiday tickets from remaining at retail locations into February.

General holiday strategies:

We lowered the top prize amounts for these tickets to increase the number of prizes that could be

claimed at retail locations. This also gave our players more opportunities to win. We continued to lend promotional support to these games through our annual holiday advertising campaign. This included television and radio ads, point of sale items, billboards, and a digital presence.

We offered a second chance drawing specific to our holiday tickets. Our Holiday Hangover second chance drawing featured cash prizes, and all non-winning 2020 holiday scratch tickets were eligible. Players could enter when the tickets launched, and 44,374 non-winning tickets were entered into the drawing. Our goal for the second chance drawing was to gain new members of our Players Club and engage them quickly. We are pleased with the results, as 14,688 non-winning tickets were entered by new members of our Players Club. Overall, our membership count increased by more than 1,000 during the holiday campaign.

Texas Lottery

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

Most successful game(s):

Merry Magic was the Texas Lottery's \$10 holiday ticket and was designed with Pollard Banknote's Scratch FXtra hologram feature. Our \$10 holiday scratch game sales were up 40% in 2020 compared to 2019. Part of the reason for this increase could be attributed to the 2020 game being a 4" ticket that could be dispensed from all locations, including self-service vending machines. The 2019 game was an oversized game that required an extra wide dispenser and could not be placed in self-service vending machines.

Launch and end dates:

The \$10 Merry Magic launched on October 19. \$1 Tic Tac Snow, \$3 Winter Words and \$5 Holiday Bucks were introduced on November 2. The last game to launch was \$2 Gifts Galore, on November 16. Scratch ticket game closing procedures are

initiated when all top prizes in a game have been claimed, when games reach 85% sell-through or when a sales analysis determines a game is under performing games of similar price points and quantities.

General holiday strategies:

The introduction strategy remained the same as the past couple of years. We produce a more whimsical ticket at the \$1 and \$2 price points, a "words" themed game at the \$3 price point and more traditional holiday themes at the \$5 and \$10 price points. We maintained our usual advertising, with point-of-sale, in-store ESMM monitors, radio, out-of-home and social media. The most significant change this year was to reduce the top prize amounts of the games compared to previous years.

Major lessons learned in 2020:

We don't believe the reduction in the top prize amounts is something we will carry forward to the 2021 holiday games, and we will ensure all games can be dispensed from self-service vending like they were in 2020, i.e., no oversized holiday games. We



believe the new Scratch FXtra feature was well received and the Texas Lottery will continue to watch for new production innovations from our manufacturing vendors to incorporate into our future holiday games!

Virginia Lottery

Virginia's holiday lineup included seven games: two at \$1, plus one each at \$2, \$3, \$5, \$10 and \$20. One \$1 game and the \$3 game were more winter or seasonal themes.

Most successful game(s):

Our \$5 Holiday Luck X15 scratcher was our most successful holiday game this season, based purely on sales data. When we reviewed the year-over-year performance (November 3 through December 26) of all our holiday games, it had the most significant net gain.

Launch and end dates:

We launched our holiday games on the first Tuesday of November and will typically return any holiday-specific games that do not change pulses from a holiday theme.



General holiday strategies:

Our strategy this year was focused on enhancing the winning experience for our players. We optimized our prize structures by reducing the prize funding percentage away from the high tier in favor of the low and mid-tier wins, ultimately increasing the number of winners we were able to offer. We used our meaningful win research, which provided directional insight to the prize levels our players find most meaningful and exciting.

From an advertising and promotion perspective, we chose to focus on the theme of "the little things" to support our entire portfolio, working closely with our

ad agency to revise a spot from previous years and update it slightly to strike the right tone as the pandemic continued during the holiday season. We also revised spots to add in masks where appropriate and we eliminated group gatherings.

Other holiday games, promotions or activities:

We offer a New Year's holiday raffle each year, and this season we added an additional 125,000 tickets, for a total of 500,000 raffle tickets. The Raffle also offered an extra \$1 million

prize and an extra \$100,000 prize. Sales started slowly at launch but quickly accelerated, which resulted in the Raffle selling out eight days before the drawing!

Major lessons learned in 2020:

While we launched five games (\$1, \$2, \$5, \$10 and \$20) in November, only three of them had holiday-themed ticket art this year, which allowed us to focus on strong money themes at higher price points. We purposefully developed the higher price point games with green and

red backgrounds to support the holiday season. Additionally, instead of offering two \$5 games as we have in previous years, we focused our efforts on one \$5 game this year. By doing this we saw less cannibalization, and it allowed Holiday Luck X15 to outperform the indexes we saw from having two games in the market launched at the same time. We also learned that there is a continued appetite for Raffle, with opportunities to increase the ticket amount in the future.

Western Canada Lottery Corp.

WCLC's holiday lineup included 11 games: two each at \$1, \$3 and \$5, plus one each at \$2, \$4, \$10, \$20 and \$30.

Most successful game(s):

Our most successful ticket again this year is the \$20 Player's Choice Mega Pack. This ticket is a great seller, it has a guaranteed win, a lot of play experience, and we back it with media advertising. Our lineup has done well again this year but Player's Choice Mega Pack is always a standout.

Launch and end dates:

Our holiday games launch starting with Player's Choice at the end of September or early October. We do a staggered release so our final Christmas tickets are out late October, early November. Traditionally, minus the Players Choice and the National Gifts of Gold, the retailers will take Zing Christmas tickets out of the merchandiser when the holidays are over.

General holiday strategies:

Our strategies this year when it came to Christmas were a little different and hard to navigate as we had our lineup for Zing before summer was



over. Leading into the sales jump Christmas traditionally brings, we had some provinces that were on lockdown, which in turn made significant changes in sales as well as the tickets in market. WCLC stayed on mark with a few changes to release dates and distribution, but overall we kept our plan similar to the previous year. We did make a change to price points, as it was decided to remove one \$10

Christmas ticket, so we had the Gifts of Gold national game as our only \$10 price point for Christmas this year. A new addition was the Extended Play \$5 which had our e-play feature this year – we have seen some great numbers for our e-plays and decided to try one with our Christmas lineup. This feature adds play value by providing an optional online game for players to enhance their experience.

As we have for the past few years, we offered a second chance program, Pick Your Present, which allows us to have repeat as well as new players sign in and have a chance to win prizes. Our snapshot this year showed that we were only down a little bit compared to last year on repeat customer sign in but we were up for new players.

Major lessons learned in 2020:

2020 has given us a lot of insight on how we can move forward and try to be prepared for any event. In terms of what we could incorporate moving forward, we will watch for sales influxes that affects our distribution and ticket availability, as well as being well prepared to have Zing tickets for the merchandisers ready if needed due to a sales increase.

Wisconsin Lottery

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

Most successful game(s):

This year, our \$10 game saw both high sales and high validations, which is especially impressive given that we had just increased the number of \$10 games available at the same time. And as always, our \$15 oversized calendar ticket is a strong seller that is always highly anticipated.

Launch and end dates:

Our holiday games launched in mid-to-late October. We try to print quantities so that the tickets sell out before the holidays are over, and that was the case for all of our holiday games this year.

General holiday strategies:

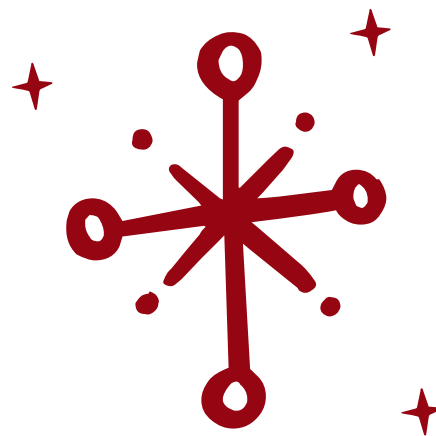
In 2020, especially with the large number of unknowns, we stuck with the same price points, quantities and launch schedule as we had in previous years. The only significant change we made was in our TV holiday advertising, where we highlighted all of the price points instead of focusing on just the \$15 game. Typically those holiday TV spots featured actors and only the \$15 ticket. This year we used animation and were able to feature all price points and more Lottery imagery. We may incorporate creative direction like this in the future to extend the life of the ad throughout the season. There was a radio ad as well, using similar music and vocals as the TV spot, and there were individual OOH ads as well as general POS ("Holiday scratch games make great gifts.") We also offer a short term incentive for the retailers.

Other holiday games, promotions or activities:

Our 125,000 ticket Holly Jolly Raffle, which launched a little earlier than usual and with an increased number of tickets and \$1,000 prizes, sold out in 37 days. Also, to supplement our holiday message of gifting, we hosted a five day online giveaway given for players in December titled WINTERland Giveaway. Nearly 4,000 players entered to win 35 prizes including tablets, gift cards, headphones, and of course, scratch tickets. While we created positive feedback and lots of goodwill, we also substantially grew our followings on Facebook, Twitter, and Instagram. Specifically for Instagram, the giveaway contributed to a 7% growth in followers.

Major lessons learned in 2020:

Throughout 2020, we learned that anything can happen. We never quite knew what the next week's sales would bring, so we made sure to be ready for just about anything.



Not Such an *Exclusive Club* Anymore

Four more American lotteries began iLottery or iGaming over the past 12 months, expanding the ranks at a time when online activities have become more important than ever.

By Patricia McQueen

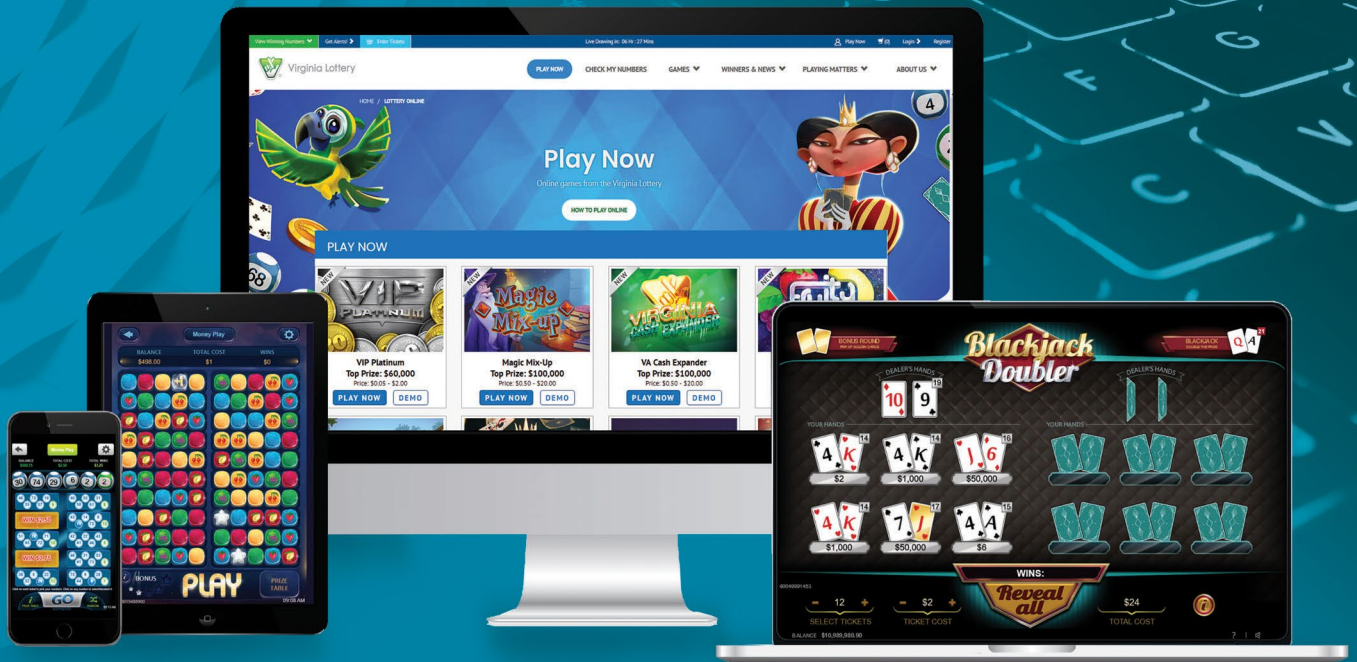
In one year, many things in the world have changed. According to Digital Commerce 360 estimates, U.S. e-commerce revenues grew by a whopping 44% in 2020, the largest annual growth in the past two decades and almost triple the growth rate of the previous year. Also impressive were the gains in online sales as a percent of total retail sales, as retail e-commerce reached 21.3% of total retail in 2020, up from 15.8% in 2019.

Clearly, pandemic-related disruptions in normal buying patterns were at the root of these statistics – if consumers weren't already buying online, they began doing so in 2020. But people didn't just adopt more e-commerce, they quickly got comfortable using online channels for all aspects of their work and personal lives. Online entertainment became everyone's newest pastime;

with physical venues closed, people turned to virtual experiences, from playing games to Zooming with friends to visiting far-off lands, and everything in between.

Lotteries certainly ramped up their use of digital channels to engage customers in virtual promotions when in-person activities were curtailed; many were exploring the use of live digital events for the first time. For those lotteries authorized to conduct sales online, there was an even bigger impact, one that has not gone unnoticed by policymakers in other jurisdictions. There's a sense that the experience over the past year has created an opportunity for more lotteries to expand into channels where most consumers already are.

Even before the pandemic became something to worry about, there were plans



in place at three lotteries to expand into the digital space.

In May 2020, the Rhode Island Lottery became the first to launch an online sales platform since New Hampshire in September 2018. Available games are eInstants and Keno. The Virginia Lottery followed last July 1, rolling out a full-fledged iLottery system after years of selling games online through a subscription-only system. Currently offered are eInstants, Mega Millions, Powerball and Cash4Life; Pick 3, Pick 4 and Cash 5 should be added by September.

Also last July, the West Virginia Lottery joined Delaware as just the second lottery to offer casino

Lotteries certainly ramped up their use of digital channels to engage customers in virtual promotions when in-person activities were curtailed...

gaming online; both are run through the casinos in each state, which have offered video lottery terminals and table games for years. Each of West Virginia's five casinos may partner with multiple online service providers. Hollywood Casino's online DraftKings casino opened July 15, while The Greenbrier's BetMGM platform rolled out in August. The Greenbrier has since added a partnership with Golden Nugget, while Mountaineer Casino has secured Rush Street Interactive as a partner for its first online casino rollout this spring.

And most recently, the DC Lottery launched its iLottery program on December 18, offering eInstants, Powerball and Mega Millions. It's the

“As a director, I’m very sensitive to making sure that we are also lifting up the traditional side of the business, even as we’ve expanded in the digital space.”

- Kevin Hall

first step in what will ultimately see the Lottery’s entire game portfolio offered online. For more details about that launch, see the January/February 2021 issue of *Insights*.

It was the busiest year for iLottery rollouts since Illinois was the first American lottery to offer online sales in March 2012. Illinois was followed by Georgia (November 2012), North Dakota (July 2014; online subscriptions had been offered since 2005), Michigan (August 2014), Kentucky (April 2016), North Carolina (June 2016; online subscriptions were first offered in 2013), Pennsylvania (May 2018) and New Hampshire (September 2018). The Delaware Lottery was the first to offer iGaming when it began in November 2013.

No two of these lotteries are alike. From initial product offers to current

product mix, online games vary based on a number of factors, not the least of which is what is allowed by law. What they have in common, though, is a desire to take lottery into the modern era, reaching customers – and potential customers – where they live. Consumers expect no less from most aspects of their daily lives.

As the pool of online lotteries grows, there are more examples to show skeptical policymakers about the safety and security of online play, especially in a world that has been fundamentally changed because of the pandemic. They also provide more evidence that the introduction of iLottery does not spell gloom and doom for retailers. In fact, lotteries work hard to cross-promote games, driving online players into stores and offering retailers ways to participate through “web cash” purchases and affiliate programs.

All that information is key to the expansion of iLottery into other jurisdictions, as one thing most often cited in the successful approval of iLottery is the provision of all the data, all the examples, to help lawmakers and other stakeholders make fully informed decisions.

Busy in Virginia

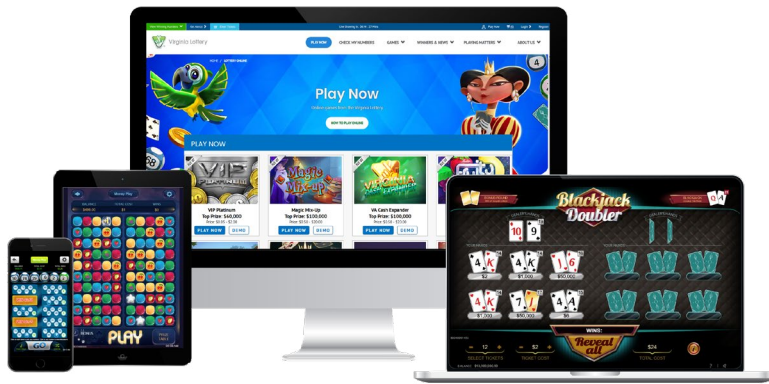
The biggest splash into the iLottery pool last year came in the Old Dominion, where the Virginia Lottery’s previous experiences with online subscription play and Bluetooth-enabled Mobile Play have served it well. It wasn’t even four months from the time the legislation was signed in early March 2020 until iLottery was launched on July 1, the first day allowed under the new law. “We were ready to catapult out of the gate,” said Executive Director Kevin Hall, acknowledging the talented digital team already in place at the Lottery who made it happen.

That team had spent more than a year cleaning up and consolidating

player data in the digital space, from subscription players to second-chance drawing participants to Mobile Play users. They already had experience marketing to and engaging with these players, another big plus. On the technology side, expanding an existing contract with NeoPollard Interactive, which already provided the subscription platform, helped speed the way. Add the pandemic and the work-from-home dynamic, and an additional sense of urgency came to the forefront. “I think all of those factors combined to help us have one of the most successful iLottery launches in the country,” said Hall.

The numbers provide the evidence. By the fourth week, Virginia’s iLottery sales had surpassed its four-month expectations. By the sixth month, it smashed the first-year sales goal. At that point, the original goal was doubled, and sales are still running well ahead of that revised goal. “It has been a phenomenal success.”

Through the end of February, gross sales for eInstant games were \$421.6 million, which provided \$55.6 million in gross gaming revenue



(sales minus prizes). Sales of the three draw games currently on the platform (Mega Millions, Powerball and Cash4Life) added another \$26.6 million to those totals.

Of course, that's just part of the equation for the Virginia Lottery. "As a director, I'm very sensitive to making sure that we are also lifting up the traditional side of the business, even as we've expanded in the digital space," emphasized Hall, noting that experience elsewhere says that iLottery can raise overall brand awareness and relevance while attracting new players. So he's thrilled after seven months. "We're seeing a sizable year-over-year sales growth of traditional products at traditional retailers, products that are not available on the iLottery platform like Scratchers and daily draw games."

To really drive home the Lottery's attention to retail, a number of initiatives have already been rolled out. First there were cross-promotions between channels, then online cash cards were introduced at retail to fund player accounts while providing a standard commission to retailers. Most recently an affiliate program launched in January, first with online companies; a traditional retailer component is in development. "We are constantly looking for ways to provide a bridge between the traditional and digital sides of the business – that's really important," said Hall.

Deeply involved in building those bridges is Director of Digital Rob Wesley and his staff of 14 employees dedicated to the iLottery program. A veteran of the traditional side of the business, Wesley marvels at how quickly things happen in the digital space. "It's such a different mindset from the traditional side, where you plan things a year at a time. With digital you have to be agile, planning by day, by week and by month, and always making changes in between."

That's a big reason why the Lottery chose to keep digital advertising and promotion in-house, something Wesley recommends if at all possible. "When we evaluated our options, it all goes back to the requirement of constant analysis, and the speed and agility of what we wanted to do. Paying an agency or other vendor to do that for you isn't cheap." So the plan was to do it all in-house, start small and grow over time, keeping a keen eye on cost per acquisition and various efficiencies. Currently, most success comes from paid search and paid social media. Down the road, casting a wider net could help with awareness, but with the current results, the thinking is that will all come in due time.

But there was no time wasted living up to promises to retailers. As noted, cross-participation efforts were included out of the gate with draw games. In September a new

family of Scratchers tickets included a promo code for iLottery play. And for the holidays, an instant game mirrored a Scratchers game of the same name; when a player redeemed a promo code on the printed ticket for an iLottery play, a coupon was offered to take back to retail. A similar program is underway with the licensed property Wheel of Fortune. "We are doing a lot of crossover work," emphasized Wesley, who added that lotteries need to be strategic in their evaluation of these efforts. "None of these individual promotions are going to create any type of big spike like you might see in a traditional lottery promotion. The value is in acquisition, in growing the lifetime value of a player across the whole platform."

Stakeholder Support

For many lotteries, the iLottery path depends on stakeholder support, something rarely up to the lotteries themselves. That said, there is no shortage of information lotteries can provide those stakeholders to tip the scales in their favor.

In Virginia, iLottery is just one piece of a big legislative effort that included sports betting and casinos, and the Virginia Lottery is involved in all three. "I am the poster child for 'be careful what you wish for,'" said Hall, chuckling at the thought. Indeed, he's been busy – first there was iLottery, then in January the initial sports betting licenses were issued (a maximum of 12 operators are allowed by law); they launched their online and mobile operations before the Super Bowl. The timeline for casino development, of course, is necessarily a lot longer.

That broad effort into expanded gaming was triggered by several factors in Virginia, including a desire by several cities to use casinos as a springboard to economic revitalization and the proliferation of unregulated skill games that were

“The addition of iLottery is going to have a significant impact on the bottom line of sales and profits for the good cause that we support, Virginia’s K-12 public schools.”

- Kevin Hall



impacting lottery sales. The gaming policy conversations taking place allowed Hall to bring up the subject of iLottery, and he quickly learned what the key selling points were. He was ready with the business case – the need to modernize a lottery product that basically hadn’t changed in decades, in order to meet consumers who have made dramatic shifts in the way they conduct their everyday lives through e-commerce. “The only way for the Lottery to remain such a significant contributor to our public schools is to modernize along with the customer base.”

But while the business case was clear, Hall quickly realized he had to come up with much more as the conversations with legislators developed. He had to explain all the intimate details – things like robust

age and identification methodologies, e-commerce security and responsible gambling programs that are even more effective online than they are at retail. “I learned it was important to educate lawmakers and policymakers on the current state of the technology, and how far it has advanced in a relatively short period of time for age-appropriate online sales.”

The conversations with retailers were also critical, both in terms of content and frequency. The Lottery team provided plenty of data from other jurisdictions, showing how everyone benefits after an iLottery launch. And of course, there were those commitments from the beginning that the Lottery would continue to engage with retailers to make sure that all parts of the business keep growing. “We keep going to retailers

with new ideas so they know we mean what we say,” said Hall.

His final words of advice beyond having those stakeholder conversations? “It is very important to assemble a strong team and to design a realistic work plan. It’s very important to insist on accountability, but also to get out of the way, so the talented people can get the work done. The addition of iLottery is going to have a significant impact on the bottom line of sales and profits for the good cause that we support, Virginia’s K-12 public schools.”

Soft Launch in Rhode Island

The Rhode Island Lottery has ventured quietly into the online space with eInstants and Keno. The initial goals were simple – providing what

customers want, especially new customers who represent an untapped market for lottery play, and learning about the promotional and marketing needs of an iLottery platform.

The Lottery already had experience with a digital product line, thanks to the launch of online and mobile sports betting in September 2019 (following the casino sports books, which opened in late 2018). So in one sense, technical expertise and organizational considerations were in place that may have helped with the implementation of iLottery. Certainly the team has learned to handle technical questions from players; although IGT provides customer support, calls inevitably come into the Lottery. “You need to be prepared to handle those phone calls,” noted Director Mark Furcolo, while also advising lotteries to regularly browse social media pages, where people are likely to voice any complaints. “When we see customers who are having problems, we will reach out directly to them to make sure that they have a good experience.”

That, of course, is critical to any new venture, and there is a clear sense that after almost a year of operation, Rhode Island’s iLottery is having the desired effect – bringing in new customers simply by being in the digital space. To access the games, players 18 and older must be in Rhode Island at the time of play and must have an upgraded VIP Club membership. Some 4,000 previous Club members have upgraded to the VIP+ Purchase Power Account, allowing online play, and through February approximately 7,100 additional new players have signed up to play.

At the same time, the Lottery is having a record year in instant ticket sales, with retail sales up 20%. While Furcolo acknowledges some of that is because the casinos were closed temporarily due to the pandemic (a common phenomenon seen across the country), he wants to give credit

where credit is due – the talented game designers producing good games and the sales reps who ensure those games are in the marketplace. For a small state like Rhode Island, lottery revenues are critical, and the lion’s share will come from retail channels for the foreseeable future.

That said, it’s important to be in the digital space to fully protect those revenues, because that’s where new players emerge. “We have to use digital channels or we will lose the younger demographics,” said Furcolo. For Rhode Island the path will be slow and deliberate, growing through marketing and promotions focused on the digital space where new customers live, but with some cross-channel promotions with retailers along with way.

Learn From Experience

The diverse examples of Virginia and Rhode Island, when combined with the variety of other iLottery implementations to date, clearly show that it doesn’t really matter how you go about it, as long as you take the leap. There is no one-size-fits-all solution, and the revenues generated will to a great degree depend on factors such as product mix, payout, marketing and competition. Surprise, surprise – just like with traditional lotteries! As long as expectations are in line with the realities, success can easily be defined simply as meeting the consumer in the digital spaces they live in today.

And with these multitude of experiences, there are sure to be lotteries willing to share insights that may be quite relevant to the next lottery going down this path. That is perhaps the greatest asset of the lottery industry – willingness to share. After all, there’s no need to keep reinventing the wheel. “I am amazed all the time at how collaborative the industry is,” noted Virginia’s Hall. “Everybody has been incredibly generous in sharing

“We have to use digital channels or we will lose the younger demographics.”

- Mark Furcolo

their best practices and lessons learned, which was really helpful to us.”

And thanks to that collaborative nature, lotteries knocking on the door are more easily able to gather information to present to statehouses across the country in what could be fallout from the pandemic – new evaluation of iLottery proposals that until now might not have seen the light of day for several more years. As noted earlier, the public health crisis triggered tremendous growth in online retail purchases, and that activity is more mainstream than ever. Combined with the vast amount of everyday business now being conducted virtually, and it’s clear that the adoption of iLottery is simply bringing another industry into the online fold. ●

Online Lottery: New Pathways for Responsible Gambling

By Marlene Warner, Executive Director, Massachusetts Council on Gaming and Health

In the past 20 years, the responsible and problem gambling field has progressed tremendously in the science and interventions regarding online gambling. Initially, it was known as an unregulated market where people could fall prey to games and promises on servers sitting in a warehouse in the Caribbean, without a hint of responsible gambling. Then, in 2011, it quickly became a race to build the legal U.S. online gambling space, but with minimum standards based off nascent research. Responsible gambling advocates and service providers worried that players would be reckless, uninhibited, and anonymous in their play behavior and gaming approach.

Fast forward to 2021. Roughly a quarter of North American lotteries offer many types of online products and do so with some of the most advanced responsible gambling tools available in the world, minimizing many of the harms that most worried the public and problem gambling professionals ten years prior.

Lotteries engage in processes that allow their players to not only have the best levels of KYC (know your customer) for security purposes, but also to customize interventions and education to what players most need. They can specify players' normative behavior and demonstrate how an individual's dashboard compares to the averages of others. Limit setting can happen for wins and losses, and players can precommit to time



spent on the entire site or specific games. With technological advances, online lottery products can be customized to the type and speed of play that is most advantageous to the player's goals. There are endless iterations and possibilities about how to adapt platforms and games to a safer and healthier customer-centric experience.

Although many lotteries have ventured into virtual product portfolios,

some have done more than others to expertly hone their approach to responsible gambling while going online. Two such lotteries are those in Michigan and Kentucky, and to inform this article they have shared their experiences going online, what works (and what does not), and what they hope to implement in the future to improve their responsible gambling efforts. A huge debt of gratitude to Blaine DeGracia, Responsible

Gaming Manager for the Michigan Bureau of State Lottery, and Chip Polston, Senior Vice President of Communications, Public Relations, and Social Responsibility for the Kentucky Lottery, for describing their processes. Also, a nod of appreciation to Wes Collins of NeoPollard Interactive (NPi), who handles the customer service calls for Michigan Lottery, for his detailed approach on how they support Michigan and other online customers.

The number one most important action according to DeGracia and Polston, to which both attribute their initial responsible gambling success online, was undergoing the iCAP verification program with the National Council on Problem Gambling (NCPG) under the leadership of Keith Whyte, NCPG's Executive Director. Polston offered, "This was an absolute game changer – the iCAP program very clearly laid out what the elements of a highly responsible platform would look like, and basically gave us the road map to use moving forward."

The iCAP, or Internet Compliance Assessment Program, uses the latest scientific literature to inform responsible gambling guidelines used to verify the compliance of a Lottery's internet gambling site with the NCPG Internet Responsible Gambling (IRG) Standards. IRG Standards include a framework to guide lotteries to success in the following areas:

- Policy to instruct and support teams in the implementation of lottery-wide responsible gambling programs and practices that instill confidence with customers, employees and regulators;
- Staff training and professional development models that detail how to engage employees in knowledge and skill set advancement to best help customers in need;

“There is no downside to a high standard that helps everyone and is consumer-centric.”

- Keith Whyte



- Informed decision platforms that offer options to players to gather personal play-based data that allows them to customize limit setting and messaging;
- Player assistance mechanisms, protocols, and resources built into customer service and other public-facing staff responsibilities;
- Self-exclusion programs that detail the responsibility of the operator, regulator and the employee in this helping intervention;
- Advertising and promotion guidelines that provide the guardrails for what is and is not appropriate, and how it should be applied based on prevalence of problems in priority populations;
- Game and site features that remain based in adult-focused, chance-based games that are designed to be fun and entertaining;
- Research agendas that support innovation in the field using anonymized data, suggests change from evaluation, and utilizes evidence-based research to determine games and mechanics; and

- Payments accepted in a controlled and cash-based model with personal data protected.

While incredibly useful for any lottery going online, the iCAP verification process is not for the faint of heart. The program requires assembling and creating detailed descriptions of policies, procedures and user interfaces, with reference to each of the IRG standards, conducted by Sarah Ramanauskas, an independent specialist testing partner with Gambling Integrity, based in the UK. Although he described it as “tough,” DeGracia couldn't say enough about the assistance of Ramanauskas:

“Sarah, as an auditor, was an enormous help. She was onsite and with us every step of the way assisting with our efforts to continuously improve our program.” And Polston stressed the benefit of access to outside expertise, “Through our three assessments, we've found it helpful to have a different set of trained and professional eyes review what you're doing from the outside to make sure your program is as effective as it can be and needs to be.”

Four lotteries currently have achieved iCAP certification – Georgia, Kentucky, Michigan and Pennsylvania. The certification typically takes four to five weeks and costs \$10,500 for NCPG Members (\$12,000 for non-members) with a rolling deadline. Although a lottery can potentially not “pass” the certification, they are able to reapply with an “improvement plan.” Ramanauskas works with each entity to tweak and change some of their offerings to best meet the standards. As they encourage more online lottery and sports books to go through iCAP verification process, Whyte states, “We hope iCAP has created a default lottery basic minimum standard that is helpful for consumers, lotteries and their vendors. There is no downside to a high standard that helps everyone

and is consumer-centric.” Whyte and Ramanauskas assume the next step for iCAP is to consider mobile gaming verification.

The most important aspect of any of the IRG standard programs, according to Collins, has been training. He discussed NPi’s annual responsible gambling training that walks employees through scenarios and brings staff up to date on current research and interventions. He stressed how key it is that his staff is well trained so that they can confidently speak to players about deposit limits, voluntary self-exclusion, odds and game rules. They want to not only help customers but also educate them. NPI trains employees on the gambling content, but also spends time helping them to develop skills to assess the most effective ways to make a trusted connection – there are specific ways to gain trust and build rapport on a chat line vs. an email exchange, and both are important to balance for tone, empathy and succinct information dissemination.

NPi’s approach to make sure that employees use care and evidence to help to correct players’ erroneous beliefs was recently confirmed by researchers at University of British Columbia. They found that individuals with gambling problems are more likely to use incorrect or irrelevant information to guide their gambling, and more likely to benefit from an online lottery algorithm that can identify their play as problematic ([Limbrick-Oldfield et al.](#))

Michigan has also found research to be paramount to striking the appropriate balance in product development and marketing, informing program changes in their self-exclusion program, and pathways to information on their website. DeGracia outlined their commitment to learning from their customers through focus groups and player surveys, as well as collecting data used to alter future lottery products.

**Ten years ago
no one could
have imagined
the innovation
possible in
online gambling
and online
responsible
gambling tools.**

And it appears Michigan is on the right track. The necessity of play-based behavior tracking and research was highlighted in a French study done by [Challet-Bouju et al.](#) in 2020, where researchers found that there are five different types of play based on behaviors tracked on an online lottery site. Each type of play required different types of interventions to improve the health of the player.

DeGracia, Polston and Collins all agreed that more personalization and ability to make informed choices are areas they most hope to see increase in the future. DeGracia stated, “In 2019 we were able to bring the native clock from their online device forward to be seen during the game. From here we’d love to see industry standards on responsible gambling tools and messaging.” Polston discussed Kentucky’s need for more useful resources and interaction

with self-excluded players who come back to the site after their term has expired. “We’re currently working on messaging we’ll send them after their account is reactivated. This is the type of insight we get by going through an [iCAP] assessment, which helps us create a wish list of what we can do to make our operation even better.”

In terms of what Whyte and Ramanauskas see for iCAP on the horizon? They hope that iCAP has evolved to include broader public health engagement with behavioral tracking and messaging, more mystery shopping and customer engagement, and a broader acceptance of the need for third party evaluators and verification.

It is worth noting that although many lotteries are using the pandemic and the explosion of sports wagering to rush to online sales, DeGracia, Polston and Collins all agreed that leadership and planning is essential to make responsible gambling work. They all reiterated that a top-down approach to the standards, the iCAP program, and communicating that commitment is what allowed them each the space to create and promote effective responsible gambling programs.

Ten years ago no one could have imagined the innovation possible in online gambling and online responsible gambling tools. With evidence-based standards and cooperative approaches between lotteries, regulators, service providers, researchers and advocates, it is clear that the future holds much in the way of customized player tools and data informed messaging that will build a solid foundation to keep gambling as it was intended, as fun and entertainment.

For more information on iCAP or the IRG Standards, visit www.ncpgambling.org. To learn more about online lottery research and interventions, contact the NASPL RG Committee. ●

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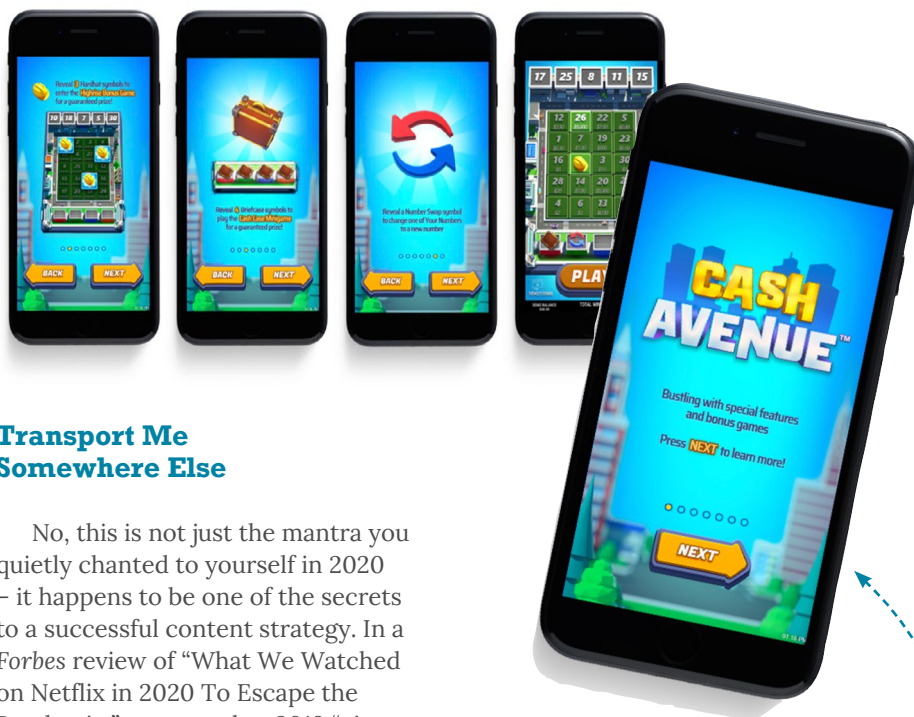
By Julin Shaw, Director of Marketing, NeoPollard Interactive

As the lottery industry moves into an evolving and exciting environment in 2021, all eyes remain locked on the outstanding performance of iLottery programs from 2020. Q4 2020 saw iLottery sales skyrocket by 127% to \$1.2 billion in the quarter, with no slowdown on the horizon. iLottery proved to be a pandemic-proof channel to maximize lottery proceeds. How? One of many essential ingredients is content. Through its development house, NeoGames Studio, NPi delivers a wide range of game content to keep iLottery portfolios fresh and competitive.

When it comes to a successful content strategy (notice how we've not said "iLottery content strategy"), what is the first company you think of? If Netflix isn't at the top of your list, what have you been doing during this pandemic?

If any of you out there are still viewing Netflix as just another streaming service, take a second look. Netflix is a content creator – a content powerhouse. From our data, we know that those who play more than 20 games in their first month of online play are over nine times more likely to stay active for the remaining 12 months. This is the crux of why content is such a critical component to driving success in iLottery – there must be enough variety to deliver something for everyone.

Here are a few key takeaways from Netflix to inform the path towards a powerhouse of an iLottery portfolio.



Transport Me Somewhere Else

No, this is not just the mantra you quietly chanted to yourself in 2020 – it happens to be one of the secrets to a successful content strategy. In a *Forbes* review of "What We Watched on Netflix in 2020 To Escape the Pandemic," compared to 2019 "viewing of foreign language titles was up over 50% with binges that included 'The Platform' (Spain), 'Barbarian' (Germany) and 'Rogue City' (France), which were the most popular." Why? Because viewers were living their dreams for global experiences from their living rooms, courtesy of Netflix. The idea is the same. As much as we sought immersive experiences from our Netflix binges, a successful iLottery content portfolio will deliver on player wants and needs. **How can iLottery offer a little escapism for players and deliver what they want?**

Vibrant visual game design and animation can transport the player into a different realm offering a unique entertainment experience.

Additionally, a diverse menu of games will tap into the player's experience and expectations. This menu needs to consider mechanics, themes and duration of the experience.

Consider a title like Cash Avenue. This eInstant game is representative of an immersive technique that draws the player's interest through features that build upon the underlying game experience. The player is transported into a bustling metropolis and met with an equally bustling game experience that offers a variety of features and mechanics that allow the player to fully immerse into the many ways in which the player can experience a winning outcome.

In addition to the base number match experience, the game makes the player a part of Cash Avenue by offering six additional elements to the game. By way of one example, the game's Highrise Bonus Game allows players to construct their own skyscraper with prizes that grow as the building scales new heights.

Diversity in themes like luck of the Irish, or whimsical flowers or animals, flashy colors, cash or gaming can all entice players. A variety of game mechanics and features build upon the immersive theme. Mechanics can range from tried and true number match games to cascades or to games with multi-dimensional experiences that create excitement through uncovering additional winning opportunities as the experience unfolds.

Avoid a Stalemate Through Storytelling

Netflix's "The Queen's Gambit" is a great example of the success that comes through effective experience building. Hands up if you watched this and you wouldn't have assumed you'd fall into a segment of content consumers interested in chess (👑). Was Netflix convinced that they were sitting on a pre-existing audience segment that was burning for a chess storyline? Or did the story and thrill of the viewing experience make it resonate? **How can iLottery deliver variety through telling a story or taking the player on a game journey?**

Storytelling in an iLottery portfolio comes to life in the mathematical experience. Smart mathematics will determine how often players have a winning experience, will define the magnitude of the win, and will identify how the win will be delivered. For example, the win experience could be served up through a thrilling bonus round with multiple levels and increasing wins that build on the anticipation of the win. Ultimately,

the math defines the player's overall journey and has to be paired with the visual theme of the game to deliver the storyline in a synergistic way.

iLottery audiences are made up of a broad demographic: young gamers who are digital natives, retail players who are new to the online space, risk-takers who are in it for the thrill of the gamble, draw-based game players who are familiar only with "numbers" games, adventure lovers who are looking for a fun play experience, and so forth. A digital content strategy will blur and cross segments, but it's about the behind-the-scenes thrill that is built and delivered through the game's storytelling (prize structure).

All different kinds of players with varied interests will experience iLottery, and they will demand an extensive portfolio of games that will be responsive to when they just want to "Netflix and chill."

Check, Mate. ◦



Go the Extra Mile

Don't underestimate even the smallest of subtleties in terms of the value it can bring to localizing or contextualizing content. To stay relevant and attract a steady inflow of new customers, not only does Netflix have to produce viral hits, but it also needs to put in the work to win over regional audiences with original content that feels less like a distant Hollywood import, and more like something that reflects the audience's culture and lived experience.

Take the Netflix hit "Bridgerton" for example.

Season 1 was watched by a record 82 million households around the world, smashing records to become the biggest series ever. Even though the story was set in 1813, the diverse cast, clever musical cameos (who caught the Ariana Grande violin cover?) and modern costume design resonated with 2020 audiences in

Be like Netflix, whose mission it is to “entertain the world” and “help you find your next favorite story.”

multiple countries ready to escape the pandemic boredom. **How do you go the extra mile in building an iLottery portfolio?**

To build successful connections with players through portfolio design requires a deep and thorough understanding of the target market. What are the essentials? Start first to understand what resonates with existing players – what can we learn from their play behavior that will inform the creation of a relevant iLottery portfolio? What games are the most popular at retail? What is popular with current iLottery players? What demographic buys what games? What is going on locally, or even nationally, that might generate a connection to a new or existing game? Major athletic events like February’s championship football game can be a jumping off point to reach an audience by promoting a game that would appeal to sports fans, for example. What themes are trending and relevant to different age categories?

Localizing games to a lottery’s jurisdiction is essential. Many states and provinces face government-imposed or socially unacceptable rules and guidelines that must be followed. They can be daunting, like restrictions on the number of tickets that can be offered or the price of tickets. Or perhaps the use of certain icons in a game might be offensive.

Going the extra mile means building a well-researched portfolio experience. Localization goes a long way toward making players feel connected, and therefore, truly entertained.

Make Recommendations for Me

Around 80% of Netflix users’ viewing patterns are driven by the recommendation engine. Netflix believes its personalized recommendation engine is worth big bucks; roughly \$1 billion per year, in fact. What does this mean? It means that most of the content you are “choosing” to consume is being chosen for you. In this case, the learning here is

that the financial success of an iLottery portfolio is reinforced by how the content is served.

Content optimization is as much about player reach as it is about the themes, mechanics, math and storytelling. This is where marketing and promotions are essential to an overarching content strategy. Push notifications, special messaging and banners that appear in real time are among the tools that help continue critical customer engagement. These methods, married with our continually expanding knowledge base, enable lotteries to present their players with a full menu of games.

Personalization can take diversification a step further. In looking at players’ past behavior, we can determine how best to market and promote games to certain groups of players based on their preferences. Our data insights provide lotteries with everything the player knows they want, and even what they don’t even realize they want.

Wrapping Up

In the digital domain, players need to be viewed as content consumers, and a successful iLottery portfolio requires a Netflix-esque content strategy. Be like Netflix, whose mission it is to “entertain the world” and “help you find your next favorite story.” Create a library of titles that will attract and retain players. Lean in on the brand strengths of the lottery through known experiences, and then layer in the blockbusters that will attract new audiences or recapture lapsed audiences. An iLottery portfolio requires constant development and curation, and there is a role for every game to play in terms of maximizing relevant key performance indicators. Then, market and promote to connect players to their next iLottery adventure! ●

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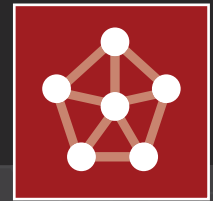
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You've Got Cash!

While lottery modernization initiatives often focus on online sales, mobile cashing is a customer-friendly interactive way for lotteries to pay prizes won on traditional retail-purchased games.

By *Patricia McQueen*

Increasingly, lotteries are finding ways to interact with customers through digital means, especially through the mobile devices so prevalent today. The year 2020 proved to be a watershed, with consumers – and lotteries – adopting digital engagement like never before. For example, many lotteries ventured into the world of Facebook Live for the first time, with a variety of interactive presentations designed to substitute for in-person events, but likely to continue even as those events resume.

One effort to capitalize on mobile technology in particular involves putting lottery prizes directly into winners' financial accounts, improving on the check-a-ticket feature so popular in many lottery apps. After all, when you scan a ticket, and find that you've won a prize, how convenient would it be to send that money straight to your account?

That's the goal of the mobile cashing program implemented last April by the Ohio Lottery. Planning to follow in their footsteps is the Massachusetts Lottery, and the Louisiana Lottery is also in the early discussion stages.

Just imagine how many players across the entire industry would have benefited from mobile cashing in 2020, when it suddenly, unthinkably, became difficult for lottery winners to claim their winnings!

The Ohio Experience

The Ohio Lottery has led the way in two recent modernization projects designed to meet changing consumer needs. First was a transformation to cashless payments throughout its network, followed by the mobile cashing initiative.

Ohio was already an industry leader in providing a multitude of ways for players to claim prizes. In addition to the Lottery's own regional offices (there are nine), for many years about 150 banks throughout the state cashed mid-tier prizes of \$600 to \$5,000. However, those banks decided to leave the ticket-cashing business in September 2018. "We knew they wanted out for some time, so we felt we needed new options for our players that would be quick and convenient," said Greg Bowers, Deputy Director, Finance.

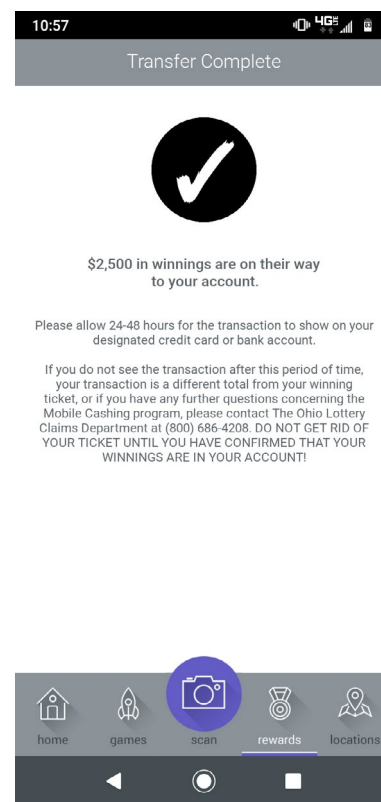
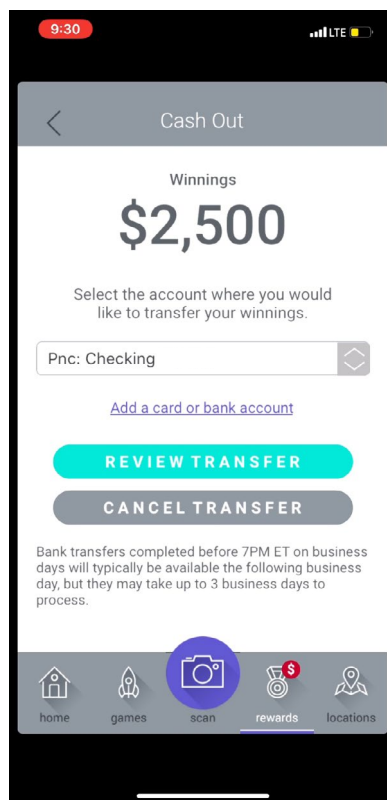
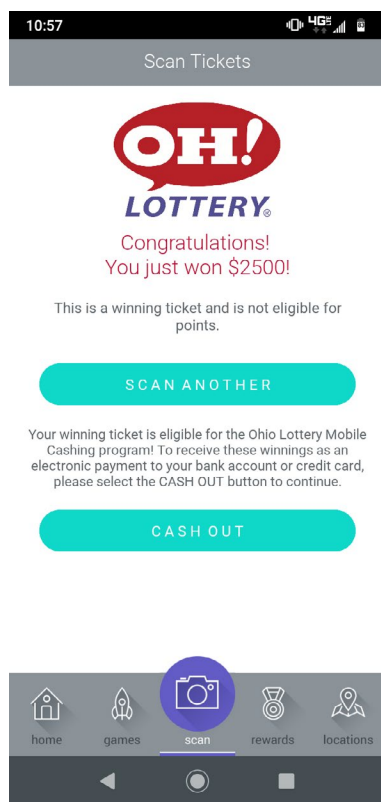
Work on the new mobile cashing component was begun in earnest, along with a "super retailer" program that would allow specially-approved retailers to also cash those mid-tier prizes. That would be in addition to the seven racetrack casinos in the state that were already cashing prizes up to \$5,000. Little did the Lottery team know that by the time these programs were ready, they would be sorely needed! Last spring, the pandemic closed the Lottery's regional offices to the public (they are still

closed), and the racinos were closed for three months.

Just in time, mobile cashing was launched on April 20, 2020. Initially the plan was to offer the service only for mid-tier prizes of \$600 to \$5,000, but with the pandemic the starting value was reduced to \$50 to help ease foot traffic in stores suddenly subjected to social distancing measures. On June 17, the first super retailers opened for mid-tier prize claims; initially they included only independent retailers, but most recently Giant Eagle stores were added to the mix. Currently nearly 40 retail locations can cash mid-tier prizes in Ohio, in addition to the racinos.

Through February 23, players cashed \$56.2 million through the mobile app – \$41.8 million in mid-tier prizes and \$14.3 million in low-tier prizes (\$50 to \$599). However, the low-tier claims represent almost 80% of all transactions, or 101,000 of the 130,000 claims processed during the period. In total, mobile cashing is currently handling about 500 transactions daily, up from an average of about 400 last year.

There are about 30,000 players who frequently use the service, and the Lottery still activates 300 to 600 new users each month. Interestingly, users are fairly evenly divided by generational cohorts – 37% are Gen X, 30% are millennials and 27% are baby boomers. Two percent are even



members of the silent generation, and there is one savvy player using mobile cashing who is 98 years old! For Bowers, that makes perfect sense. “I think the pandemic has allowed the older generations to at least try new technologies, because they don’t want to go out.”

At this writing, the Lottery is averaging about 6,800 mid-tier claims a month combined through mobile cashing and at super retailers, up from the 5,800 claims per month the banks were previously handling. Early on, most mobile claims were at the mid-tier level, but as the racinos opened back up and the super retailers came on board, that has shifted to where most mobile cashes have been low-tier prizes under \$600. “There are many more options for our players to cash the mid-tier prizes now, which was our goal all along,”

said Bowers. “We want to make sure they have options and added convenience so that we still offer the most diverse cashing opportunities in the lottery industry.”

The best news of all is that ticket cashing at retail hasn’t really changed at all – as sales have increased, so have prizes, so retailers are still enjoying their cashing bonuses. “One of our biggest concerns was retailers’ acceptance of mobile cashing, as they were very concerned when we rolled it out,” noted Chief Information Officer Maureen Hall. “But we have not really heard anything negative from the retailers.”

The Ohio Lottery team is happy to share its experiences with others, and offers a few words of wisdom for lotteries looking to go down this path.

With access to financial information involved, one critical part of

the process is security, something Hall couldn’t emphasize enough. “Security is extremely important, and you should spend a lot of time ensuring the security of the data and making sure your customers are going to feel comfortable using your application,” she said. She added that lotteries should make sure everything is well-planned before starting the execution. And because even the best plans can’t account for everything, especially consumer behavior, be prepared to have exemplary customer service reps – there will always be user questions to answer and problems to solve.

There was one final piece of advice offered by both Bowers and Hall – careful management of vendors, no matter who does what. In Ohio’s case, the mobile app comes from its advertising agency, Marcus Thomas,

“The definition of convenience has completely changed for consumers, compared to what it was 10 years ago, or even five years ago.”

- Michael Sweeney

and has to communicate with the Lottery’s gaming vendors and back-office systems. Add a payments processor and an identity manager, at the very least, and you’ve got several companies who have to be involved in every single prize claim. “It can be very confusing,” said Hall.

But it’s well worth it. “Any lottery has to be flexible and respond as quickly as possible to the market so we can continue to grow sales and engage new players,” she concluded.

First Steps in Massachusetts

The Massachusetts Lottery has relied on Ohio’s advice in the development of its own mobile cashing service, which will enhance the ticket-checking capabilities of a new mobile app that launched over the winter. Executive Director Michael Sweeney hopes to have the cashing portion of the app in place this summer.

“We are taking a cautious, very deliberate approach with this, for all the security reasons that anyone can think of. I’m less concerned about the actual date than on making sure we get this right for the government and for the consumer.”

After all, consumers are driving changes to every business. “The definition of convenience has completely changed for consumers, compared to what it was 10 years ago, or even five years ago. Today I think the word convenience means that consumers expect interactions 24/7, at a time and location of the consumer’s choosing.”

In Sweeney’s mind, that means that all businesses, including lotteries, need to increasingly view themselves as software developers. “If you are not that, or if you do not view yourself as that, you’re really in danger of becoming irrelevant in the marketplace,” he warned. While some things may be out of reach for many lotteries, a ticket-checking

and cashing app is one possible way for them to adopt a modern digital model.

For Sweeney, mobile cashing offers a big additional bonus that goes beyond player convenience. “I really think it’s going to have an enormous environmental impact here in the Commonwealth.” That’s because players will be able to cash prizes from \$601 to \$5,000, mid-tier prizes that would otherwise have to be claimed at one of the Lottery’s six regional offices. “It’s going to cut out literally thousands and thousands of miles being driven on a yearly basis by our customers,” and he knows consumers will appreciate the Lottery’s efforts to help reduce the environmental impact of driving to claims centers.

Besides, with traffic being what it is, it can be frustrating. “There’s really no area in the Commonwealth where it’s a great time to drive 20 to 40 miles from 9am to 5pm Monday through Friday,” explained Sweeney. “That’s certainly not a winning model for consumers, and it won’t be acceptable to consumers moving forward.”

Massachusetts is still investigating the details for its mobile cashing implementation, such as how prizes will actually make their way to winners’ accounts and what financial companies might be involved. As the Lottery makes its way forward, Sweeney gave another big compliment to Ohio, beyond acknowledging their helpful assistance. “I want to share my thanks to the leadership at the Ohio Lottery for just going down this path of innovation. Lottery players are ready for it, and I do think it’s a huge advance for them to be able to engage with lottery products in this manner.” ●



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Understanding the Potential of CRM

Heptagon Awards 2021 “CRM Executive of the Year” kicks it up a notch with pro tips on retaining new players and driving sales performance.



Dubbed “Boy Wonder” by ESPN, at a young age Merv Huber-Calvo won the 2000 Kentucky Derby Fantasy Challenge, beating a field of 12,000 in a contest requiring contestants to collect fantasy points with their mythical stables in Derby preps and the Derby itself.

His passion for the equine business led him from galloping horses on the track to working in the office at legendary Churchill Downs, looking after VIP bettors, and ultimately to data-based marketing. He never dreamed it would eventually find him helping U.S. lotteries make a differ-

ence in the communities they serve.

Huber-Calvo quickly became an expert in customer relationship management (CRM) and took his uniquely honed knowledge of betting and retention marketing to a large online gaming company to run a horse racing program – one of the few legal ways to bet online in the U.S. at the time.

“I really never set out to specialize in CRM, but through my jobs in online horse racing wagering, I was exposed to data analytics tools. I took a gamble, combining my own love for betting with CRM, because I think I really understood players and what

they want. And here we are 15 years later,” says Huber-Calvo, who joined Scientific Games in 2018 as Director of iLottery Growth Marketing.

He oversees a team of CRM professionals who apply segmented multi channel marketing campaigns and promotions to drive player engagement and retention for all digital programs including iLottery, loyalty and second chance solutions. Scientific Games’ investment in this critical discipline and team over the last several years ensures its lottery partners have the right expertise to help facilitate their growth initiatives from retail to digital.



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It's Not Just Email Marketing

Working behind the scenes of the Pennsylvania Lottery's record-breaking iLottery launch in May 2018 – which reached \$1 billion in sales in under two years – Huber-Calvo firmly believes that retention marketing and CRM should be the centerpiece of a lottery's marketing plan for its online/mobile or iLottery program, whether new or mature.

“Most U.S. lotteries have a good general knowledge of what CRM is and why it is important, but it has been especially rewarding to bring to many of them the expertise that helps them better understand the scale of player engagement opportunities and

everything that goes into building a performance-driven program,” he says.

With an extended pandemic, CRM is suddenly in the spotlight and has become much more sophisticated. It's not just sending automated welcome emails and dashboard emails to players anymore. A powerful CRM program is based upon player segmentation and timely messages – and so much more if you ask Huber-Calvo and his team.

“I like to refer to what we do as retention marketing, which includes bonusing, promotions, content, and to some degree even product decisions that are going to make an impact with players,” he shares.

While player acquisition is crucially important, as a program matures the bulk of revenues tend to come from retained players, making player retention even more important from a financial perspective.

“In today's world, it's not just simple email marketing. You have to take an omnichannel approach. And that means making sure that you've got all your messaging channels covered,” Huber-Calvo explains. “Your program benefits from bonusing and promotions automations, and covers text messaging, app push, web push, interstitials, in-app inbox, Facebook, Google, direct mail, and outbound calling (as permitted). All of these channels should be encompassed.”



8 Components of a Strong CRM Program

- Strong CRM Technology Platform
- Expert Marketers
- Mix of Messaging Channels (email, text, app push, web push, interstitials, social media)
- Player Segmentation
- Data Strategy
- Real Time “Clean” Data
- Testing
- AI and Predictive Analytics

The COVID Factor

Huber-Calvo and his team collaborate with lotteries, implementing digital marketing strategies to engage with players and responsibly grow both digital and retail lottery sales. Although some lotteries had a strong digital strategy and a robust CRM program when the pandemic hit in 2020, others were just getting started. The industry quickly learned how important digital is to protecting profits.

“A digital strategy is no longer optional, it’s mandatory. If you’re not securing your revenue streams through your digital channels, those revenue streams are at risk,” he says. “As people are staying home more, the channels you have to communicate to players are further restricted to digital channels. And it’s not just lottery that’s experiencing this, it’s all consumer product companies.”

And suddenly, the digital environ-

ment is louder and more crowded than ever. How do you break through to get through to your players? It comes down to digital strategy. Not only to engage your existing players, but to retain the interest of the surge of new players who began playing lottery during the pandemic.

According to Leger, by July 2020 a whopping 20 million+ new players tried scratch games during COVID-19. About 90% of these had played some form of lottery before, but two million U.S. adults entered the lottery sector looking for something new to scratch. The majority of players – nearly 80% – indicated in a survey that they intend to continue playing scratch games after the pandemic.

“These new players had never engaged with lottery digitally, had never purchased games online or entered their lottery tickets into online promotions,” explains Huber-Calvo. “It’s great to acquire a lot of new custom-

ers. But if you are NOT doing CRM the right way, you're going to see a huge churn rate." (For those not familiar with churn rate, it's the percentage of consumers who discontinue their business within a given time period.)

As a marketer, his mind immediately began planning how to retain all of these new players. He didn't want to lose those new customers, and thanks to the strategies that were in place to send the right message at the right time through the right channels, his team was able to reduce monthly player churn rates to below 30%. In online gaming, churn rates of 40% are broadly considered to be a good benchmark.

Real World Examples

Working with Huber-Calvo and the Scientific Games team on player acquisition and conversion, the Maryland Lottery – whose CRM is mature and full scale – implemented high-frequency, automated conversion funnel email and mobile messaging to newly registered players who either failed to complete registration, failed "Know Your Customer" verification, or otherwise failed to enter any retail tickets following successful registration. The effort featured targeted messaging to players based specifically on where in the conversion funnel they fell out. Within 90 days, the Lottery immediately raised full conversion rates from 30% (already a good number in line with industry benchmarks) to over 40%.

Under Huber-Calvo's CRM leadership, his team helped grow Pennsylvania's online/mobile sales to nearly \$1.7 billion since launch, increasing 72% from 2019 to 2020 and helping the Lottery return maximum proceeds to support vital state programs for older Pennsylvanians. The growth is continuing with record revenue in January 2021, 103% higher than January 2020.

All CRM Platforms Are Not Created Equal

Huber-Calvo credits the ability to retain players better than others did to the Optimove platform used by Scientific Games. Optimove provides a CRM marketing hub that helps promotional and data-centric brands intelligently scale their CRM marketing by gaining a deeper understanding of customers and orchestrating multichannel marketing campaigns, leveraging advanced AI.

With more than 500 customers across many industries – including 250 gaming customers – Optimove is able to benchmark performance against others in the same sector.

"There are so many tools out there, but all CRM platforms are not created equal. I learned this very early in my career when I had to use inadequate tools. Most platform providers struggle to get their customers to take advantage of all the features. Optimove offers a solution for everything we want to do for our lottery customers, and we are using the platform to its full extent," shares Huber-Calvo.

In most cases, one CRM platform will not cover all messaging channels and a combination of platforms is used. Which is why it's important to have expert marketers who know how to put it all together. Huber-Calvo looks for five qualities: strategic focused, analytical mind, ability to make data-driven decisions, interest in testing, and natural curiosity. Surprisingly, he says uber tech skills are not necessary.

But Wait, There's More

"Before selecting a CRM provider, the lottery should have a good idea of its data strategy, what data it has, how 'hygienic' the data is, and how it plans to pass the data to the CRM platform in real time so you can ac-

tually act in the moment and engage with the player. And of course, how the marketing team uses the data to create targeted campaigns," he says.

That's quite a lot to take into consideration. Also important when selecting a CRM platform is the platform's ability to actually segment players the way the lottery needs them to be segmented. This way, the CRM team can orchestrate multiple specific campaigns and setup automations at scale.

Ideally, a campaign is set up and runs until the marketing team wants the results analyzed – both control group results and A/B testing so the team can see which campaigns perform better, and use the information to start all over again.

"A nice feature Optimove offers that's becoming increasingly needed is the ability to use AI and predictive analytics to optimize performance and reduce admin work. So when you're running literally hundreds of campaigns a day, you don't have time to manually look at the results of every single test you're running. You can rely in part on AI, pick the winner after seven or 14 days, and go with that campaign or try something different," he explains.

Doing what he's always done in an area of the lottery industry that appears to be exploding, Huber-Calvo is breaking new boundaries with CRM in the lottery industry. True to his Southern roots, he graciously gives all kudos to his team for the results they are driving. A team which is expanding by the way – pass it on to anyone who may be a good fit. ●





Progress Report:

In-Lane Sales

The impacts of the coronavirus may have slowed rollout in some cases, but there are still exciting new developments in the area of in-lane sales.

By Patricia McQueen



As the retail industry undergoes even more changes, one thing is certain. Lotteries need to find ways to partner with new types of retailers, or even just make it easier for existing retailers to sell lottery, in order to expand the player base and stay relevant with today's consumer. With some of the heavy lifting done when it comes to various draw game solutions, there is more attention now going to solving the instant ticket side of the equation. After all, those games accounted for 67% of traditional lottery sales in FY20, and drove much of the industry's growth in the past twelve months.

The Texas Lottery has led the way in the United States, with two different implementations to date and more on the way. One is QUICKTICKET, a product first launched by Ontario Lottery and Gaming in 2017, which has allowed the Texas Lottery to sell Powerball and Mega Millions tickets in 1,500 Dollar General stores throughout the state. That rollout began in November 2019, and represents an entirely new market for the lottery industry. The Arizona Lottery followed suit last September, putting its version of the product, Quickcard, into 120 Dollar General stores.

Texas' other product already in play is Receipt Ticket, offered by all 300 H-E-B stores in Texas at their customer service centers and now beginning to appear in the checkout lanes as well.

It has been a lot of hard work by those involved, but it has been worth the effort. "So many more retailers now are realizing the value of lottery as a service to their customers, and as a way to help them drive their bottom line," said Raynie Hosto, the Arizona Lottery's Deputy Director, Customer Service and Sales. "That value comes to the lotteries as well, reaching new

retail outlets to provide incremental sales, which then provides incremental revenues to good causes."

Full Speed Ahead in Texas

The Texas Lottery has embraced a number of in-lane solutions as it works to accommodate retailers, and has learned a lot along the way. The Dollar General rollout, facilitated by an integration of the Lottery's IGT gaming system with InComm through the NASPL API, has been exciting enough for the company to want to do more. They will be soon be adding a validation option once all of their nationwide stores have completed a planned POS system update. Once implemented, the Texas Dollar Generals will be able to cash almost any winning ticket sold by the Texas Lottery, including QUICKTICKETS, other draw game tickets and even scratch tickets. The only exception

would be any ticket with a "free ticket" prize. "A lot of the early in-lane efforts for us are really about that retailer experience and that retailer enthusiasm," said the Lottery's Operations Director Ryan Mindell. "I think validation will be very good for them, and very good for us."

Given the retailer's ongoing interest, the next step is to figure out a way to sell scratch tickets at Dollar General. More on that later.

With the InComm integration already completed, it is easier to attract other retailers that offer InComm solutions. Some of the conversations that have taken place also point to a desire for validation, so it makes sense to wait until that component is in place.

Blackhawk is also interested in QUICKTICKET for its portfolio of retailers. After some COVID-19 related delays, Texas completed the integration between its IGT gaming

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system and Blackhawk late last year. Kroger is expected to be the first to implement QUICKTICKET, but the timeline will depend on some final details still being worked out.

The Receipt Ticket in-lane solution chosen by H-E-B prints a lottery ticket on plain paper and requires extensive work by the retailer to directly integrate lottery with the store's POS system, also facilitated by the NASPL API. Last summer, all 300 H-E-B grocery stores in Texas had added the system to its service centers as a prelude to eventually going in-lane. As currently configured, Receipt Tickets for Powerball and Mega Millions can be purchased as quick picks for up to \$20.

Having the ability to print a Receipt Ticket – and validate any Texas Lottery ticket – on the registers right at the front of the service center, instead of taking valuable time for the clerk to walk back to the regular lottery terminals in the back of that area, has proven to be a huge benefit to the retailer. “That’s been a big success for H-E-B, improving their workflow and making it very efficient for them,” noted Mindell.

With that positive experience, H-E-B has started to activate registers in their checkout lanes. At this writing, they were up to about 20 stores where checkout registers have been activated for selling QUICKTICKET and for validations. All 300 stores should have in-lane capability by the end of summer. How many lanes offer the service in each store is up to the discretion of local management; some stores might choose to keep one lane for lottery and other products that typically require more time for purchase. One factor is training; H-E-B has to be comfortable that their clerks know the product well enough to keep transaction time to a minimum.

Mindell noted that the validation part of the equation has been



particularly successful, with most of the chain's ticket cashing now coming through this solution.

Until Receipt Ticket was deployed in-lane, the Lottery knew that sales weren't really incremental, because H-E-B was already selling lottery. It was more about improving the experience both for the stores and for the customers. But now that H-E-B is ramping up in-lane functionality, the numbers get more interesting. For example, a recent “ask for the sale” promotion one weekend resulted in an increase in Powerball sales by about 30%. It will help even further when jackpot signs go in. Signage production was also delayed by COVID-19, but Mindell hopes to have jackpot signs in at least one lane in each store by the end of the year.

Progress in Arizona

The Arizona Lottery launched its version of the card-based in-lane

offer, Quickcard, in Dollar General (September 2020), CVS (November 2020) and Fry's (December 2020). Select Circle K stores should come into the fold in May or June, and H-E-B anticipates Costco will be added later this year.

So far, the Lottery has not done any advertising related to Quickcard, although the Dollar General stores do have in-store jackpot signs. Along with Quickcard, Arizona is also in the midst of installing vending machines in CVS stores, so jackpot signs will be placed on those units. At Fry's (part of the Kroger family), Quickcards are currently selling in selected lanes, placed on the attractive cardboard displays that ship with the product. The Lottery is currently working on getting jackpot signage for the Fry's locations.

As in Texas, actual sales are not the initial barometers of success for Arizona. Quickcard increases overall awareness of lottery products by



placement in checkout lanes, where lottery has never been sold before. “It makes the transaction so much easier for the customer,” added Hosto, and also provides the Lottery with new retailers. Dollar General came in because of Quickcard, and the product has driven a more rapid deployment by CVS than just the addition of vending would have allowed.

Noting that there was a good bump in sales when the Mega Millions and Powerball jackpots had good runs over the winter, she sees the solution’s potential, especially when the Lottery starts advertising the product. “I do think Quickcard will help when the jackpots are really high, and it’s going to be nice incremental sales all year long.”

Scratching a Path

The Arizona Lottery is also testing an instant ticket in-lane solution, and

is working with Scientific Games on the implementation of the company’s SCiQ ecosystem within in a multi-lane environment.

The Kentucky Lottery was actually the first to test proof of concept, installing SCiQ in a Kroger store on January 25. Fifteen more stores were added on March 7. “All of us at the Kentucky Lottery are excited to be chosen as the first state to test this new system, and we’re looking forward to seeing how it performs in the marketplace,” said Kentucky Lottery President and Chief Executive Officer Mary Harville.

Arizona expects to start in May with its proof of concept store in a Fry’s location, followed by a district-wide rollout about two weeks later; each district has between 16 and 20 stores. The Lottery already has experience with SCiQ at two convenience store chains and at the money services area of a few Fry’s

locations; the new installations will be its first in-lane effort with scratch tickets. Hosto noted that it will be a good test because Fry’s already has some experience with SCiQ. “They know it’s a good product and they are familiar with the system’s reporting functions. This is a nice first step for them to feel comfortable with in-lane sales of instant tickets.”

The initial proof of concept for Arizona is just a matter of making sure the technology works in one store. The SCiQ unit to be tested holds four games, with a customer-facing monitor at checkout showing the available games. The customer’s lottery purchase is then added to their shopping cart for a single transaction. It helps that in Arizona, any payment method is acceptable for lottery purchases, depending on individual retailers’ decisions in that regard.

There are other potential in-lane instant ticket solutions, and given the importance of the product, most lotteries know it’s imperative to have choices that work. The Texas Lottery is one that has been seeing record scratch sales week after week, so now Mindell has turned his attention to exploring in-lane solutions for that product. “That’s where I think the real opportunity is, to find ways to sell scratch tickets in locations that don’t have a traditional lottery terminal.”

He thinks all the work to date with the NASPL API is one path. “In theory it is possible to transmit that ticket data for activation to the Lottery’s gaming system through the API integrations that we’ve already done.” The challenges as he sees them are making sure a retailer’s POS system can identify and share the information on a ticket’s bar code; the logistics of managing ticket inventory and how they are stored and displayed; and how the lottery system interacts with both of those issues.

Noting that the lottery industry has historically relied on instant ticket

analysis at the pack level, Mindell knows it's a huge challenge to implement change. He's eying the prospect of keeping much of the pack status as is, but adding a ticket status on top of that. "So the core would still be an activated pack at retail, but tickets would have a separate status. When each ticket is purchased, it would be scanned at retail, the information would be transmitted through the API, and the ticket would be flagged in our system." In this manner, it doesn't change any of the fundamental accounting lotteries have been doing for decades.

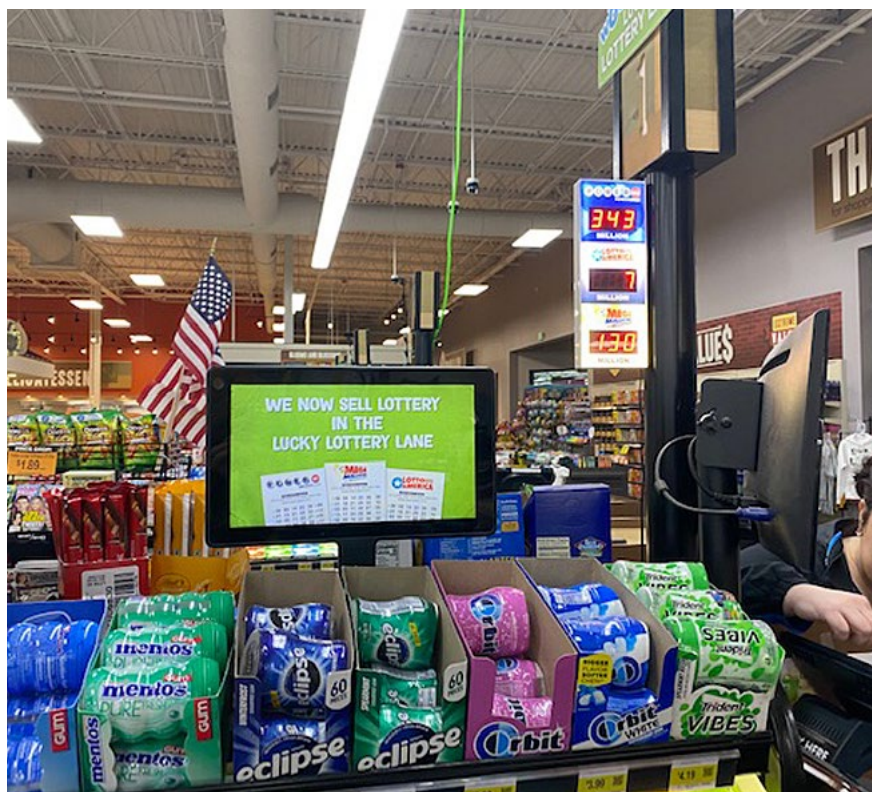
"That opens up a world of possibilities. It's a Band-Aid approach that gives you a lot of the strength of ticket-by-ticket activation without having to fundamentally change your system. Whether this gets us to where we want to be, I don't know, but I hope so."

A Different Approach in Idaho

Given different regulations and circumstances in each lottery jurisdiction, there is no one-size-fits-all solution. The Idaho Lottery has taken a different approach to adding in-lane sales, one that was pitched by its gaming system vendor INTRALOT. The company's small Proton terminals with integrated printers take up very little space in a checkout lane, and connect to the Lottery's gaming system in the test stores. Specifically, they don't connect to the store's POS terminals, which is actually an important point for Idaho.

"We had approached the Idaho division of Albertsons about three years ago, and they told us they didn't want lottery integrating with their POS systems," explained the Lottery's Director of Sales Larry Polowski. "We needed a different solution if we were going to sell in-lane with them."

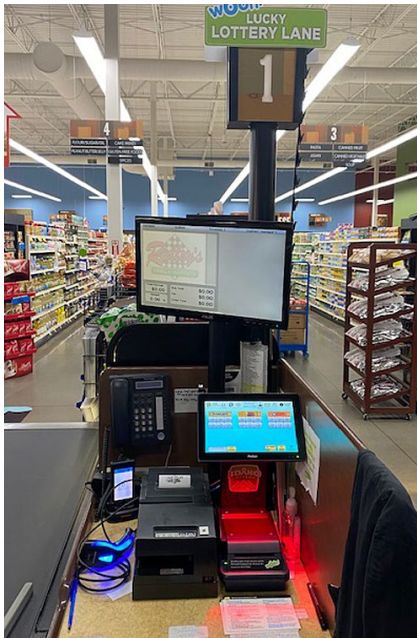
Idaho is still working on bringing lottery to Albertsons, and hopes



that effort will bear fruit soon, as it already has with Kroger's Fred Meyer and Smith's Food and Drug stores in the state. Those locations now offer the Lottery's products at customer service areas and through vending machines.

In the meantime, the Proton in-lane solution is being tested at a successful family-owned chain called Ridley's Family Markets; these stores already sell lottery through vending machines. Ridley's focuses on areas not served by those big chains, and has also partnered with Ace Hardware. The company's newest stores are about two-thirds grocery and one-third hardware, a model that is working well. "Ridley's is a very lottery friendly company and is easier to work with than the giant chains. We received some pretty amazing point of sale items for the lanes, including floor clings and a small jackpot sign."





The initial pilot includes one checkout lane in 13 different stores, with the terminals selling only Powerball, Mega Millions and Lotto America. When a player wants to make a purchase, the lottery ticket prints from the Proton terminal, the clerk scans that ticket and it is added to the customer's purchase like any other product sold in the store. One advantage this solution has over vending is that customers can pay for their purchase using any form of payment. By law, the Lottery's own vending machines can only accept cash.

But as with most pilots, there were a number of findings that are leading to improvements for the next generation. Some of the initial parameters were designed to keep traffic moving, but in hindsight that probably wasn't the way to go, noted Polowski.

Customers were disappointed that they couldn't actually redeem winning tickets in the checkout lane, and they wanted options to play more than just the three draw games offered. So reprogramming work is in progress,

and when that is complete, Polowski hopes to get the terminals in at least three checkout lanes in each store. And while the pilot did produce some incremental sales, he thinks the system will be more successful when the customer-driven enhancements are incorporated.

More to Come

These are all examples of current in-market efforts, but there are other exciting solutions waiting in the wings. Not one to limit itself to just a couple of possibilities, the Texas Lottery is also having discussions with Abacus, which offers plain-paper tickets through its partnership with Toshiba. Because Toshiba is the market leader for retail POS terminals, this solution has the potential to reach a large number of retailers. The benefit is that it provides a product similar to Receipt Ticket, but one that involves much less work on the part of the retailer. "It can be deployed more quickly at retail, like the InComm and Blackhawk solutions," noted Mindell.

One big retailer Abacus offers is Costco, and Texas is beginning the process of integrating its IGT gaming system with Abacus. While the Arizona Lottery has been successful selling packaged scratch tickets at the giant retailer, Texas would be starting with draw games. And because Costco requires a value proposition for its customers, the current thinking is that Texas would offer players \$24 worth of play for a \$20 purchase price.

Exactly what it all looks like, or when it might hit the stores, is still a work in progress. Mindell is optimistic that the Texas Lottery will be ready for a launch this fall, but Costco ultimately determines the schedule. The company wants to add draw games to its Arizona offering, and is working with Washington's Lottery as well; all

three states could very well launch at the same time.

"Costco goes about things very differently than any other retailer, and it has really been interesting working through some of the challenges they have," said Mindell. He gives all the credit to the Arizona Lottery for laying the groundwork with Costco, and showing the company that there is a lot of upside to selling lottery and none of the downsides they might have initially feared.

After Costco, there are others. Besides the retailers available through the InComm, Blackhawk and Abacus relationships, lotteries have had conversations with other retailers as well. "Some of the bigger chains are looking at the direct integration like H-E-B implemented, without using one of the intermediaries," said Mindell. They are hesitant because of the work that is necessary, but at least the conversations are taking place.

At some point in the future, it may be that Texas zeroes in on just one model, especially as developments progress on the instant ticket side, but in the meantime Mindell is happy to accommodate retailers as much as possible. "This is very much a retailer-centric effort," he emphasized. Certainly the groundwork that has gone into all of these efforts have opened the door for other retailers, stores like Target, Home Depot and Best Buy. Like Costco and Dollar General, they are not going to sell lottery with a traditional lottery terminal. "These in-lane solutions are all about building these retail relationships that we couldn't do with what we had. On that front, it's been a very positive experience," said Mindell. ●



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December 2022

NCPG/McGill University RG
Lottery Holiday Campaign

2023 CONFERENCE SCHEDULE

March 2023

NCPG Problem Gambling
Awareness Month

April 23-27, 2023

NASPL Lottery Leadership Institute
Hyatt Regency Cleveland Arcade
Cleveland, Ohio
Hosted by the Ohio Lottery

July 17-20, 2023

NASPL 2023 Professional
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Denver, CO
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