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

INSIGHTS

JANUARY/FEBRUARY 2023

FOCUS ON:
Draw Games

The
LUCK
of the DRAW

A look at recent
trends in **draw games,**
including the use
of random number
generators.

From the
NASPL
PRESIDENT

Welcome to the first issue of *Insights* in 2023, which promises to be another fascinating year for the lottery industry.

In these pages, we dive deep into the current landscape of draw games and what their future may hold. Daily draw games, such as the "Pick 'Em" type, are some of the oldest game categories in the industry and remain popular with players. Many people I speak with tell me how, for years, they have played the same numbers. In support of our Positive Play messaging, I do gently remind players to know the odds and to please play responsibly!

Canada's Interprovincial Lottery Corporation launched LOTTO 6/49, the world's first multi-jurisdictional lotto game, in 1982 and it remains in their portfolio today along with the newer Lotto Max, although both games have undergone significant changes over the years. The large, multi-jurisdictional draw games in the United States have certainly garnered attention lately with multiple billion-dollar jackpots and even a world record $2.04 billion jackpot.

While exciting, these back-to-back jackpots could contribute to jackpot fatigue, making sales forecasting even more difficult. The starting jackpots of these games continue to be closely monitored by lottery leaders. In August 2021, the Multi-State Lottery Association (MUSL) added a third weekly drawing to Powerball, offering players one more chance to win and thereby increasing the possibilities of securing cash prizes every week.

We also look at the use of ball draw machines and random number generators, with a few examples of why lotteries use one or the other, and why some choose the advantages of using both.

On another note, I want to remind you about the upcoming NASPL Lottery Leadership Institute in April. This four-day program, beginning April 23 in Cleveland, Ohio, is designed to help attendees develop and improve their skills through industry-specific, competency-based exercises focusing on the foundations for effective leadership and creating greater team effectiveness. I look forward to seeing many of you at this and other upcoming NASPL events.

Sarah M. Taylor
Executive Director, Hoosier Lottery
NASPL President

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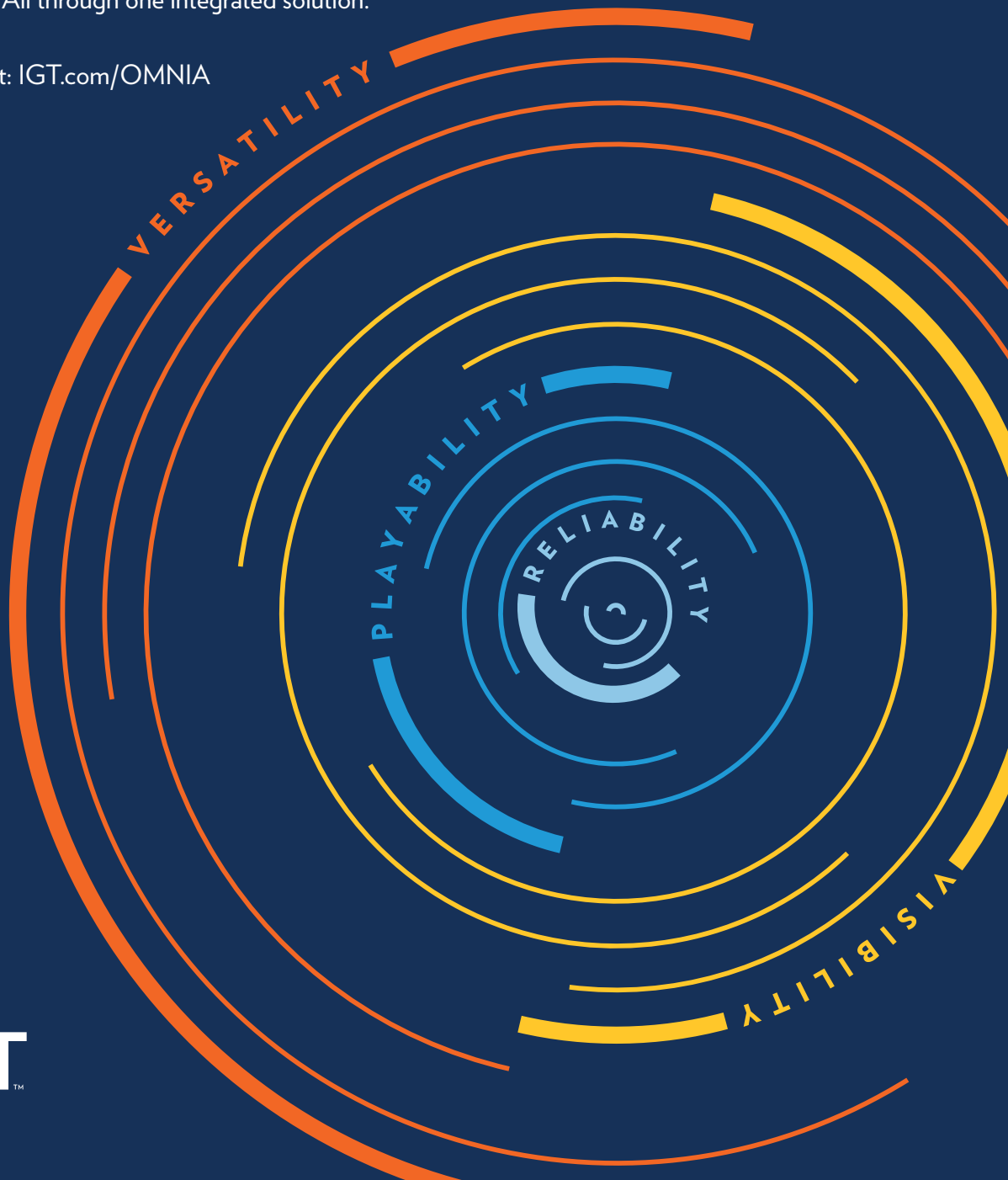
NASPL Welcomes RG and Sustainability Consultant
Bev Mehmel

As part of NASPL's continuing efforts in the areas of responsible gambling and sustainability, the Association has established a working arrangement with Bev Mehmel, a consultant with IlluMind Consulting.

Over the next several weeks, Mehmel will review and analyze NASPL's existing responsible gambling resources and tools, identifying potential areas for improvement and expansion. Following the assessment period, she will consult with select NASPL committee members on proposed new initiatives, as well as potential updates to the RG Toolkit, Guidelines for Responsible Gambling, and other training materials. She will also take a fresh look at the growing Responsible Gambling Best Practices and Verification Program, in partnership with the National Council on Problem Gambling, as well as the World Lottery Association Parallel RG Verification Program.

Mehmel's efforts will not only enhance the various RG programs currently being offered by NASPL but will also contribute to the advancement of the overall database of educational tools and information, which can be found on the NASPL Matrix.

At the same time, Mehmel will develop a plan to establish a similar set of sustainability resources for NASPL members. Working with select committee members and suppliers, she will create a roadmap for developing materials and information focusing on increasing shareholder and social value, while decreasing the industry's use of materials and reducing negative impacts on the environment.

> **"I am pleased that Bev will be working with us for the next few months to help NASPL expand the responsible gambling and sustainability resources available to our members."**
>
> **– David Gale**
> Executive Director,
> NASPL

"I am pleased that Bev will be working with us for the next few months to help NASPL expand the responsible gambling and sustainability resources available to our members," said David Gale, NASPL's Executive Director. "Like all NASPL resources, these new materials will be provided as a reference and can be used as deemed appropriate by each individual member lottery."

Mehmel is a strategic leader in corporate responsibility, environmental sustainability, change management, and training and development, with a history of impact in the Canadian gaming and liquor social responsibility field. She spent 18 years serving as the Director of Corporate Responsibility for the Manitoba Liquor & Lotteries Corp., leading in strategy and social responsibility direction, along with community sponsorships, volunteerism and environmental initiatives.

Additionally, Mehmel co-chaired the establishment of a national gaming industry social responsibility committee, assisting in the development of national standards and approaches based on leading practices. She also co-created the onsite casino information center concept and created the foundation for lottery, VLT and casino staff training across Canada. She currently serves as Vice Chair of the Responsible Gambling Council of Canada and is a board member of the Rehabilitation Centre for Children.

With her extensive background in program development, Mehmel's contributions will be an exciting addition to NASPL's 2023 business plan. ■

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Richa Yadav

Director of
Projects and
Development,
New Hampshire
Lottery

Recent years have been a challenge for any business navigating a rapidly-changing environment, in everything from consumer behavior and preferences, to retail services, to the underlying technologies that drive every aspect of home and business today. As government entities, lotteries aren't always moving at the same speed as private companies, but they still need to navigate the waters. People like Richa Yadav help them do that, by managing the changes to promote smooth sailing. And the New Hampshire Lottery has gone through considerable changes, with Keno, iLottery, sports betting and more.

"In the time Richa has been with us, she has not only proven to be an extremely valuable member of the lottery family, and a reason for our explosive growth, but she is a force multiplier," said Executive Director Charlie McIntyre. "She makes every-one she works with more effective, and people like that are special."

"She makes everyone she works with more effective, and people like that are special."

– Charlie McIntyre

Yadav joined the New Hampshire Lottery as a Business Analyst in January 2020, bringing a new level of technical expertise to the staff as she spearheaded the development and oversight of technical projects that went beyond just iLottery. In October 2021, she was promoted to the newly-created position of Director

of Projects and Development. Now she oversees all projects, including iLottery, retail and anything else that comes up, to make sure they all flow smoothly and don't introduce any scheduling and resource conflicts. The job is especially important given the multiple vendors New Hampshire uses on a day-to-day basis.

She noticed that the government environment of a lottery can be slower than what she experienced in her previous work, but she sees changes. "People are more open, there's less rigidity than there used to be. More and more, people want to communicate with each other, to try and understand how they can change the rules, and how technology can be a part of the product line."

That communication is vital, and the New Hampshire Lottery has embraced it. "I love having our full team working together as we make all these changes. For example, when we launched the app, we all sat together and tested it to make sure

the product was correct before we launched. Bringing in everybody's perspective has been so great; everyone is serious about making their customers happy. And that makes me feel proud to be a part of this."

When she's not guiding Lottery operations through the next project, she enjoys spending time with Ankit, her husband of eight years, and their 2½-year-old daughter Kiara. The couple met in their native India; after he accepted a job offer in the U.S., they were married and Yadav joined her husband in Michigan, their first landing point here.

She loves reading, primarily light fiction. "Just easy books that are relaxing." She also relaxes by cooking – she can think of few things better than cooking for friends.

Relaxation is a recurring theme in her time away from work, perhaps because of the intensity that comes with her job. She loves to travel, mostly small and quiet trips to enjoy family and nature. "That's why I love New Hampshire; it's so beautiful, especially in the fall."

Yadav started her career as a business analyst in India, after receiving a degree in electronics and communication engineering from Punjab Technical University, along with an MBA from ICFAI Business School.

> **"I quickly knew that I was at the right place because there was so much going on every day. I am glad to be a part of such a great team and industry."**

What first brought you to the New Hampshire Lottery?

Destiny, I think! I was on a contract position as a project manager in the Boston area, but we live in New Hampshire, so I wanted to find something closer to home. My husband knew someone who worked at the Lottery, and she told me about

the opening for a business analyst. The position supported iLottery on the product development side, with a focus on the roadmap, enhancements and monthly testing. After having worked in the private sector for a long time, I had little to no knowledge about the lottery world and all I could see was advancement in technology. That turned out to be true, given the amount of research and effort teams are putting in to prepare for the future of the lottery.

Was there anything that surprised you about the lottery industry?

Coming from a non-lottery background, I was surprised to know the vastness of the Lottery's product portfolio. Obviously, with such a wide product line comes the in-depth analysis and research that goes behind it. Initially I thought maybe I'd be taking a step back in terms of technology, but that wasn't true! I quickly knew that I was at the right place because there was so much going on every day. I am glad to be a part of such a great team and industry.

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Are there any secrets to working successfully with multiple vendors?

I don't believe there are any secrets, but open communication channels are very important to effectively coordinate across vendors and the planning necessary to avoid any surprises and set realistic expectations. We work with five different vendors for the different product lines, and each product line integrates with the others. So any changes we make have to involve everyone to make sure that we are not missing a piece of the puzzle that will get us into trouble later. Ultimately, we all are working to achieve the same goal – to make the Lottery a success – so a little bit of coordination takes us a long way.

From your perspective, what is the most challenging part of lottery operations today?

Simply put, the world is changing and advancing quite a bit. We must understand both the retail and online sides of our business, in terms of product offerings, number of platforms, player engagement and

security. It's a time when we need to invest in all aspects of business together to create products that are easy to use, secure and entertaining. Here in New Hampshire, we are expanding so much at retail, with an ever-increasing demand for Keno and other fast-paced games. Players are looking for more engaging products, and all of our vendors are providing options. It's also important that anything we do is relevant to both the retail and iLottery parts of our business. That's why our app includes a ticket checker for retail purchases and incorporates second-chance drawing entries. Next we will transition to a comprehensive loyalty program that will award points for both iLottery and retail purchases, and also develop a common wallet for both types of play. As long as we communicate closely throughout our business, we will be successful.

Do you have any words of wisdom for other lotteries with iLottery, or hoping to launch iLottery someday?

It's easy to be attracted by a product with a lot of player engagement factors, but we should not forget to question how it can impact security, scalability, and ease of use. One thing lotteries should keep in mind is the player data that is being collected. Some lotteries use a "lean" or "light" registration, and that can lead to bogus accounts that might create security issues. We prefer having only full accounts that are thoroughly verified so we get clean players with clean data, and don't have to spend time cleaning up the bad data in our system. Overall, having a futuristic approach to your offerings is essential. No matter what we launch, there should be a vision for enhancing product capabilities with ease. Our customers are going to change, and their product expectations are going to be different. How do we capture them? That's what we think about on a daily basis. And that's how we want our vendors to think as well.

How about any general advice for lotteries?

Our team here understands very well that our industry and its products are not just customer centric, but technology driven. Each lottery should not only focus on business functions but also on how automation and technology can bring in more robust, entertaining and secure offerings. A mindset that considers business and technological changes together can result in path-breaking customer engagement. For example, eInstants can provide very entertaining products that look and feel good to players. But we should always see how many user-friendly features there are – we can't have a game that has a good look and feel but ends up with poor performance because we're not understanding players' needs. Another thing we've done is focus more on making our products more ADA compliant and secure by adding two-factor authentication and AI-enabled CAPTCHA.

What have you enjoyed the most about working for the Lottery?

I love the changing phase of the lottery industry from a pure retail-based product line to also being at your fingertips. We are heading to a timeframe where there is a lot more competition in the market and the products need to be truly engaging to be successful. That competition comes from the numerous things consumers do with their discretionary dollars, from simply dining out to participating in various entertainment experiences. People aren't just buying lottery tickets; they want to have a good time. They notice things that appeal to them, down to the music incorporated into our eInstants. At the same time, the current changes are bringing us one step closer to understanding our players' needs and wants better. I am glad to be part of the industry right now, as it's truly a time for innovative products and platforms. ■

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Wendy Ahlm
Director of Advertising and Marketing,
New Mexico Lottery

Vanessa Mellone
Communications Manager,
New Mexico Lottery

Catalyst

The New Mexico Lottery does not have a lot of funding for research. So, when it came to finding out more about our players and their preferences, it was time to get creative.

The journey began in preparation for the HGTV's My Lottery Dream Home Scratcher. Curious about what home-related prizes New Mexicans were interested in, we decided to build a player survey for answers.

New Mexico leveraged one of the best tools we have: our player's club. The new Promo Zone player's club features options for players to opt into emails. We had just overhauled our email system and rebuilt the messages to allow for easy opt out or unsubscribe. It also enabled an auto clean feature to automatically unsubscribe failed emails and emails that are marked as complaints. While that may seem drastic, the programming helped reduce complaints, kept Amazon from shutting down the email system, and ensured the Lottery only sends emails to players who want to receive them.

Meanwhile, players receiving promotional emails are receptive and interested.

We chose Survey Monkey to build the survey. Affordable, easy to use, and featuring a variety of reports and data download options, it did not take long to set up the first survey. The survey was simple – just 11 questions. At the end, players had the option to opt into a drawing for a chance to win one of three prizes of 100 Lottery Bucks (promotional coupons). We ran the survey for only one week and wrote simple drawing rules for the prize giveaways.

The results were exciting and surprising. More than 700 players responded to the survey. We learned players were interested in free interior decorating services, home electronics and landscaping services. The information gathered from the survey helped guide us to design a second-chance promotion our players would dream about.

Challenge Accepted

Results were infectious. Delighted that the players were responsive and excited to learn more, our Communications Manager Vanessa Mellone welcomed the opportunity to create and conduct ongoing player surveys.

She began with a plan and outlined topics that the Lottery wanted to know about its players.

Every two months, a new survey was issued. We shared it via social media, on our website, and through direct emails sent from the Promo Zone.

Cost Effective

Don't have a budget? At $300 in Lottery Bucks per survey and an annual Survey Monkey membership, the New Mexico Lottery self-conducted research costs less than $2,500 annually. Additionally, big budget prizes are not needed for player interest. If you have an email database, you can send out a survey. Don't have an email database? That's OK too. Just issue the survey via a link on your Lottery website and social media posts. Survey Monkey provides a link and a QR code.

Double or Nothing

Responses have doubled in the last year. And we have learned that increasing the length of the survey did not deter people from completing it. The latest survey, featuring advertising, consisted of 22 questions and had a 92% completion rate, taking players an average of four minutes to complete.

That advertising survey was our most insightful and exciting survey that offered great guidance and perspective for our marketing team. To get a feel for the pulse of growing media in our market, we included questions about new/newer media and were surprised by many of the answers:

- More than 38% of our players listen to podcasts. This was a surprisingly higher percentage than we expected. It may, depending on the results when we repeat the survey next year, help justify advertising in this growing media format.

- Content viewership is not dominated by traditional media. More than 61% of our players stream content online. Just over 44% watch content on cable, and only 34% watch traditional television. This implies what we already guessed – that inclusion of CTV and digital advertising is relevant and should be included in our media purchases.

- Netflix leads the pack. More than 81% of our players who stream content watch Netflix.

- Only 25% of our players get news from a printed newspaper. This is not surprising, given the speed of digital media. It was surprising, however, that nearly 38% of our players read the newspaper!

- And a whopping 68% of respondents prefer printed newspapers and magazines over online versions.

- Finally, only 9% followed social influencers. And, of our responses, the number was closer to 5% to 6% based on their answers of "who" they follow. This indicates that New Mexico is not ready for a social influencer media buy.

These and other insights will help guide our annual media buys and help guide NEW media buys as this ever-changing landscape evolves. We can't wait to see what our survey reveals when we repeat it next December.

Beneficiary Awareness

Until the advertising survey, we had the most respondents in a survey addressing our good cause benefits and how payers make purchase decisions. The survey revealed great information. We learned that 80% of our players knew that net lottery proceeds fund Legislative Lottery Scholarships. This is great news, but we're still surprised that 20% of our players do not know this.

More than 70% of respondents said that their non-lottery purchases were influenced by good causes. We hear this is something that motivates younger players, but it surprised us that so many of our players cited this as a purchase influencer.

Nearly 75% of respondents reported that the money raised from Lottery ticket sales funding NM education influenced their decision to play the Lottery.

Finally, we learned that about 38% of our players did not know they could find out more about the scholarships on our website. This certainly challenges us to share this information more with our players and provides a measurement for improvement.

In summary, we also learned a few procedural things along the way that might be helpful for other lotteries:

1) Keep it real. Prizes don't have to be big. New Mexico uses Lottery Bucks. Our surveys are conducted with our players, and they are thrilled to win free play.

2) Keep it short. We only run our surveys for a week and typically only include 10 – 15 player questions. Although there can be exceptions, this should be the general guidance.

3) It takes a team. Getting ideas and feedback from other team members and departments helps create questions that provide answers you can use.

4) Don't rely on one platform to share the survey. We send out the survey via email, but also post it on social media and our website.

5) Make a first draft. Draft the survey in a Word document and make all edits before building the actual survey in your program (i.e. Survey Monkey). Making changes to the survey after it is built is difficult and often steps on the layout and processes, such as logic.

6) Test, test, test. Once you add logic to your survey, things may get crazy. BEFORE you make the survey public, test it internally and work out any issues that may be present.

7) Make it noticeable. We also add it to our Promotions page and the Promo Zone home page, giving the survey equal real estate with our other promotions.

8) Send a reminder. Responses low? We track our number of responses closely. When we issued our advertising survey, we feared we would not reach the number of respondents that our
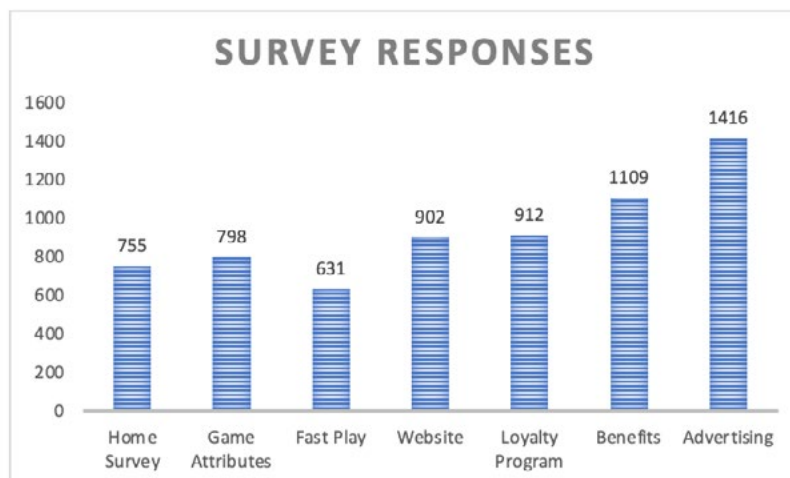
benefits survey received because the advertising survey was sent out during the holiday season.

So, as a last-ditch effort to exceed our benefits survey response, we sent out a reminder email to our players. Guess what? We surpassed the highest response rate, and we boosted our responses significantly. People forget. Look at your responses. They drop drastically after the first 24-hours. So don't be afraid to send a reminder to your players.

9) Share the results. This information is too good not to share. The advertising survey alone will help guide our media – and NEW media buys, so we shared it with our ad agency.

10) Repeat a survey. We are very excited to repeat some of surveys now that we have a baseline. For example, our advertising survey included player questions about podcasts, where players get news, and streaming movies, TV and music. The Marketing team

and the Lottery's advertising agency can't wait to track results over time as media options expand.

The New Mexico Lottery plans to continue these market research practices throughout the next year, featuring topics such as social media, promotions, prizing and product features, advertising, and the Lottery's beneficiary. They are providing us with great insights while keeping our expenses at a minimum – a win-win situation for us! ◼

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Walking the Walk in
Colorado

Celebrating its 40th anniversary year, the Colorado Lottery doesn't just talk the talk.

By Patricia McQueen

Fittingly during its 40th anniversary year, the Colorado Lottery reached a milestone of $4 billion transferred to its beneficiaries since ticket sales began on January 23, 1983. Since 1992, the bulk of those proceeds have been allocated to create, improve and preserve Colorado parks, recreational facilities and open spaces, while also funding wildlife management programs and more recently an outdoor equity program aimed at getting underprivileged youth outside. Better still, the Colorado Lottery doesn't just send proceeds to those beneficiaries – staff members truly walk the walk with respect to conservation efforts throughout the organization.

Conservation is one of the three pillars on which the Lottery runs its business; the others are revenue and responsibility. No business initiative is launched without a careful look at how it impacts all three of these pillars. That said, there would be no money for beneficiaries if there was no revenue, so there has been a focused effort on growing sales in recent years.

Director Tom Seaver took the helm in 2018, and brought to the Colorado Lottery a renewed emphasis on implementing industry best practices and building conversations with other lotteries. As an industry veteran with decades of experience from different perspectives, he knew it was time to breathe new life into the organization. "There were things we could apply here in Colorado that were industry best practices, with opportunities to rejoin the mainstream lottery industry and try things that were really working well for others."

Let There Be Games

The Lottery's revenue pillar is what drives the engine, and games provide the fuel. Colorado's game portfolio has never been as robust as that offered by many other lotteries, but that is changing in some ways as industry best practices are adopted.

> **"There were things we could apply here in Colorado that were industry best practices, with opportunities to rejoin the mainstream lottery industry and try things that were really working well for others."**
>
> – Tom Seaver

That's especially true with scratch games. One of the first things the new management team did was replace a home-grown, but antiquated, back-office system that had too many limitations. Key among them was a limit of only 24 scratch games in the market at any given time, in marked contrast to where the overall lottery industry has been heading. Next was an important remake of the Lottery's 30-year-old Lotto game. "We really just tried to start from the consumer-facing aspect of things, especially the games,"said Seaver. With multi-state games managed by others, it was important to focus on strengthening the scratch product and trying to optimize Colorado's in-state draw games.

In the last fiscal year, instant games accounted for 71% of the Lottery's total sales, so it's not surprising that they deserve a lot of attention. By removing the limits set by old technology, there are now as many as 40 games in the market at any given time. New games are on a six-week launch schedule, and some of those launches are game families with multiple price points; they get extra attention when it comes to media support.

Director of Marketing Scott Chavkin, a newcomer to the Lottery, oversees both the scratch and draw game portfolios. He's excited about two family launches early in this new year. In January came a Monopoly Multiplier series with tickets at the $1, $5, $10, $20 and $50 price points. Colorado has embraced $50 games, with at least two in the market at any given time. An annuity game called Set for Life offers a top prize of $5,000 a week for 20 years (players can also choose the cash value of that prize). The $50 Monopoly Multiplier, in contrast, has a $3 million cash top prize. Of the two, Set for Life offers considerably more prizes in the $50-$500 range. "They offer different value propositions for different players," Chavkin explained.

The second family launch of 2023 is February's 40th Anniversary Celebration, at the $1, $2, $5, $10 and $40 price points. The latter price

Colorado Lottery At a Glance

	Instant	Draw Games	Total Sales	Total Prizes	Net Proceeds
FY 2022	$590,288,982	$236,590,471	$826,879,453	$538,889,327	$180,318,037
FY 2021	573,017,390	221,914,884	794,932,274	516,931,605	169,352,134
FY 2020	490,695,434	168,144,063	658,839,497	424,559,649	142,425,505
FY 2019	443,409,967	236,369,644	679,779,611	416,939,144	166,461,160
FY 2018	407,489,335	204,503,998	611,993,333	383,487,725	140,736,802

Current games:
Instant tickets: Approximately 40 new games launched annually; $1, $2, $3, $5, $10, $20, $40 and $50
Terminal games: Powerball, Mega Millions, Lucky for Life, Colorado Lotto+, Cash 5, Pick 3

Vital statistics:
Number of employees: 102
Number of licensed retailers: 2,974
Self-service equipment: 713

point is a first for American lotteries; it's a nod to the anniversary. This family offers a loaded prize structure, with lower top prizes that enable more overall prizes for great winning experiences. "Our players love this style of games, so we try to do them fairly regularly," said Chavkin.

On the draw side of the equation, Colorado offers just three in-state games: Colorado Lotto+, Cash 5 and Pick 3. They are joined by Powerball, Mega Millions and Lucky for Life.

A complete revamp of the in-state Lotto game – its first change in 30 years – came when relaunched as Colorado Lotto+ in September 2019. In fiscal 2019, Lotto sales were $28.1 million; in fiscal 2022, Lotto+ sales had grown to $66.4 million – an increase of almost 137% in just three years. A move to the $2 price point of course played a role in that, but the new game also offers a built-in multiplier of up to 5x and a $1 Plus add-on that offers an additional drawing for more chances to win. Chavkin noted that Colorado will never be able to compete with a multi-state game in terms of jackpot size, so Lotto+ is

> **"We're trying to get our display from laying flat on the counter to getting it vertical so it can draw players' attention when they walk into the store."**
>
> – Tom Campbell

positioned as Colorado's game. "In its long history, Lotto has made more Colorado millionaires than any other game." The relaunch capitalizes on that history. "Someone in Colorado is going to win; it's our game and we're very proud of it. And it's been hugely successful."

There will be more to come with the Lottery's other in-state draw games. Seaver loves the "brilliant" strategy in many states to increase

the number of weekly drawings. "It's a great strategy and we are going to copy it." That said, it is important to look at what the multi-state games are doing so that consumers are not bombarded with too many messages or changes all at once – it all has to be strategically planned.

As for those multi-state games, Seaver sees a growing sense of cooperation between the management groups of Powerball and Mega Millions. He thinks that's important for their future. "If we manage it like a portfolio, we'll be much more successful." He'd also like to see Cash4Life and Lucky for Life become one game. "I think you could have a stronger product for both groups if that would happen."

All draw games will also soon be incorporated into the Lottery's popular second-chance program, which until now has included only scratch games. A recent focus on experiential second-chance prizes has been a big success, like a promotion with the Denver Broncos that provided a VIP trip to Los Angeles to see the Broncos face the Rams on Christmas Day.

New digital displays give games much more visibility.

"It was a real premium experience that money can't buy," said Chavkin. "We're exploring more prizes like that."

Marketing and Retail Strategies

Games may be the fuel, but marketing communications and retail strategies are the critical additives that boost their performance. Chavkin has done his part, and he's a big fan of using humor in messaging. "Our players have shown us that they really appreciate it. Our spots aren't always hilarious, but we do them in a more light-hearted way."

Another new emphasis is messaging integration, so it's not necessarily just about games, or just about conservation. "We want to talk about these things in an always-on way, so as we are talking about one, we also talk about the other. We have a huge opportunity with our beneficiaries, so it's exciting for me to see us heading down that path."

Messaging aside, it's the retailers who sell the products. Many projects are underway to boost the Lottery's presence at retail, and to increase the number of retailers (currently about 3,000). As noted earlier, there's a focused effort on increasing the number of scratch games in the market, and some retailers can now carry up to 40 games. However, they need to be visible. Historically instant tickets in Colorado have been displayed in-counter, so they aren't

visible unless a customer is at the checkout counter. That is changing. "We're trying to get our display from laying flat on the counter to getting it vertical so it can draw players' attention when they walk into the store," said Director of Sales Tom Campbell.

One way is to introduce self-service (vending) machines into convenience stores, where they had not been previously located in Colorado. This industry best practice has been a big hit so far. "We've seen a huge increase in sales in that trade style where we placed the vending machines," said Campbell. The Lottery's goal is anywhere from 40% to 70% retail penetration with self-service among its existing retailers, far greater than the 20% now (which are mostly in supermarkets).

He noted that many chains, even Circle K, are putting in self-service checkout lanes, so lotteries are losing display space in those stores. That's another situation where lottery vending machines are important. "They give us another way to sell tickets in environments where more people choose self-service." Ultimately, the machines will also be a strong recruiting tool for non-traditional retailers.

Another visibility measure with great promise is the use of digital menu boards. After a pilot test of menu boards in five stores resulted in average sales growth of 18%, the Lottery ordered 100 more from

supplier Schafer Retail Solutions +. "They really grab peoples' attention when they walk into a store, and we get comments about them all the time," noted Campbell. In Colorado's implementation so far, there are 32" screens that display all the scratch games available at each location, with the draw games indicated across the bottom.

There will be more digital menu boards in the Lottery's future, but first comes another high-visibility product – Scientific Games' SCiQ, an instant ticket sales and management solution that comes with its own digital ticket display. The Lottery ordered 500 SCiQ units and placement was to begin in early February, starting with big chains including Circle K, King Soopers (Kroger) and Loaf 'n Jug. While SCiQ offers extra security and ease of ticket management for retailers, for Campbell it's all about visibility and sales potential.

With the new self-service equipment, SCiQ, digital menu boards and even new countertop jackpot signs, lottery products will be more visible in retail locations than ever before. This translates directly into more sales and a more favorable opinion by retailers. "They are starting to see that they really make a lot of money

from lottery," said Campbell, and that realization makes it easier to place self-service units and digital menu boards in more locations, creating a cycle of growth.

In addition to improving visibility and purchase options in existing retail locations, there is a significant path for growth through expansion. About 65% of the Colorado Lottery's retail network is comprised of chain locations, both national and regional. And because those chains are expanding, and others are moving into Colorado, there is a natural growth in the number of locations that are selling lottery.

Beyond that, it's important to actively seek new retailers, and that's where the Scientific Games Enhanced Partnership comes into play. Among the benefits of the new agreement are four dedicated recruiters, provided by the company, whose primary task is to bring in new retailers, including non-traditional retailers. Working with the Lottery's own sales team, an additional goal is the overall optimization of the retailer base.

And to make lottery more convenient for both retailers and lottery sales reps, the Colorado Lottery is implementing another industry best practice, a tel-sell program. By removing ticket ordering from the sales reps' "to-do" list during bi-weekly

visits with retailers, those reps will be able to spend that time in the field assisting retailers with a number of things, from managing an increased number of games, optimizing POS displays and offering sales tips, to answering responsible gambling questions and ensuring that RG materials are available in the stores.

Responsible Gambling

In fact, responsible gambling is an important aspect of today's Colorado Lottery. "We have really focused on showing that we can increase our revenue in a responsible way," said Deputy Director Jennifer Anderson, who joined the executive team about the same time as Seaver.

Education has been key, for both staff and retailers. Anyone who interacts with players, from the claims staff and sales reps to the retailers who sell tickets, has to go through RG training. Players should be informed about the game odds, and learn the signs of a potential problem before it becomes a problem. And to enjoy responsible growth, it's important to broaden the player base. "We need to continue to attract new players with new products," said Anderson.

To walk the walk on responsible gambling, Colorado began the march through the World Lottery

Association's Responsible Gaming Framework with a letter of intent in November 2018. The next year, they immediately learned that it wasn't going to be easy; the first Level 2 application was declined. "We weren't specific enough about our timelines," explained Anderson. "Getting denied made us stronger, and also made it clear what the expectations were." The resubmitted Level 2 application was approved in November 2019, and the next year it was on to approval at Level 3. Finally, last summer the Lottery achieved Level 4 certification, the highest level in the WLA's Framework.

"Getting to Level 4 was great, but we have also been clear with our team that we can't just sit back and coast now." After all, to maintain certification, the Lottery has to show continuous improvements by reapplying every three years. To that end, Colorado recently engaged the services of a responsible gaming consultant. Brianne Doura-Schawohl brings to the table extensive RG experience, along with the knowledge of what's going on throughout the entire gaming industry, at the state and federal levels, and in the responsible gambling community. "She is helping everyone here think a little more about what will take us to the next level."

Director Tom Seaver takes an active role in Runyon to the Res.

Funding for the consultant comes through RG legislation that was mostly aimed at casino-operated sports betting in the state; however, it also provided the Lottery with additional funds for RG expenditures. Doura-Schawohl is helping the Lottery navigate a shift in the industry from "responsible gambling" to "positive play." While the Colorado Lottery has used elements of the GameSense campaign from British Columbia Lottery Corp., it has come up with its own branding campaign, "Know Your Limits," which really resonates in Colorado. "Everybody here likes to do things outdoors, and it kind of plays on the idea of pushing yourself in extreme outdoor sports, where you need to know when to turn around and go home," said Anderson. "With gambling, you need to know where your limit is and know when to walk away before it's too late."

Although "Know Your Limits" is a year-round campaign, integrated in everything the Lottery does, the message is particularly prominent during the holiday Gift Responsibly campaign and Problem Gambling Awareness

Month in March. There's also an advertising code of conduct that guides efforts to make sure nothing is being done that could inadvertently cause harm. The Lottery even stopped using the word "luck," noted Anderson. "We don't want to perpetuate the idea that you can beat the odds with luck. Ultimately we want people to educate themselves on the games and the odds, and how the games are played, so they are realistic about their chances."

Conservation

The third operational pillar is an important nod towards the Lottery's beneficiaries, which are primarily conservation organizations. Coloradans need to see the full impact of where the money goes, and for that the Lottery's marketing team has it easy. After all, the primary beneficiaries are Great Outdoors Colorado (GOCO), the Conservation Trust Fund, and Colorado Parks and Wildlife. GOCO has an annual cap; proceeds exceeding that cap spill over to other funds as designated

by the legislature, including BEST (Building Excellent Schools Today), which provides funding for public school capital projects.

In 2021, the legislature created the Outdoor Equity Program as another recipient of the spillover funds. The new program provides grants for outdoor organizations focused on creating opportunities for youth and their families from communities who have been historically excluded from easy access to recreational activities

and experiencing Colorado's open spaces, state parks, public lands and other outdoor areas. The first round of grants were given last summer, and the program is making a big difference to the smaller, grassroots organizations that help people get outside.

Yet simply funding the various programs isn't the end of the story. Equally important is that the Lottery itself lives up to the conservation messaging in its day-to-day activities. "We want to walk the walk, and not just talk the talk," explained Anderson. "We are not just touting all of the things that we fund; we also want to be a conservation organization and be good stewards in the conservation space." That means everything from ensuring sustainable practices such as recycling tickets and using less paper throughout the organization, to planting trees and sponsoring outdoor cleanup and volunteer events throughout the state. For example, the Lottery created Runyon to the Res, held annually in Pueblo every October, where staffers and volunteers clean up trash in a heavily-used area along the Arkansas River. And since 2020, October has been proclaimed Lottery Conservation Month by Governor Jared Polis.

Beyond $4 Billion

Given Colorado's population growth and the increasing desire to be outdoors, revenue from the Colorado Lottery is more important than ever. "We hope that highlighting all the good that we are able to do, and the fact that you can literally see it everywhere around you, will help us be able to continue to grow revenue in a responsible way," said Anderson.

Expanding and optimizing the retail network is an important path towards that goal, as is providing new tools for retailers to showcase lottery products. There is an additional path that Seaver and his team hopes will soon be available, one that will engage

a new generation of lottery players – iLottery. "All you have to do is look at every other industry, and how every other type of business is migrating their business towards the digital space. It's not a choice; you HAVE to do it," emphasized Seaver. For lotteries especially, in order to keep growing the player base, younger players have to become interested in lottery. "If we're not in the digital space, we're just going to become extinct."

> ## "We are not just touting all of the things that we fund; we also want to be a conservation organization and be good stewards in the conservation space."
>
> ### – Jennifer Anderson

He knows that education is key, but that's the task lottery directors perform with virtually every other initiative that involves their stakeholders. Fortunately, there's plenty of concrete evidence that online sales drive business in both retail and digital channels. Without exception, lotteries are committed to helping retailers by driving foot traffic into the stores while at the same time creating strong interactive relationships with players.

Speaking of the digital space, the Lottery recently hired a dedicated a Digital Communications Specialist who will manage the growing collection of proceeds assets and website content, and a Player Communications Specialist who solely oversees the Lottery's social media presence, to work alongside Communications Manager Meghan Dougherty. These are important steps even without an iLottery operation.

"A commitment to the digital environment means creating interesting and fresh content to engage players," said Seaver. From marketing messages and winner awareness, to events and sponsorships, to celebrating the outdoors – all of this and more needs to thrive in the digital world. "We want to make sure people understand what the Lottery is here for, which is supporting conservation in a responsible manner by giving players the best games that we can. We want to talk to players in the places where they want to be. And we are extraordinarily fortunate that our proceeds go to such relevant causes here in Colorado." ∎
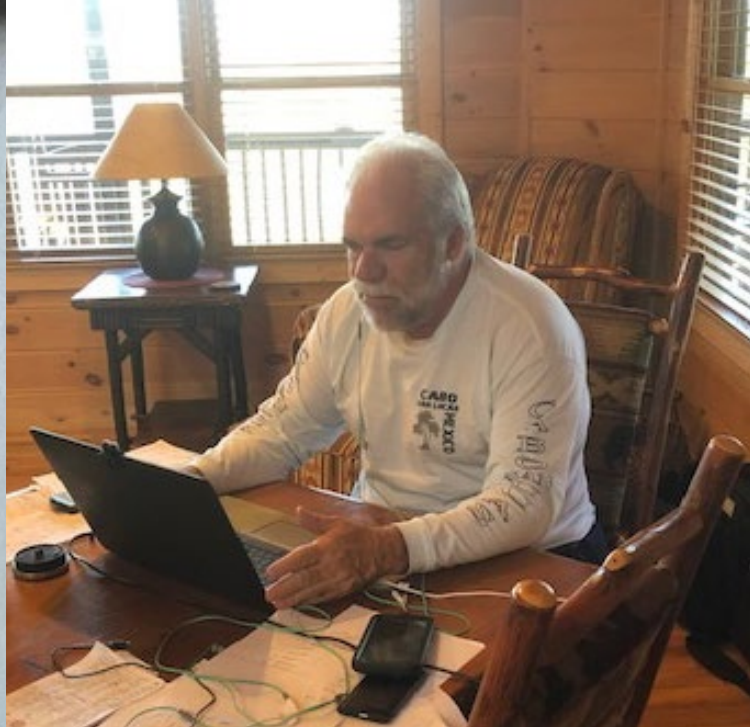
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Affectionately known as "Jim B," the 40-year veteran of Scientific Games is retiring this spring. James Bunitsky joined the company fresh out of college (the University of Delaware) and never looked back. From his beginnings as a Junior Accountant, he's been through multiple changes in the company and the industry. He's been through multiple recessions, a dot-com crash and a pandemic. He's seen the American lottery industry grow from $2.4 billion in sales across 14 jurisdictions in 1980 to where it is today – nearly $100 billion across 46 jurisdictions. And he was instrumental in navigating the 2021 sale of Scientific Games' Lottery Group for $6.05 billion to Brookfield Business Partners. That brought the company back to a 100% lottery focus and retained the legacy name. Bunitsky reflects on his career in the lottery industry in a conversation with *Insights* editor Patricia McQueen.

Executive Q&A

JAMES BUNITSKY

Chief Financial Officer,
Scientific Games
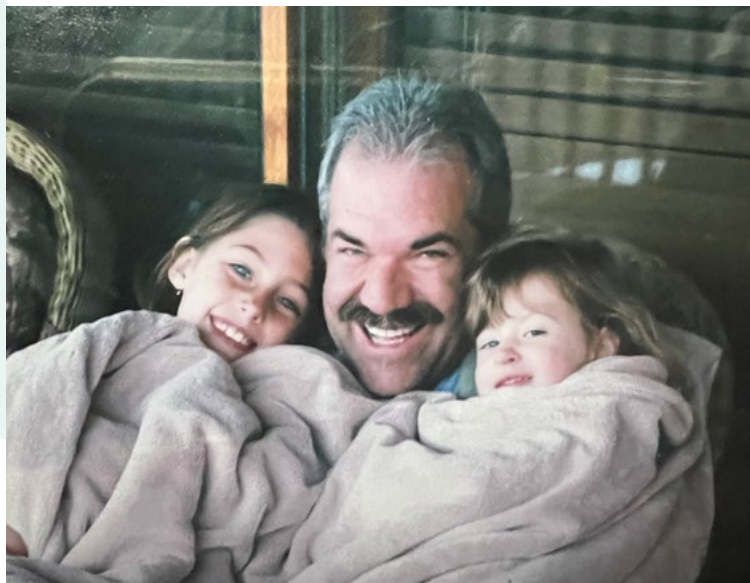
Where did you start at Scientific Games?

Early on it was all about taxes; I was in charge of the tax department in the mid-1980s. That was the beginning, and to this day I still can sit in a meeting with the tax department (or with anyone else) and have a good healthy conversation with the tax experts. In fact, when you learn something, it sort of never goes away. I've held a great number of financial and accounting positions in my 40 years with the company, and I looked at each one as a real teaching lesson. While you are learning the job, people are helping to teach you that job. But what people teach you isn't necessarily everything; you have to dive in head first and learn a lot on your own.

What is your general working philosophy?

Importantly, I realized early on that anybody can keep score, but I wanted to figure out how to improve the score. So in any position you hold, it's important to improve that function before you necessarily move on. To do that, it helps to learn as much about the business as possible, all the peripherals that may not directly impact your job. For example, while I've been in finance, learning about operations was my way of being able to understand where I could help the company save money or improve efficiencies. I always looked at it as sort of puzzle pieces. The more you learn about other parts of the business, the more puzzle pieces you put together. That gets you a better 360-degree view of things to help you come up with new ideas on how to highlight solutions for new challenges, or problems that people didn't even know existed!

I'm also a firm believer in mentoring. I certainly had mentors, and I like to mentor others. Because the more I learn about something, the more I can educate others around me. And the more knowledge everybody has about the business, the industry, and how to get things done, the more we can accomplish.

Any other career advice you'd like to offer?

There are a few things. One key is to be passionate about the job. I come to work early in the morning with the engines going, and can't wait to get here. That passion fills my day so I'm productive, and when I get home at night, I can look at myself in the mirror and be proud of what I accomplished that day. You do have to be self-motivated, but it can be easy when you make something your own, you put your energies into your job and put your own spin into it. And then each year when there's a new record for your company's P&L, or lotteries that set new records of giving to beneficiaries, you can be proud of your contribution. You also need to stay focused on your priorities, because there's always something going on. And remember to have patience. Maybe opportunities don't come as fast as you would like them to, but patience helps you learn as much as you can. When people see your work ethic, they will see who you are, what you strive for, and how you work with other people – and they will want you on their team.

A lot has happened in 40 years. What changes have had the most impact on the industry?

In the early stages of the industry, you had a $1 scratch ticket and you had a secure transaction network. That's it. If you look at where we are today, there's a long list of things that have changed! Starting with technological advances in hardware and software, materials used in manufacturing tickets, and the techniques used in manufacturing that add value to those tickets. Then there's all the equipment used for distribution and the introduction of cashless technologies, and movements into analytics, data mining and services. This entire ecosystem can drive things forward in a sophisticated manner.

The supplier network has also changed considerably. There are many more companies involved today than ever before, thanks to the growth in digital products and services. The pandemic accelerated that trend – we've seen the fear of digital go away, especially in the general retail sector. It helps when suppliers can provide more functionality, and integrate well with everything else going on. After all, it's the consumer who decides where to spend their entertainment dollars. They want to have fun, so you

have to generate fun games no matter the platform.

All of these advances have driven the industry forward, and now lotteries offer a plethora of game styles, designs and prize structures, that can be played on several platforms. In the beginning, we had chocolate and vanilla, or maybe Neapolitan. Now, we have every flavor known to mankind. It's the organic growth that is driving the industry today, producing consumer goods that people want. Even better, it's a consumer good that provides revenues to important beneficiaries, like education, senior citizens, infrastructure development and so many others. I can't think of another consumer good that provides revenue streams to good causes. That sense of giving back is what drives all of us. We all want to do the best we can for this industry, because the beneficiaries are the ones that you are working for.

Any other notable changes?

I think the regulatory environment has changed as well. In the beginning, consumers didn't know what lotteries were. Regulators had no idea how people would react, so they put in mandates about giving back. Over time, things became clearer, and they made adjustments. It's better to have 20% of $2 billion than 25% of $1 billion, and regulators often came

to the same realization. In recent years, we're also seeing the rise of ESG – environmental, social and governance standards that ensure that we are staying the course in a manner that's appropriate. And there has been a lot of emphasis on responsible gambling initiatives. These things are all part of the industry fabric going forward, as they should be.

What are your plans now?

I will really miss Scientific Games, and in one way I wish I was 10 years younger so I could put in 10 more years. The people here are my family, and it's a beautiful environment where I can go just about anywhere in the company and know the people and THEIR families. And I have to say that there are really smart people here, and at other companies that serve this industry. People who just keep getting better – they learn every day and apply what they've learned.

That said, it's time to experience other things that maybe I put off doing earlier in life. First, it's time to get healthy, to get back in shape again as I was in my younger days. I'll play some golf and do a little travel. I love being at the beach, and riding beach bikes. A great way to start it all is that I'm getting married in April, and Susan and I will have plenty of time to just hang out together. ◾

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The
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of the DRAW

A look at recent trends in draw games, as lotteries seek to fill gaps in their portfolios and find new ways to appeal to players.

By Patricia McQueen

Instant tickets may dominate the American lottery market, but lotteries rely on draw games to fill out the portfolio to provide players with options – and to help maximize funds for good causes. After all, most lotto and numbers games have prize payouts that range between 50% and 60%, much different than those of most instant games. Big jackpot runs in the national games can make or break a lottery's financial year, especially smaller lotteries. Even in-state games have an enviable gross margin compared to instant tickets.

This special section of *Insights* reviews the latest developments in American draw games, looks at some of the innovative options in Canada, and provides a ready reference for the draw games offered in each jurisdiction, with a few key details and an indicator of whether the games are drawn via ball machines or RNGs.

New to the Mix

A few lotteries have recently launched new in-state lotto games to complement their existing products. Common goals are to provide a game with a jackpot value that falls between other games offered, and/or to emphasize that all winners will come only from that jurisdiction. Three states introduced such games last fall: Arkansas, Kentucky and Tennessee.

Kentucky 5 is a 5-of-39 matrix with a rolling jackpot that starts at $40,000; the $1.00 game is drawn daily and the Xtra multiplier option is available for an additional $1.00. Launched in November, the game produced its first jackpot win after five drawings. After that winner claimed his $60,000 prize, Kentucky Lottery President and Chief Executive Officer Mary Harville talked about the game to the media. "Research and game development with our players and retail partners showed us a need for the excitement of a rolling jackpot game available only in Kentucky. We delivered and are thrilled to have our first jackpot winner during our first week of sales."

Also launching in November was Daily Tennessee Jackpot, a 5-of-38 game with a rolling jackpot that starts at $30,000. "We were looking to fill a gap in top prize amounts that we knew our players would welcome as a complement to our other game options," said Rebecca Paul, Tennessee Education Lottery President and Chief Executive Officer. "Daily Tennessee Jackpot fit the bill perfectly, as the jackpot falls somewhere in between our other in-state draw games, the drawings are every day, and the base ticket price is just a dollar."

"We were looking to fill a gap in top prize amounts that we knew our players would welcome as a complement to our other game options."

– Rebecca Paul
Tennessee Education Lottery

The new game includes the optional instant-win add-on Quick Cash, for prizes of up to $500. And with a prize structure that includes break-even prizes for a 2-of-5 match, the overall odds of winning any prize in the base game are just 1 in 8.36.

The TEL created a multi-pronged task force to tackle all aspects of launch. From legal and marketing to sales and IT, all appropriate departments were represented at the strategy meetings, which began long before the start date. Now that Daily Tennessee Jackpot has successfully been introduced, the focus is on winner awareness to highlight jackpot winners. Once the first jackpot was won, for example, the sales team held a promotion at the selling retailer location, while marketing and communications touted the news on social media, in-store digital platforms, on the TEL website and through traditional media outreach.

For the Arkansas Scholarship Lottery, choosing games is all about evaluating player needs states and how to satisfy those needs. The Lottery has offered its own Natural State Jackpot since 2012, a 5-of-39 game drawn six times a week. The rolling jackpots start at $50,000, but rarely get past $400,000. And of course, there's Powerball and Mega Millions. They offer tremendous jackpots, but "winnability is way in the distance," said Gaming Director Mike Smith, noting that there has been only one Arkansas jackpot win for each national game in the Lottery's 13-year history.

There seemed to be an opportunity for a new game, drawn twice weekly, that could build jackpots over $1 million. To validate the idea, the Lottery turned to research. After qualitative research with players,

three potential game formats were whittled down to two. After the subsequent quantitative research, it was obvious that jackpot size is the number one reason people play. However, it was also extremely important that such a game would be played only in Arkansas.

Smith knew that a lotto game capable of reaching $1 million (cash) in a state the size of Arkansas is a risk, but one worth taking. He hopes to see one or two Lotto jackpot winners each year. The starting jackpot for the $2.00 game is $250,000, and the 6-of-40 game is drawn twice a week. As of early February, the jackpot was still rolling from the September launch, and was up to $1.5 million.

It has a fairly unusual feature for lotto games, a seventh bonus number in each drawing. It gives players who match two to five numbers on their ticket a chance for a higher prize. "People found that to be an added value in our research," said Smith, even though it did take a little more education on the part of the retailers and the players.

More importantly in Smith's mind, the bonus number took the overall odds of winning any prize down to 1 in 18.3 from about 1 in 30. "We're an instant state that wants instant gratification, and this is only going to be drawn twice a week. How many people will go away when they've played a few times and only win one out of 30 tries?"

There was another benefit the new game could provide the Lottery – name recognition. The word "lotto" has morphed beyond being a type of game. It is often used as just another word for lottery, and some lotteries use the term to represent all their draw games. "The name Lotto is fantastic for a brand."

Arkansas has played up the local angle, with taglines such as "Played in Arkansas. Won in Arkansas." and "Your numbers. Your game." The latter is an effort to get players engaged by choosing their own numbers.

Overall Smith is quite pleased with the way the marketing team has promoted and positioned the game.

More Is Better

As Smith noted, there is the idea that draw games suffer in this age of instant gratification because they are drawn so infrequently. That's one reason for the development of instant-win add-ons, and of so-called hybrid games, which combine an instant-win component at the point of purchase with a drawing held later the same day. Introduced by Ontario Lottery and Gaming with Poker Lotto in 2010, these games remain popular across Canada, especially in Ontario where there are three games in this "watch and win" category: Poker Lotto, Wheel of Fortune Lotto and Megadice Lotto.

Although several American jurisdictions introduced this play style, only Maine (World Poker Tour) and Michigan (Poker Lotto) still offer such a game.

What American lotteries have done, though, is increase the

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frequency of drawings. Many have taken their cash lotto games to daily draws, and a few offer them twice a day. Daily numbers games are now offered twice daily in most jurisdictions, three times daily in Georgia and Tennessee, and four times daily in Oregon and Texas. Then there's Cash Pop, which has been implemented in a number of ways (see sidebar pg. 38). The multi-jurisdictional "for life" games are now offered daily as well.

The "traditional" 6-of-xx lotto game (or variations using a dual matrix) that has been the flagship in-state game for many lotteries has generally remained a twice weekly offer. However, several lotteries have gone to three times a week, as have the multi-jurisdictional games Powerball and Lotto America. Beyond that, there's Pennsylvania's Match 6 Lotto, now drawn daily as a $2.00 game. It's the only primary in-state lotto game in America that is drawn daily, although the Arizona Lottery offers seven weekly drawings of Triple Twist, a 6-of-42 game. That state's original The Pick remains its flagship lotto game drawn three nights a week.

Pennsylvania Lottery Executive Director Drew Svikto is a big fan of

frequent drawings. "We took Match 6 Lotto to seven days many years ago, and we experienced tremendous growth in that game when we made the change." The $2.00 Cash 5 and the smaller $1.00 Treasure Hunt lotto games are also drawn daily, with Cash 5 in the evening and Treasure Hunt at midday. "There are a lot of pros to daily drawings," he added. "We see it as a convenience factor." He knows players can walk into a store and really engage with a game that is drawn that night, instead of days later. And because jackpot rolls are driven by sales, more frequent drawings may mean smaller jackpot increments, but in the end the higher jackpots come faster. "That's been our experience, and it seems to be working."

He doesn't see any real downsides to daily drawings as long as a lottery

has a well-balanced portfolio with different value propositions. Faced with two games offering the same value propositions, players will often make a choice and as a result neither game might do as well as it could.

The Florida Lottery is rebranding Fantasy 5 in March, launching a midday drawing for the game in the process. It will be only the third jurisdiction (after Illinois and New York) to have a traditional cash lotto game draw twice daily. Justin Rock, the Florida Lottery's Deputy Secretary of Product and Sales, has grown to appreciate additional drawings after some early doubts. Adding midday drawings to the daily numbers games (at the time Cash 3 and Play 4) in 2008 didn't provide much incremental gain initially, although over time there has been sustained growth. In contrast, the third drawing for Powerball did have an immediate positive sales impact. "Powerball really changed my perspective when it went to the third drawing as we saw immediate growth," said Rock. "I think the big distinction there is the wider audience that you are reaching with those types of games." Even Cash4Life brought in a noticeable sales increase early on after it went to

chances to win or a prize multiplier.

While in two small Western markets there are $5.00 lotto games, 5 Star Draw in Idaho and the similar Cowboy Draw in Idaho, the vast majority of American lotto purchase options currently top out at $4, as with Powerball and Florida Lotto when combined with all available add-ons (both are $2.00 base games with two add-on products). Yet there are opportunities for players to find draw games that satisfy bigger wager appetites, although certainly not to the degree of the instant product, which have reached the $100 price point. Daily numbers games and keno are two examples where players can choose the way they want to play, from the wager amount to the betting proposition. More recently, Cash Pop also offers players a variety of betting options.

So what's the potential for higher price points on American lotto games? Considerable, thinks Svitko. "I see us as a consumer packaged goods industry, and we're watching shifts in consumer expectations for other packaged goods. As we look at value and watch prices climb in other products and other verticals, I think it's absolutely reasonable for us to consider a higher price point." For him it keeps going back to the value proposition, and with instant games, players have shown their interest in higher-priced games with attractive value propositions.

In addition, it's also important to have a portfolio of products. Powerball and Mega Millions offer tremendous prizes, but they come with extremely long odds. In-state games provide better odds of winning good prizes, and players will choose what interests them the most. Therefore, lotteries also have to actively manage draw game portfolios. "So often we have a 'set it and forget it' mentality, and that's not exactly conducive to a dynamic, well-performing product," emphasized Svitko.

daily drawings. He expects it to take longer to see a gain on Fantasy 5, just like with the daily games. "It's been a good thing overall," he said about the increased number of drawings across the board.

At What Price?

Multiple daily draws are one tool lotteries use, and another is increasing the price points. Pennsylvania is the only American lottery with two in-state lotto games offered at $2.00, although many lotteries offer options that go to $2.00 or more, with a base game and one or two add-ons. Pennsylvania's Cash 5 went to $2.00 in March 2021 with the addition of a built-in Quick Cash feature; many lotteries use add-ons for instant win opportunities. "We decided to just increase the price of the base game and include the Quick Cash feature,

instead of making it an add-on," explained Svitko. Again he emphasized the value proposition – if there is incremental value built into the base game, it justifies the increase in the price point. "It has worked really well for us."

That said, add-ons are a great tool that offer additional features while reducing the risk for lotteries. After all, there's a lot invested in existing games and it takes a considerable effort to develop new games. Add-ons can be applied much quicker as part of a general portfolio strategy, and if players aren't responding, removing the add-on doesn't really hurt the base game. So it's no surprise that more than half of American lotteries use add-ons with one or more games, from lotto to daily numbers to keno. Some games have two available add-on options, often mixing an instant-win component with extra

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Revisiting the Relaunch

Lotto games don't get updates very often, but there can be compelling reasons to make changes. As the national game jackpots run the gamut from $20 million to $2 billion, with typically barely more than a handful of jackpot-winning tickets each year, a local lotto game can be positioned in different ways.

It's been more than two years since the Florida Lottery relaunched Florida Lotto in October 2020, so there's a good history for evaluation. There were a number of changes, including the move from $1.00 to $2.00, an embedded multiplier, and the addition of a second add-on, Double Play (EZ Match was already available).

A Double Play option is also attached to Michigan's Lotto 47 and Fantasy 5 games, and of course Powerball. For the extra $1, players get an additional chance to match their numbers in a second drawing conducted right after the main draw.

The new Florida Lotto game "has performed very well," said Rock. "We increased sales, and that was the primary objective." He did note that some players probably dropped out with the move to $2.00, but that's to be expected and he still thinks it's the right move given the expanding number of $2.00 draw games around the country. "It seemed like a natural progression to increase the price to something that would allow for bigger prizes, better odds, and the embedded multiplier."

EZ Match has historically attracted a very small percentage of players in Florida, but Double Play is another story. More than 30% of Florida Lotto purchases have included Double Play, a rather "astounding" rate, noted Rock. Even better, Double Play hasn't cannibalized either the base game, EZ Match sales, or other lottery products.

The Illinois Lottery went another route when revamping its Lotto game

> **"Ultimately we wanted to increase sales and improve the winnability experience, but really the consumer proposition was around more millionaires."**
>
> **- Tina Wolf**
> Camelot Illinois

in early 2021. Two additional drawings, not just one, are conducted after every Illinois Lotto drawing. Those two extra drawings have just one potential prize each: $1 million.

"Ultimately we wanted to increase sales and improve the winnability experience, but really the consumer proposition was around more millionaires," said Tina Wolf, Vice President of Product and Retail Partnerships for Camelot Illinois, the Illinois Lottery's private manager. "There's really three chances of getting a million dollars or more for every draw."

Months before the changes to the game structure with a $2.00 price point, Illinois had made an initial round of changes that focused on improving Lotto's gross gaming revenue (GGR). The focus was on reducing the fixed roll increment and on replacing a variable annuity factor with a set factor.

The end result of both types of changes has been a sales increase of 25% and an improvement in the GGR percentage, resulting in more money for the Lottery's beneficiaries. At the same time, consumer awareness of the game has grown, as has the

A Pop of Cash

Some lottery games can become fairly complex, but for Cash Pop, a player only has to decide how much to wager and how many numbers to pick in the hope of matching the single number drawn (from 1 to 15). Those easy decisions let the player define the experience.

Cash Pop is adaptable from daily drawings to a monitor game complement to an existing keno game. Of the nine jurisdictions that currently offer it, three use it as a monitor game (Kentucky, New Jersey and West Virginia) and the others draw it anywhere from two to five times daily (Florida, Georgia, Mississippi, Missouri, South Carolina and Virginia). For most lotteries, the draws are done via RNG, combined with clever animation.

The Florida Lottery launched Cash Pop in January 2022, and there are five drawings daily. "Lotteries are intimidating, particularly draw games," said Justin Rock, the Lottery's Deputy Secretary of Product and Sales, who explained that a Florida team went to sample the game in Georgia. "It grabbed me – the ease of understanding and the winnability. It has been great for us."

percentage of "past purchase" participation. Wolf attributes those increases not only to the marketing communications surrounding the new game, but also to more winner awareness. "It has given us a chance to talk more about Illinois millionaires, which gets positive traction through not just the retailer base, where the majority of these sales come from, but also through our own spaces, like social and on the web."

Indeed, the game has delivered its promise of more millionaires. Prior to the change, Lotto had delivered on average four jackpot winners a year. Since the relaunch, there have been about 10 millionaires a year. In FY22, five were jackpot winners and five were "Lotto Millions" winners (from the two additional drawings). In FY23 to date, there have been a greater number of Lotto Millions winners compared to jackpot winners.

"The enhancements to Lotto were really around protecting its margin contribution and improving the player experience," said Wolf. "And thankfully we are seeing results."

Money for Life

Changes to lotto games of any size often come when jackpot fatigue sets in, but without rolling jackpots, the "for life" game concept doesn't have that particular challenge. Two such games are offered in the American market, Lucky for Life and Cash4Life, and Canada has Daily Grand. Each of these games has a top prize of $1,000 a day for life. The Oregon Lottery has its own version, the smaller Win for Life, offering $1,000 a week for life.

Lucky for Life and Daily Grand both offer second tier prizes of $25,000 a year for life, while Cash4Life has a second tier prize of $1,000 a week for life.

Cash4Life began with the New Jersey and New York lotteries in 2014. "The game was simple in design and premise, and it filled a nice niche in the portfolios of each inaugural state," said Jim Carey, Executive Director of the New Jersey Lottery, the lead lottery in the game group. "The for-life component made the game attractive among younger lottery players who might find the annuity prizes

"The for-life component made the game attractive among younger lottery players who might find the annuity prizes more lucrative over time than the cash option."

– Jim Carey
New Jersey Lottery

more lucrative over time than the cash option." Because Cash4Life exceeded expectations early on, more states joined and 10 lotteries now offer the game.

Lucky for Life's roots began in Connecticut in 2009 before expanding to a regional New England game in 2012. In 2014, it spread across the country and is now sold in 23 jurisdictions.

The Connecticut Lottery still serves as lead for the game group, and President and Chief Executive Officer Greg Smith echoed Carey's opinion of the appeal of a for-life annuity prize, noting it's probably easier for someone to wrap their arms around what a "salary" of $365,000 a year means, versus a prize of hundreds of millions of dollars. He added that sales are more even than the ups and downs of jackpot-driven games, and pointed out that several jurisdictions, including Connecticut, have very successful for-life games in their instant ticket portfolios. "For us, they are core games, and we have a good following for for-life prizes."

The Pennsylvania Lottery is a Cash4Life state, and Svitko's enthusiasm for daily drawings helped the group decide to go from twice-weekly to daily drawings in July 2019. In its first year of daily drawings, most members saw sales increases around 50%. Lucky for Life followed suit in July 2021. "Our sales jumped nicely then, with group sales up 60% compared to twice-weekly drawings," noted Smith. "We have held onto that well."

Going forward, there is a natural consideration for increasing the top tier prizes, which have stayed the same for years. Both game groups have had common discussions about their futures, and there is a definite possibility for a merger. That would provide a good bump in the top tier prizes, something players probably expect after so many years.

Even More Features

The recent run of billion-dollar jackpots may have prompted calls in some circles for lotteries to share the wealth. The Florida Lottery offers the only lotto games in the country that include a rolldown mechanism, on both Fantasy 5 and Jackpot Triple Play. The national games rely on the frenzy of enormous jackpots, but these Florida games are positioned as "winnable," according to Rock. That's in contrast to the national games, which may be perceived as "not very winnable."

Florida uses two different rolldown mechanisms. For Fantasy 5, if no one wins the jackpot in any given drawing, the jackpot prize pool rolls down to the 4-of-5 and 3-of-5 prize tiers. In Jackpot Triple Play, the rolling jackpot starts at $250,000 and it stops growing once it reaches $2 million. At that level and beyond, the excess money in the jackpot prize pool rolls down to all other prize tiers. For this game, the standard prize for a 5-of-6 match is $500; through its history, the highest prizes after a rolldown have been almost five times that much.

Elsewhere, draw games around the country offer a proliferation of features, with embedded multipliers, add-ons for instant wins and extra chances, bonus numbers and more. These are summarized in the accompanying chart. ■

Not listed in the accompanying chart are the following products:

Monitor Games
California, Connecticut, Delaware, District of Columbia (3), Georgia, Kansas (2), Kentucky (2), Maryland (2), Massachusetts (2), Michigan, Missouri, New Hampshire, New Jersey (2), New York (2), North Carolina, Ohio (2), Oregon, Pennsylvania (3), Rhode Island (2), Tennessee, Virginia, West Virginia (2), Wyoming

Fast Play (and Similar)
Arizona, Arkansas, Connecticut, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Pennsylvania, Vermont, Virginia

Cash4Life
Florida, Georgia, Indiana, Maryland, Missouri, New Jersey, New York, Pennsylvania, Tennessee, Virginia

Lucky for Life
Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Idaho, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Montana, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Vermont, Wyoming

Lotto America
Delaware, Idaho, Iowa, Kansas, Maine, Minnesota, Montana, New Mexico, North Dakota, Oklahoma, South Dakota, Tennessee, West Virginia

2x2
Kansas, Nebraska, North Dakota, Wyoming

In-State Draw Games

Jurisdiction	Game	Price	Add-on Options	Frequency	Features	Ball or RNG
Arizona	The Pick	$1.00	Extra	3x week		RNG
	Fantasy 5	$1.00	Extra	Daily	Doubler included	RNG
	Triple Twist	$2.00		Daily	Three plays included	RNG
	Pick 3	$1.00		Daily		RNG
	Quick Draw	$1.00		Hourly	Suite of multiple games	RNG
Arkansas	Natural State Jackpot	$1.00		6x week		RNG
	Lotto	$2.00		2x week	Bonus 7th number	RNG
	Cash 3	$0.50		2x daily; once on Sunday		RNG
	Cash 4	$0.50		2x daily; once on Sunday		RNG
California	SuperLotto Plus	$1.00		2x week		Ball
	Fantasy 5	$1.00		Daily		RNG
	Daily 3	$1.00		2x daily		RNG
	Daily 4	$1.00		2x daily		RNG
	Daily Derby	$2.00		Daily	Horse racing theme	RNG
Colorado	Colorado Lotto +	$2.00	Plus	2x week	Multiplier included	RNG
	Cash 5	$1.00	EZ Match	Daily		RNG
	Pick 3	$0.50		2x daily		RNG
Connecticut	Lotto!	$1.00		2x week		Ball
	Cash5	$1.00	Kicker	Daily		Ball
	Play 3	$0.50	Wild Ball	2x daily		Ball
	Play 4	$0.50	Wild Ball	2x daily		Ball
Delaware	Multi-Win Lotto	$2.00		3x week	Three plays included	RNG
	Play 3	$0.50		2x daily		RNG
	Play 4	$0.50		2x daily		RNG
D.C.	DC-2	$0.50		2x daily		RNG
	DC-3	$0.50		2x daily		RNG
	DC-4	$0.50		2x daily		RNG
	DC-5	$0.50		2x daily		RNG
Florida	Florida Lotto	$2.00	Double Play, EZ Match	2x week	Multiplier included	Ball
	Fantasy 5	$1.00	EZ Match	Daily	Rolldown	Ball
	Jackpot Triple Play	$1.00	Combo	2x week	Three plays; rolldown	Ball
	Pick 2	$0.50	Fireball	2x daily		Ball
	Pick 3	$0.50	Fireball	2x daily		Ball
	Pick 4	$0.50	Fireball	2x daily		Ball
	Pick 5	$0.50	Fireball	2x daily		Ball
	Cash Pop	$1, $2, $5		5x daily		RNG
Georgia	Jumbo Bucks Lotto	$1.00	Ca$h Match	2x week		Ball
	Fantasy 5	$1.00	Ca$h Match	Daily		Ball
	Cash 3	$0.50		3x daily		Ball
	Cash 4	$0.50		3x daily		Ball
	Georgia 5	$1.00		2x daily		Ball
	Cash Pop	$1, $2, $5		5x daily		RNG
Idaho	5 Star Draw	$5.00		2x week	Two plays included	RNG
	Idaho Cash	$1.00		Daily	Two plays included	RNG
	Weekly Grand	$2.00		Daily	Second chance drawings	RNG
	Pick 3	$1.00	Sum It Up!	2x daily		RNG
	Pick 4	$1.00	Sum It Up!	2x daily		RNG

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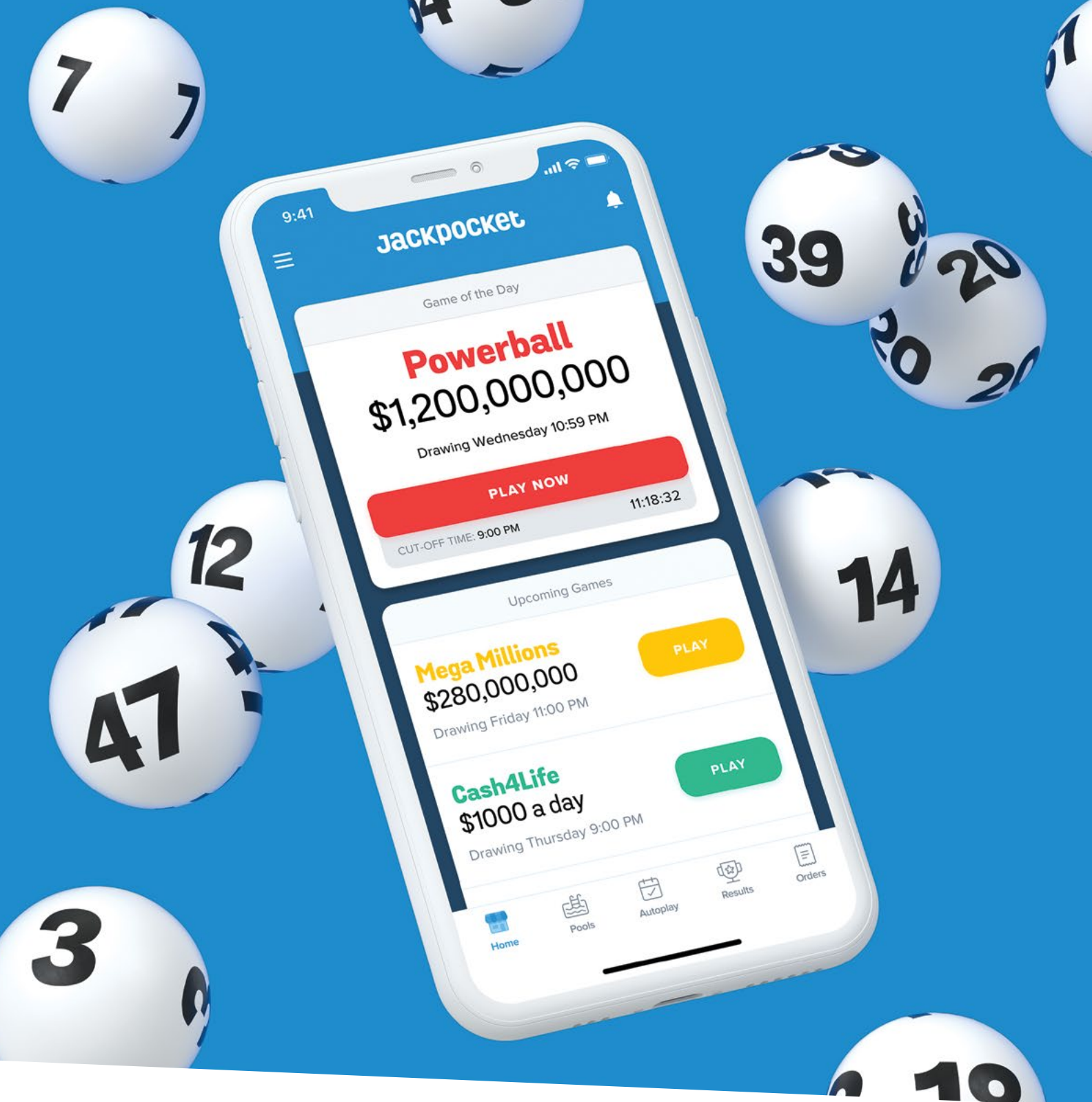
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In-State Draw Games

Jurisdiction	Game	Price	Add-on Options	Frequency	Features	Ball or RNG
Illinois	Lotto	$2.00	Extra Shot	3x week	Two extra $1 million drawings	RNG
	Lucky Day Lotto	$1.00	EZ Match	2x daily		RNG
	Pick 3	$0.50	Fireball	2x daily		RNG
	Pick 4	$0.50	Fireball	2x daily		RNG
Indiana	Hoosier Lotto +Plus	$2.00	+Plus	2x week		RNG
	Ca$h 5	$1.00	Ezmatch	Daily		RNG
	Daily 3	$0.50	Superball	2x daily		Ball
	Daily 4	$0.50	Superball	2x daily		Ball
	Quick Draw	$1-$5	Ezmatch, Bullseye	2x daily		RNG
Iowa	Pick 3	$0.50		2x daily		RNG
	Pick 4	$0.50		2x daily		RNG
Kansas	Super Kansas Cash	$1.00		3x week	Two plays included	RNG
	Pick 3	$1.00		2x daily		RNG
Kentucky	Cash Ball 225	$1.00	Ezmatch	Daily		RNG
	Kentucky 5	$1.00	Xtra	Daily		RNG
	Pick 3	$0.50		2x daily		RNG
	Pick 4	$0.50		2x daily		RNG
Louisiana	Lotto	$1.00		2x week		RNG
	Easy 5	$1.00	ezmatch	2x week		RNG
	Pick 3	$0.50		Daily		RNG
	Pick 4	$0.50		Daily		RNG
	Pick 5	$0.50		Daily		RNG
Maine	Tri-State Megabucks	$2.00		2x week		Ball
	Tri-State Gimme 5	$1.00		5x week		Ball
	Tri-State Pick 3	$0.50		2x daily		Ball
	Tri-State Pick 4	$0.50		2x daily		Ball
	World Poker Tour	$2.00	All In	Daily	Instant win plus drawing	RNG
Maryland	Multi-Match	$2.00		2x week	Three plays included	RNG
	Bonus Match 5	$1.00		Daily		RNG
	Pick 3	$0.25		2x daily		RNG
	Pick 4	$0.25		2x daily		RNG
	Pick 5	$0.50		2x daily		RNG
Massachusetts	Megabucks Doubler	$1.00		2x week	Doubler included	Ball
	Mass Cash	$1.00		Daily		Ball
	The Numbers Game	$0.25		2x daily	Play 1 to 4 digits	Ball
Michigan	Lotto 47	$1.00	Ezmatch, Double Play	2x week		RNG
	Fantasy 5	$1.00	Ezmatch, Double Play	Daily		RNG
	Daily 3	$0.50		2x daily		Ball
	Daily 4	$1.00		2x daily		Ball
	Keno	$1.00		Daily		RNG
	Poker Lotto	$2.00		Daily	Instant win plus drawing	RNG
Minnesota	North 5	$1.00		Daily		RNG
	Gopher 5	$1.00		3x week		RNG
	Pick 3	$0.50		Daily		RNG
Mississippi	MS Match 5	$2.00	Multiplier	3x week		RNG
	Cash 3	$0.50	Fireball	2x daily		RNG
	Cash 4	$0.50	Fireball	2x daily		RNG
	Cash Pop	$1-$10		2x daily		RNG

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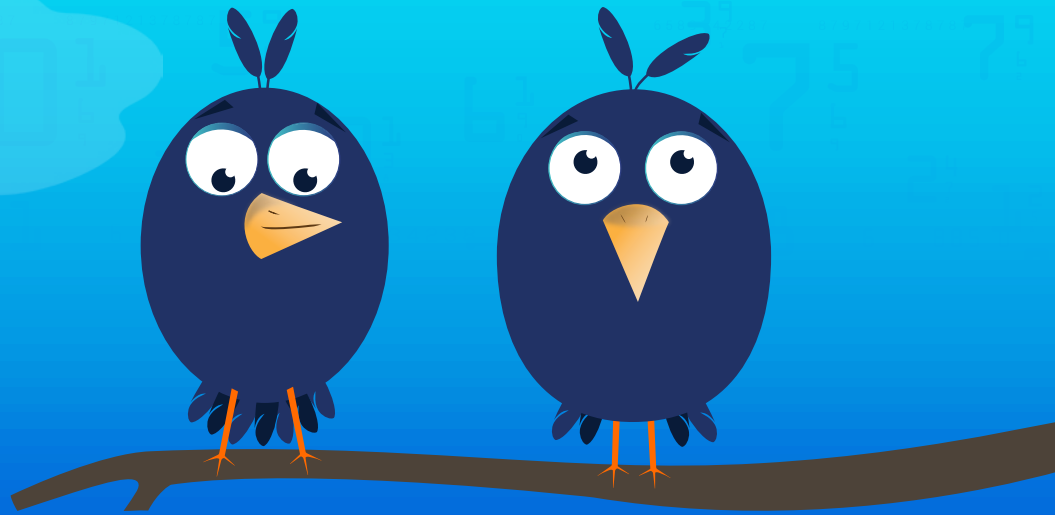
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In-State Draw Games

Jurisdiction	Game	Price	Add-on Options	Frequency	Features	Ball or RNG
Missouri	Lotto	$1.00	EZ Match	2x week	Two plays; doubler	RNG
	Show Me Cash	$1.00	EZ Match	Daily		RNG
	Pick 3	$0.50	EZ Match	2x daily		RNG
	Pick 4	$0.50	EZ Match	2x daily		RNG
	Cash Pop	$1-$10		5x daily		RNG
Montana	Montana Cash	$1.00	Max Cash	2x week	Two plays included	RNG
	Big Sky Bonus	$2.00		Daily		RNG
Nebraska	Pick 5	$1.00		Daily		RNG
	MyDaY	$1.00		Daily	Dates theme	RNG
	Pick 3	$1.00		Daily		RNG
New Hampshire	Tri-State Megabucks	$2.00		2x week		Ball
	Tri-State Gimme 5	$1.00		5x week		Ball
	Tri-State Pick 3	$0.50		2x daily		Ball
	Tri-State Pick 4	$0.50		2x daily		Ball
New Jersey	Pick-6	$2.00	Double Play	2x week	Multiplier included	Ball
	Jersey Cash 5	$1.00	Xtra, Instant Match	Daily		Ball
	Pick 3	$0.50	Fireball, Instant Match	2x daily		Ball
	Pick 4	$0.50	Fireball, Instant Match	2x daily		Ball
New Mexico	Roadrunner Cash	$1.00		Daily		RNG
	Pick 3 Plus	$1.00		2x daily		RNG
	Pick 4 Plus	$1.00		2x daily		RNG
New York	New York Lotto	$1.00		2x week	Two plays; bonus number	Ball
	Take 5	$1.00		2x daily		Ball
	Numbers	$0.50		2x daily		Ball
	Win 4	$0.50		2x daily		Ball
	Pick 10	$1.00		Daily		Ball
North Carolina	Carolina Cash 5	$1.00	Double Play, EZ Match	Daily		Ball
	Pick 3	$0.50	Fireball	2x daily		Ball
	Pick 4	$0.50	Fireball	2x daily		Ball
Ohio	Classic Lotto	$1.00	Kicker	3x week		Ball
	Rolling Cash 5	$1.00		Daily		Ball
	Pick 3	$0.50		2x daily		Ball
	Pick 4	$0.50		2x daily		Ball
	Pick 5	$0.50		2x daily		Ball
Oklahoma	Cash 5	$1.00		Daily		RNG
	Pick 3	$1.00		Daily		RNG
Oregon	Megabucks	$1.00	Kicker	3x week		RNG
	Lucky Lines	$2.00		Daily	Tic-tac-toe style	RNG
	Pick 4	$0.50		4x daily		RNG
	Win for Life	$2.00		3x week		RNG
Pennsylvania	Match 6 Lotto	$2.00		Daily	Three plays included	Ball
	Cash 5	$2.00		Daily (evening)	Quick Cash included	Ball
	Treasure Hunt	$1.00		Daily (midday)		RNG
	Pick 2	$1.00	Wild Ball	2x daily		RNG/Ball
	Pick 3	$0.50	Wild Ball	2x daily		RNG/Ball
	Pick 4	$0.50	Wild Ball	2x daily		RNG/Ball
	Pick 5	$1.00	Wild Ball	2x daily		RNG/Ball
Rhode Island	Wild Money	$1.00		Daily	Bonus number included	RNG
	The Numbers	$0.50	Instant Match	2x daily	Play 2 to 4 digits	RNG

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In-State Draw Games

Jurisdiction	Game	Price	Add-on Options	Frequency	Features	Ball or RNG
South Carolina	Palmetto Cash 5	$1.00	Power-Up	Daily		Ball
	Pick 3	$0.50	Fireball	2x daily; once on Sunday		Ball
	Pick 4	$0.50	Fireball	2x daily; once on Sunday		Ball
	Cash Pop	$1-$10		2x daily; once on Sunday		Ball
South Dakota	Dakota Cash	$1.00	EZ Match	2x week		RNG
Tennessee	Tennessee Cash	$1.00	Quick Cash	3x week		RNG
	Daily Tennessee Jackpot	$1.00	Quick Cash	Daily		RNG
	Cash 3	$0.50	Wild Ball	3x daily; once on Sunday		RNG
	Cash 4	$0.50	Wild Ball	3x daily; once on Sunday		RNG
Texas	Lotto Texas	$1.00	Extra!	3x week		Ball
	Texas Two-Step	$1.00		2x week		Ball
	Cash 5	$1.00		6x week		Ball
	Pick 3	$0.50	Fireball	4x daily (xSunday)		Ball
	Daily 4	$0.50	Fireball	4x daily (xSunday)		Ball
	All or Nothing	$2.00		4x daily (xSunday)		Ball
Vermont	Tri-State Megabucks	$2.00		2x week		Ball
	Tri-State Gimme 5	$1.00		5x week		Ball
	Tri-State Pick 3	$0.50		2x daily		Ball
	Tri-State Pick 4	$0.50		2x daily		Ball
Virginia	Bank a Million	$2.00		2x week	Player chooses wager	Ball
	Cash 5	$1.00	EZ Match	Daily		Ball
	Pick 3	$0.50	Fireball	2x daily		Ball
	Pick 4	$0.50	Fireball	2x daily		Ball
	Cash Pop	$1-$10		5x daily		RNG
Washington	Lotto	$1.00		3x week	Two plays included	RNG
	Hit 5	$1.00		Daily		RNG
	Match 4	$2.00		Daily		RNG
	Pick 3	$0.50		Daily		RNG
	Daily Keno	$1-$20		Daily		RNG
West Virginia	Cash 25	$1.00		4x week		Ball
	Daily 3	$0.50		6x week		Ball
	Daily 4	$0.50		6x week		Ball
Wisconsin	Megabucks	$1.00	EZ Match	2x week	Two plays included	RNG
	Badger 5	$1.00		Daily		RNG
	Supercash!	$1.00		Daily	Two plays; doubler	RNG
	Pick 3	$0.50		2x daily		RNG
	Pick 4	$0.50		2x daily		RNG
	All or Nothing	$2.00		2x daily		RNG
Wyoming	Cowboy Draw	$5.00		2x week	Two plays included	RNG

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The CANADIAN Difference

The Canadian market offers significantly different draw game options.

By Patricia McQueen

North of the border, draw games are managed quite differently compared to American lotteries, and there is generally more variety in the games. While instant games dominate the landscape in the U.S., that is not the case in Canada, where there's a heritage more firmly rooted in draw games.

Draw and instant national games are managed by the Interprovincial Lottery Corp. and offered by all five lottery organizations: Ontario Lottery and Gaming, Loto-Québec, British Columbia Lottery Corp. and the multi-provincial Atlantic Lottery and Western Canada Lottery Corp.

Their flagship game is Lotto Max, a $5 game drawn twice weekly that began in 2009. Its unique value proposition includes a starting jackpot of $10 million that is capped at $70 million, plus MAXMILLIONS prizes that start after the jackpot reaches $50 million. The jackpot cap has changed over the years, and a 2019 relaunch changed the matrix and added a second weekly drawing.

Next in line is Lotto 6/49, originally launched in 1982. It has gone through several iterations over the years, including a major relaunch last September. A 2013 revision increased the price to $3.00 and introduced a guaranteed prize award of at least $1 million with each drawing in a raffle format (i.e., a winner is chosen among ticket numbers actually played). The 2022 change upped the ante, converting that option to a Gold Ball Jackpot, which offers a guaranteed prize in each drawing of either $1 million or a rolling jackpot that begins at $10 million and can grow to $68 million. It's an elimination-style draw, with 29 while balls and one gold ball. If a white ball is drawn, the guaranteed prize winner receives $1 million. The winning white ball is removed from the pool after each drawing and $2 million is added to the Gold Ball

Jackpot from its base of $10 million. If a white ball has been drawn for 29 consecutive drawings, only the gold ball will remain, so a $68 million Gold Ball Jackpot will be won. The second component of the new Lotto 6/49 is a Classic Draw, with a fixed jackpot prize of $5 million.

Since its relaunch, Lotto 6/49 sales are up 7% over the same time period the previous year. Through early February, it has generated 61 new millionaires across Canada, and average jackpots are considerably higher than in the previous version of the game.

"The Gold Ball jackpot brings exciting new features to players on a few fronts – the growing anticipation every time the gold ball is not pulled, combined with new game mechanics (prize structure) that allow us to offer higher jackpots than the older version of the game," explained Nichole Desrosiers, Vice President of Marketing for Western Canada Lottery Corp. "Having the unique elimination-style mechanic will help build excitement among players and avoid 'jackpot fatigue' that we've seen when some larger jackpots roll for weeks on end with no way to tell when they'll be won." And the

> **"The Gold Ball jackpot brings exciting new features to players on a few fronts – the growing anticipation every time the gold ball is not pulled, combined with new game mechanics (prize structure) that allow us to offer higher jackpots than the older version of the game."**
>
> **– Nichole Desrosiers**
> WCLC

guaranteed $1 million winner in each drawing reinforces the winnability of the game.

It didn't take long for the game to generate some feel-good publicity. In January, an 18-year-old college student in Ontario won a $48 million prize. Not only was it the biggest jackpot ever won by an 18-year-old in Canada, the young woman won on her very first lottery purchase. The story made international news.

Brand Value and Play Options

In addition to the unique nature of its flagship games, there are other characteristics of Canadian draw games that stand out.

One is the popularity of an add-on that offers additional prize chances, variably called Extra, Encore or Tag, depending on the lottery. It's available on most draw games and has a long history of play.

Another is the use of provincial games that have familiar elements of the national games, scaled to local level. Capitalizing on the brands, there are BC/49, Western 649, Western Max, Ontario 49, Québec 49, Québec Max, and Atlantic 49.

"Many players pick up a ticket for the regional version as well."

– **Nichole Desrosiers**
WCLC

"In WCLC's case, two national draw-based game brands – Lotto 6/49 and Lotto Max – are significant drivers of sales, representing about half of lottery sales in our region," explained Desrosiers. "The regional extensions of those brands (for WCLC, Western 649 and Western Max) are a terrific way to bring players into our regional portfolio as well." There's a halo effect, she added, when the national jackpots are big. "Many players pick up a ticket for the regional version as well." That is made easy by each lottery, with a convenient pack to buy both the national and regional game, even using the same number selections if desired.

Canadian lottery players also have different play options when it comes to choosing their numbers. Each lottery organization offers resources for players wanting to

play in groups, which helps them form groups to purchase tickets and share prizes. And for dedicated players with favorite numbers, combo or combination play creates tickets that fill in all possible combinations of a player's favorite numbers. Players can choose up to nine of their favorite numbers, and the system fills in combinations to complete the ticket. In the provinces covered by WCLC, there can be up to 84 selections generated. "It's more of a niche option that appeals to lottery enthusiasts who want to spend a little more on the game," said Desrosiers. And it has the added benefit of saving the player time and minimizing paper.

All of these game mechanics and options may seem complex compared to American lottery offerings, but Canadian players have embraced them. ■

BABE RUTH

MICKEY MANTLE
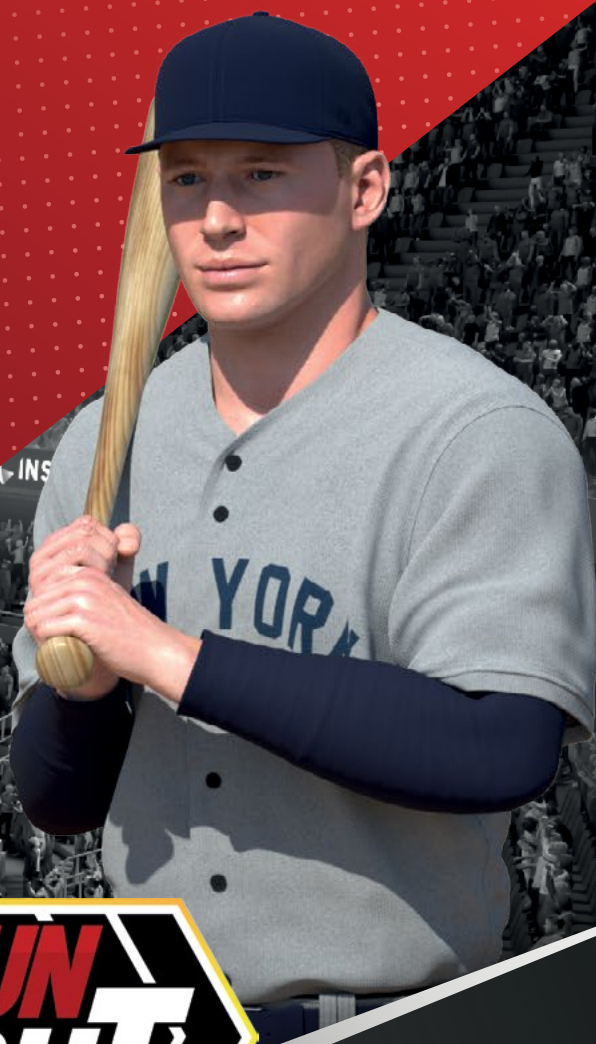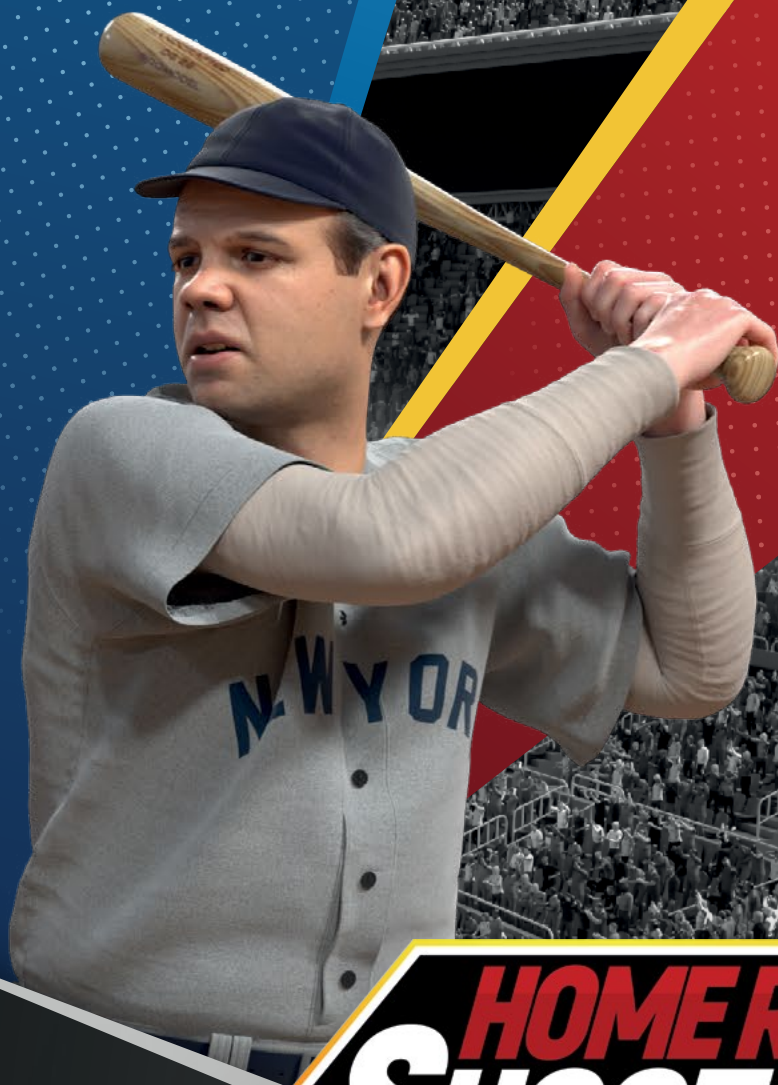
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Canadian Draw Games

	Game	Price	Add-on Options	Frequency	Features	Ball or RNG
Atlantic Lottery	Atlantic 49	$1.00	Tag	2x week	Guaranteed prize draw	RNG
	Hit or Miss	$2.00	Tag	Daily	Instant win plus drawing	RNG
	Salsa Bingo	$2.00	Tag	Daily	Two bingo cards per play	RNG
	Poker Lotto	$2.00	Tag	Daily	Instant win plus drawing	RNG
	Lotto 4	$1.00	Tag	Daily		RNG
	Bucko!	$1.00	Tag	Daily	Three plays included	RNG
	Atlantic Keno	$1.00	Tag	Daily		RNG
BCLC	BC/49	$1.00	Extra	2x week	Bonus number drawn	RNG
	Poker Lotto	$2.00		Daily	Instant win plus drawing	RNG
	BC 50/50	$1.00		4x daily	Raffle style; winner every draw	RNG
Loto-Québec	Québec 49	$1.00	Extra	2x week	Bonus number drawn	RNG
	Québec Max	$2.00	Extra	2x week	Three plays included	RNG
	Astro	$1.00	Extra	Daily	Date and astrological signs theme	RNG
	Triplex	$1.00	Extra	Daily		RNG
	Quotidienne	$0.50	Extra	Daily	2-, 3- and 4-digit options	RNG
	Lotto Poker	$2.00	Plus, Extra	Daily	Instant win plus drawing	RNG
	Lotto :D	$2 or $5	Extra	Daily	Instant win plus drawing	RNG
	Sprinto	$2 or $5	Extra	Daily	Instant win plus drawing	RNG
	Banco (Daily Keno)	$1-$10	Extra	Daily		RNG
	Tout ou rien	$2.00	Extra	Daily		RNG
OLG	Ontario 49	$1.00	Encore	2x week	Bonus number drawn	Ball
	Lottario	$1.00	Encore	Weekly	Two plays, main and early-bird	Ball
	Lightning Lotto	$2.00		Daily	Winning numbers drawn first	RNG
	Pick-2	$2.00	Encore	2x daily		Ball
	Pick-3	$1.00	Encore	2x daily		Ball
	Pick-4	$1.00	Encore	2x daily		Ball
	Daily Keno	$1-$10	Encore	2x daily		Ball
	Poker Lotto	$2.00	All In	Daily	Instant win plus drawing	RNG/Ball
	Wheel of Fortune Lotto	$2.00		Daily	Instant win plus drawing	RNG
	Megadice Lotto	$2.00		Daily	Instant win plus drawing	RNG/Ball
WCLC	Western Max	$2.00	Extra	2x week	Three plays included	RNG
	Western 649	$1.00	Extra	2x week	Bonus number drawn	RNG
	Pick 2	$2.00	Extra	Daily		RNG
	Pick 3	$1.00	Extra	Daily		RNG
	Pick 4	$1.00	Extra	Daily		RNG
	Poker Lotto	$2.00	All In	Daily	Instant win plus drawing	RNG

Chart excludes the national games Lotto Max, Lotto 6/49 and Daily Grand. For games with an indicated minimim price of $0.50, typically a bet of at least $1.00 is required.

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Bouncing
BALLS
VS. RNGs

Random number generators have become the dominant way of drawing winning numbers, but many lotteries still prefer ball machines.

By Patricia McQueen

Every industry has its own internal debates. For lotteries, one difference of opinion revolves around adopting random number generators to replace the ball drops that have historically defined what lottery games are. After all, lotteries have always used bouncing balls for mascots and just about every promotional and marketing effort you can think of.

Yet as shown in the previous charts, just 11 American lotteries still use ball drawings for all of their more traditional in-state games (excluding options such as monitor games and raffles). Twenty-six others exclusively use random number generators (RNGs) for their in-state games, dating back to the 1990s in some cases. The remaining lotteries use a mix of draw methods, depending primarily on the game or the drawing times. Interestingly, some of the same security arguments are used both for and against the adoption of RNGs, while efficiency and cost savings are usually strong reasons for a lottery to take the modern approach.

Among America's multi-jurisdictional games, Powerball and Mega Millions remain as ball drawings, as do Cash4Life, Lotto America and the four Tri-State games in Maine, New Hampshire and Vermont. Only Lucky for Life and 2x2 are drawn via RNG.

In contrast, all three of Canada's national games are drawn by RNG, and the only Canadian lottery still using ball drawings for any of its provincial games, Ontario Lottery and Gaming (OLG), will soon be transitioning those games to RNG as well.

Keeping the Balls Dropping

The lotteries sticking with the ball machine concept for more traditional games have no doubts about their choice. The New Jersey Lottery continues to draw its four in-state games (Pick-6, Jersey Cash 5, Pick 3 and Pick

"The ability to view the drawings as they take place, with real people announcing the results, can't be beat."

– Pat McDonald
Ohio Lottery

4) with ball machines, although like everyone else it uses RNGs for monitor games (Keno and Cash Pop). New Jersey also conducts the Cash4Life drawings, so those are also done with balls. "In New Jersey the ball machine legacy is 52 years old," noted Missy Gillespie, the Lottery's Chief Communications Officer. "Players love to hear the sound of the balls dropping and watching them mix. In that moment of anticipation anything is possible and it's terribly exciting. While the numbers are being called it's a captivating experience that offers a level of transparency that the player gets to participate in and few things compare."

The player experience isn't taken lightly, but there's another factor. Lotteries may point to the cost of getting TV time for live ball drawings as one reason for moving to RNGs, but the Ohio Lottery sees it a little differently. "The ability to view the drawings as they take place, with real people announcing the results, can't be beat," said Ohio Lottery Director Pat McDonald. "It includes elements that are just not possible with a random number generator. Customers enjoy the experience, and our carrier TV stations enjoy increased viewership in a competitive marketplace."

Yet like anything, opinions sometimes change. Justin Rock, Deputy Secretary of Product and Sales for the Florida Lottery, was always firmly in the ball draw camp. "From a player's perspective, there is something to be said about the 'proof' that the drawing

happened." Market research proves that players trust ball drawings, in part because they can see the checks and balances and get visual confirmation of the winning numbers moving through a chute – transparency is always a concern with lotteries. "We were very much resistant to the idea of utilizing RNGs for our main games," said Rock, even as the Lottery uses RNGs for things like multipliers, raffles and promotional drawings. More recently, Cash Pop was launched a year ago, and its five daily drawings are done with RNGs. In part due to this experience, Florida is considering options. "I do see the landscape changing for us, because in our opinion RNGs help reduce the workload of our resources and provide more operational efficiencies."

RNG Value

Just as the player experience isn't taken lightly by lotteries, neither is that efficiency factor. America's newest lottery didn't have to worry about changing an established method – the Mississippi Lottery simply made a decision at launch to use RNGs after determining they would better suit its needs. Numerous factors were considered, including a cost-benefit analysis, a breakdown of labor for maintaining the balls and machines, live video drawings, partnering with TV stations to film the drawings, studio time, and the added security requirements of the balls and machines.

The 13½-year-old Arkansas Scholarship Lottery also launched with RNGs for all games, and has only rarely heard from players that RNGs are "not believable." Recently, the Lottery made a switch to a fully automated system that doesn't require the drawings to be manned. "Our security department handles the in-state drawings, but they don't have to physically be here," said Gaming Director Mike Smith. "It has been great for them."

And then there's the Canadian path that will soon have every lottery drawing in that country done by RNGs. "Integrity and security are at the core of every game we offer and fundamental to the success of our business," said OLG spokesman Tony Bitonti, also representing other Canadian lotteries on the issue. He noted that the draw processes for Lotto Max and Lotto 6/49 were "modernized and simplified in May 2019 to offer our players the best gaming and entertainment experience possible." Components of the two games had already used RNGs, such as the MAXMILLIONS feature of Lotto Max and the Guaranteed Prize Draw feature of Lotto 6/49; the third national game, Daily Grand, was already using RNGs.

"RNG technology also improves the ease of auditability to support the future evolution of these national games, while maintaining their security, speed and integrity. Third-party experts have tested and certified the RNG software for randomness. When the software starts, an integrity check is performed on the system to ensure that no changes have been made that could affect the random outcome of the draw. A number of other checks and balances are performed to ensure

draw security and are witnessed by third-party experts – including two draw auditors located in two separate geographical locations."

So confident is OLG in the technology that the last ball-draw games in Canada (OLG's Lottario, Ontario 49, Pick 2, Pick 3, Pick 4, Daily Keno, Encore, and the draw components of Poker Lotto and Megadice), will soon join OLG's other draw games in the RNG world.

A Little of Both

For several lotteries, it's not a matter of either-or. It's a careful evaluation of each game and its player base, sometimes taking history into account, and making the right choice for each.

The California Lottery, for example, uses RNGs for all in-state games except the flagship SuperLotto Plus. The reason? Primarily because the game was historically televised, and players expect to continue seeing the balls drop. California does, however, use an RNG to select the actual ball machine and ball set used for each drawing.

For the Hoosier and Michigan lotteries, ball drawings are used only for the Daily 3 and Daily 4 numbers games. It's always been that way in Michigan, where the daily games are a huge part of the business. There's a history and tradition with those games, explained Michigan Lottery Player Relations Manager Jake Harris. "There's a very specific type of player who likes to play daily games, and there is a level of comfort by not changing to RNG."

Michigan's Daily 3 and Daily 4 games are drawn twice daily, and the ball drawings are the centerpiece of the Lottery's drawing show, which is a paid placement on-air around the state. "The shows create awareness for us, and we include 15 seconds to promote a new family of games or a new game promotion, things like that. A lot of people look forward to those

draw shows and we want to keep them going."

Some of the Lottery's other games, like Lotto 47, have also been around for a very long time. A key difference, however, is that Lotto 47 might have $100 million in sales annually, while the daily numbers games do well over $1 billion. Another not insignificant factor is that Lotto 47 and other games have changed in various ways over the years, so a change in the draw method was part of those developments. Daily 3 and Daily 4 very rarely get tinkered with.

Dedicated daily numbers game players also influenced the Hoosier Lottery's switch back to ball drawings for its Daily 3 and Daily 4 games in 2013. Cost savings were a reason why all of the Lottery's draw games were changed to RNGs in the early part of this century. However, after the Lottery entered into its Integrated Services Agreement with IGT Indiana (then GTECH Indiana) in late 2012, new marketing research found that "Hoosiers overwhelmingly want to see the drawings televised," explained Hoosier Lottery's Chief of Staff Carrie Stroud. The daily players had the most interest in seeing the drawings. "Based on that specific niche group of players, we decided to return these games to ball machine drawings – after seeking draw station partners, ball machines and ball sets. It wasn't found to be efficient or affordable to televise all drawings."

Then there's the Pennsylvania Lottery, which draws its daytime games with RNGs and its evening games with ball machines. "When we decided a long time ago to have midday draws, we could not find or afford daytime TV time for our drawings," explained Executive Director Drew Svitko. As a result, the daytime drawings are done with RNGs and include animated drawing videos. "We did not take that decision lightly. We contend that the nightly drawing is our 'integrity on display' every night, 365 days a year."

When the daytime games were launched in 2003, there were a few questions and concerns raised about the use of RNGs. "But we had done our homework," said Svitvko, noting that the processes leading up the drawings are very elaborate and the machines are well protected and certified by third parties. As a result, there hasn't been any pushback in years.

However, there is still no desire to move the nightly drawings to RNGs anytime soon. "We have a 50-year history here, and we hear all the time from players who grew up with parents who watched the drawing every night with grandparents, aunts and uncles. Our drawings are part of the fabric of Pennsylvania." He noted that people even adore the theme song played for the drawings. "You'd be shocked how often people sing it to me when I'm at an event," said Svitko, adding that it's just another indicator of the very powerful Pennsylvania Lottery brand.

Fun Viewing, With a Purpose

Keeping lottery brands front and center is one reason why a few lotteries using RNGs have designed animated "draw shows" to present the winning numbers plucked out of a computer. That's above and beyond the desire to keep the same visibility and trust in the outcomes that has historically come from ball drawings. With animation ranging from beautiful to informative, those lotteries offering that alternative find it worth the effort.

In Illinois, for example, the animated draw videos feature a ball cage bouncing through scenes throughout Illinois, with an audio track that explains where lottery proceeds go. The Illinois Lottery conducts the drawings and creates the animation, and private manager Camelot Illinois values the state's work. "It's a way to bring your brand to life in the draw experience," said Tina Wolf, Vice President of Product and Retail Partnerships for Camelot Illinois. "It's a unique way to overcome some perceptions people have."
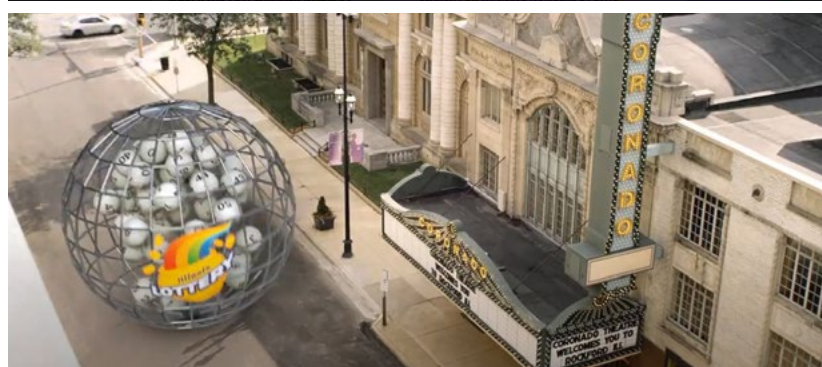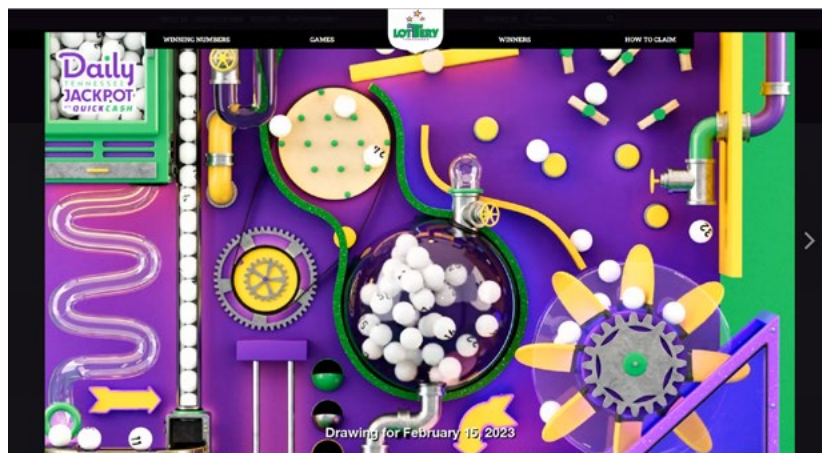
Animation is a way to bring RNG drawings to life.

The D.C. Lottery is another that takes advantage of animation to showcase views of its jurisdiction. In its case, big animated balls roll through actual video footage of city neighborhoods. Similarly, while the West Virginia Lottery still conducts drawings with ball machines, it presents a nightly draw video also showing giant balls rolling through real photographic scenes in West Virginia.

The Tennessee Education Lottery uses different animation designs for each of its in-state games. Most intricate are the graphics for the Lottery's newest game, Daily Tennessee Jackpot. Those drawings are not televised like those of other in-state games, so it was especially crucial that the winning numbers appear visually stimulating so that players would enjoy watching online. "Animating drawings adds another layer of fun and pizazz to our games," said Rebecca Paul, the Tennessee Education Lottery's President and Chief Executive Officer. "We work hard with our animators to bring the game to life, and we have received positive feedback from players."

In the end, there's no right or wrong answer in the debate about RNGs vs. ball machines. However, with millions at stake in the results, there is something to be said for presenting winning numbers in some visual form, whether via balls dropping or animation. In the next article, you'll read about what went into the Maryland Lottery's decision to switch to RNGs in December. We note that on the Lottery's website, players can find animated videos for every drawing, featuring simulated drawing machines presenting the winning numbers. ■

Anatomy of a
CHANGE

MARYLAND LOTTERY.

In December, Maryland Lottery and Gaming changed the selection of winning numbers for all five in-state draw games from ball machines to random number generators. The games were Multi-Match, Bonus Match 5, Pick 3, Pick 4 and Pick 5. We asked what went into the decision-making process, and providing answers were Director John Martin, Drawings Manager Patrick Morton, and Assistant Director of Communications Seth Elkin.

In the Maryland Lottery's secure drawings room are Drawings Manager Patrick Morton (behind) and Public Affairs Officer Jim Kennedy, one of several staff members trained as drawing officials.

What were the factors driving the decision to go all-in on RNGs for your game draws?

John Martin: We're celebrating our 50th anniversary in 2023, and moving to digital drawings is a nod toward embracing technology and looking to the future. Ball machines are part of our history, certainly, but they also represent the way drawings were done five decades ago. All industries modernize, and when we researched, we found that there were already 30 other lotteries in the U.S. and Canada that use digital drawings.

RNG systems are extremely secure, and they are much more efficient than using balls and machines. Previously, our drawings were conducted off-site at a TV studio, and were broadcast live. The digital system is located in-house, and we're no longer on television, so our drawings team doesn't have to leave the office and doesn't have to perform the lengthy setup that was required for TV broadcasts.

Without televising the drawings, the Lottery will save roughly $1 million per year. We realized that the way people consume media has changed, and that local TV viewership

is smaller than it's ever been. It no longer made sense to pay for an increasingly shrinking audience once we identified a much more cost-effective option.

What were the biggest challenges from the technology standpoint?

Patrick Morton: We worked with our vendor, Smartplay, and our IT and Security teams to identify a space in our office to use as a home for our drawings. The physical security of the system is extremely important, just as it was for the balls and mechanical drawing machines, so we've continued a lot of the security provisions that have been in place for years.

Lottery headquarters is a secure facility that is accessible only by our staff, but the drawings room needed additional security measures. We installed an electronic key card system that requires two drawing officials to swipe their access cards in order to gain entry to the room, as well as a surveillance camera – all of which mirrors the security arrangements we had in place at the TV studio where our drawings were held previously.

The system itself is simple to operate, and the training of our drawings team went smoothly.

What were the biggest challenges from a public relations view? How did you handle any feedback from players in particular?

Seth Elkin: We know that lottery players are creatures of habit, and we threw a couple of changes at them, so we were prepared for a lot of feedback. When we shifted to the digital system, we also stopped broadcasting the drawings on television. We didn't receive as many complaints as we were expecting, but we certainly had numerous conversations with long-time players who didn't understand why we made the change.

We worked with our Marketing team and our creative agency, GKV, to put an emphasis on clear, concise messaging about the new system and the changes. We wrote a detailed set of frequently asked questions and answers, and created an animated "explainer" video about RNG systems and how they work; we posted these on the **Watch the Drawings** page of our website. The changes were announced one week before our first RNG drawing.

We also knew it was critical to directly address the television audience. Our on-air talent recorded messages to be broadcast during the former drawing timeslots for six weeks after we switched to the digital system, informing viewers that the drawings are no longer televised and directing them to our website for more information.

Were there any unexpected issues resulting from the change?

Seth Elkin: On the first day we used the new system (December 19), our winning numbers phone line received a substantially higher call volume than usual during the hour after the midday drawing. Many TV viewers saw the on-air message that the drawings are no longer televised and called simultaneously to get the winning numbers, preventing some of them from getting through. The issue did not persist beyond the first day.

What do you see as the biggest advantages of RNGs going forward for the Maryland Lottery?

John Martin: The shift to digital drawings represents a substantial cost savings for the state. Televised drawings were costing us about $1 million per year, not including staff members' mileage and travel time between our office and the TV studio and maintenance of the machines and balls. The digital system will cost an average of roughly $66,000 per year over the course of eight years. In addition, the system is extremely efficient, which allows us to get the winning numbers published to our website and mobile app very quickly. ■

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NCPG Problem Gambling
Awareness Month

April 23-27, 2023
NASPL Lottery
Leadership Institute
Hyatt Regency Cleveland Arcade
Cleveland, OH
Hosted by the Ohio Lottery

June 12-15, 2023
Directors' Meeting and Dialogue
Omni Royal Orleans
New Orleans, LA
Hosted by the Louisiana Lottery

July 17-20, 2023
NASPL Professional
Development Seminar
Denver, CO
Hosted by the Colorado Lottery

October 30 - November 2, 2023
NASPL Annual Conference
Milwaukee, WI
Hosted by the Wisconsin Lottery

December 2023
NCPG/McGill University
Gift Responsibly Campaign

2024 SCHEDULE

March 2024
NCPG Problem Gambling
Awareness Month

April 2024
NASPL Lottery
Leadership Institute
Dates to be Determined

July 22-24, 2024
NASPL Professional
Development Seminar
Omaha, NE
Hosted by the Nebraska Lottery

September 9-12, 2024
NASPL Annual Conference
Kansas City, MO
Hosted by the Missouri Lottery

December 2024
NCPG/McGill University
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