



Gregory Mineo

Director, Maine State Lottery
Chair of the MUSL Powerball Product Group



Positioning Powerball and Lottery for Sustainable Growth

Paul Jason: Do you feel like the dialog about iLottery is moving forward in Maine?

Gregory Mineo: I think the advent of fantasy sports and the proliferation of casino gambling and now the discussion in all the states about how to regulate real sports betting has put the whole topic of gaming on the agenda of state legislators. I don't know if it makes them more receptive to iLottery or not. But seeing other gaming categories like sports betting be approved for the online channel may cause legislators to consider the benefits of allowing their own lottery products to be made available for online play.

“The goal of MUSL and the Powerball Product Group is to maximize sales for the benefit of good causes that are funded by all of our member lotteries and licensees.”

Do you think there may be a tipping point wherein enough lotteries are making the products available online that most of the remaining lotteries will see the wisdom of supporting their state lotteries with legislation enabling iLottery? Do legislators in Maine notice what lotteries in contiguous states like New Hampshire are doing to support iLottery?

Gregory Mineo: It is not my purview as chair of the Powerball Product Group or as director of the Maine Lottery to speculate on that. As more lottery jurisdictions enter into the iLottery space, it may prompt others to consider additional revenue opportunities such as this. And yes, legislators and political constituents do observe what is happening in the gaming and lottery markets of contiguous states. **Congratulations on your appointment to chair the Powerball Product Group. In**

that capacity, is there a policy position on iLottery?

Gregory Mineo: MUSL and the Powerball Product Group supports its member lotteries to drive sales in whatever ways are compliant with the rules, regulations, and objectives of their own in-state political stakeholders. MUSL and the Powerball Product Group do not advocate for political or regulatory action of any kind – that is simply not in our purview. The goal of MUSL and the Powerball Product Group is to maximize sales for the benefit of good causes that are funded by all of our member lotteries and licensees. Insofar as iLottery helps to achieve that goal, MUSL and the Powerball Product Group are happy to support its members in their efforts to sell through the online channel. In fact, the Powerball Product Group encourages all lotteries that offer Powerball to develop the additional sales channels, POS's, and mechanisms available to them in their specific jurisdiction.

What is the consumer appeal of the games offered by the Tri-state Lottery Compact over the big games of Powerball and Mega Millions?

Gregory Mineo: They are different games with different value propositions. The value prop' of Powerball and Mega Millions is they offer the biggest jackpots. They are able to do that because of the massive engagement of players all over the entire country.

The Tristate lottery games have a much smaller player base and smaller jackpots to go with it. The value prop of these games, though, is a much better chance to win a jackpot. It will never be the multi-hundred million dollar jackpot of the big games. But a \$7 million or \$8 million Megabucks jackpot is still enough to qualify as “life-changing” for most of us! Better odds to win a smaller jackpot. And in addition to the compact offers a selection of local games

including daily numbers games, cash games and fast play.

Just like any other business, Lottery needs a portfolio of products that are differentiated to appeal to different consumer tastes and preferences and gain favor with as broad a cross-section of consumers as possible. Our product happens to be games-of-chance, so we want to appeal to the broadest range of player motivations, play-styles, and gaming objectives.

I should add that our limited research and anecdotal data reveal that players do not actually cast themselves into one bucket or the other. Most enjoy playing a variety of games with all different value-propositions and play-styles. The appeal of local games because there are local winners generates a unique selling proposition to the player. I would submit the process of deciding which games to play is a big part of the fun and the whole experience of playing the lottery.

When we talk about any potential changes to the Powerball game, we always want to make sure it passes the acid test that includes some basic criteria.

Flexibility: Any change in game attributes or properties must resonate with the player, must be player-friendly, easily understood and adopted by the player.

Scalability: Any initiative must be scalable to re-shape the player experience of a multi-billion-dollar consumer market. Our limited resources must be allocated in ways that maximize impact.

Win-ability: The consumer must have confidence that they can win. The odds may be long, but players play to win and that motivation must be met.

Entertainment Value: The fundamental value-proposition of Powerball and lottery games in general is sound. People love to spend a small amount of money to create the possibility of a life-changing event. Any additions or changes to that must, at this point, contribute to the entertainment value

Continued on page 33

TICKET CONCEPTS
 EXPERIENTIAL PRIZE OPTIONS
 TICKET CALLOUTS
 ADVERTISING CLAIMS
 TAGLINES
 LOGO DESIGNS
 MERCHANDIZE PRIZE OPTIONS
 GAME NAMES

With our gamified testing tool, you can rapidly and reliably identify which concept or idea to pursue.

Learn more about DUEL and Ipsos' Lottery & Gaming expertise.

www.ipsos.com/en-us/duel-lg



of playing the game.

Portfolio Alignment: The community of lottery directors is thinking more and more about how lottery gaming should be managed as a family of products as opposed to siloed profit-centers. We should apply some of the principles of portfolio management to maximize synergy between the different games, and appeal to the entire range of player motivations, preferences, play-styles, etc. with the goal of maximizing overall results of the entire range of products.

It is a very high priority for all of us to forge the most productive collaboration between the Powerball Group and the Mega Millions consortium. I am confident that our Mega colleagues feel the same way and look forward to an even more mutually rewarding relationship. We meet more frequently than ever and with New York and Mississippi Lotteries joining MUSL, we are excited about working together to forge an exciting future for both Powerball and Mega Millions.

Another primary objective of the Powerball Product Group is, of course, to increase sales. Just as it is for all lottery products, expanding distribution is key to increasing sales. We are highly focused on increasing sales channels with initiatives involving cashless options, in-lane sales, non-traditional POS's, etc. The Powerball Group is really looking at all the same opportunities to optimize the business as individual state lotteries are.

What are the highest priority initiatives of the Maine Lottery?

Gregory Mineo: Like other states, we are very excited to be opening new retail POS opportunities in Walmart, installing our lottery vending machines in 17 locations throughout the state of Maine beginning in late fall. Our loyalty program, "Reward Me", is ramping up and proving to be a

very powerful tool to engage player-ship. This program puts us in a strong position if iLottery becomes authorized in Maine.

Is it self-serve ticket vending machines that are going into Walmarts?

Gregory Mineo: Yes, of course. Self-serve is the future. More and more of the check-out traffic is migrating over to self-serve lanes. I think we will reach a tipping point where everyone will actually prefer to use self-serve, just like we prefer to use the ATM rather than deal with a bank teller.

Does it seem like all the innovation is happening in the product-delivery side of the business, not the game development side?

Gregory Mineo: Not all innovation, but certainly most of it. Expanding the retail footprint into new non-traditional POS's is the pathway to expanding sales. It's also the more responsible way to increase sales because it is the way to increase the player-base as opposed to always relying on the core player to spend more on Lottery. Home Depot and the sporting goods retailer Cabela's will have a big impact on our sales. And they will hopefully be the catalyst to further expansion into other new channels of distribution.

The Maine Lottery is not interested in trying to convince people to play more than they should. We try to market, advertise, and promote in a responsible manner, making sure that people appreciate Lottery for its entertainment value. We promote Lottery as something we have a choice to play, and the best way to enjoy recreational gaming is to play within your limits. We do that especially when there's high jackpots. We're constantly reminding everyone to play within their limits.

How does the effort to harness at least some of the global demand for Powerball

for the benefit of U.S. lotteries which own the brand?

Gregory Mineo: The global product positioning and distribution strategy of Powerball is very high on our agenda. Nothing specific to report right now other than the fact that we hope and expect to implement a well-conceived program within the next twelve months.

"The interests of the in-state stakeholders are almost always best-served by lotteries working together with our colleagues all around the country to forge initiatives that benefit each and every one of our states individually."

The international working group is chaired by Rebecca Hargrove and they're assessing various approaches for enabling authorized sales of Powerball into international markets. There are two basic objectives. First, we need to defend the brand against unauthorized use. That intellectual property is owned by the members of MUSL. The unauthorized use of the Powerball brand is illegal, it causes financial harm to MUSL, and represents liabilities for the fact that illegal operators may not honor the obligations they have to players who think they are playing Powerball. Second, the economic benefit of any and all Powerball sales should accrue to the owners of Powerball which are the members of MUSL. Too, the additional liquidity driven by increased player-ship could lead to interesting evolutions of the product. Currently, there is no control over international sales of Powerball. We need to create a legitimate channel of distribution to enable consumers outside of the U.S. to play Powerball. The solutions to that problem will contribute to the long-term

Continued on page 34

sustainable growth of Powerball.

Rockin' New Year's Eve ...

Gregory Mineo: Dick Clark Productions is managing this and overseeing it. It's been great working with them. More than 300 Powerball winners who entered a second-chance draw will be brought to New York for the event. The planning for these winner trips is ongoing and the ABC broadcast will result in a compelling, once-in-a-lifetime experience for Powerball players that will culminate with the \$1 million drawing on New Year's Eve. It will be a big night for Powerball and we are thrilled to share it with viewers across America.

You come from the liquor industry and are now Director of the Bureau of Alcoholic Beverages and Lottery Operations. I'm thinking there might be some lessons learned in how to refresh a brand that never really changes in attributes or basic value-proposition.

Gregory Mineo: There sure is. Think about brands like Johnnie Walker or Bacardi or Smirnoff and so many others. They have their ups and downs over many decades, but the brand management component is similar to Powerball in that you have to constantly reinvent the brand image for new generations of consumers - with a product that doesn't really change. Too, you can think creatively about how to position, or re-position as the case may be, the product in the market-place. A big part of brand messaging is defining

for the consumer who or what they should perceive as the "competition". For instance, Crown Royal and Jack Daniels are two very different kinds of liquor. Crown Royal aspired to position itself as a premium brand of alcohol. Since Jack Daniels had such an iconic and ubiquitous place in the consumer market, Crown Royal always made sure that it was priced at least 10% higher than Jack Daniels to reinforce the perception of being premium. And its advertising was always created with a keen eye towards both differentiating itself from Jack Daniels, and appealing to Jack Daniels customers. This may not be a direct lesson for Powerball, but we could certainly ask ourselves the kinds of questions that Crown Royal brand managers asked. How does the consumer perceive Powerball relative to other traditional lottery games; relative to other games-of-chance; relative to casino gambling and sports-betting; relative to impulse-buy indulgences like candy; relative to the broader category of entertainment and recreation, etc.? How can we position Powerball to align with and complement the self-image of the consumer who is thinking about whether or not to play Powerball?

Is there a trade-off between serving the interests of your in-state stakeholders versus the interests of the nation-wide industry of state lotteries and the industry groups like NASPL and MUSL?

Gregory Mineo: No. Two things about that. First, if there is ever a trade-off, the director is obligated to put the interests of her or his in-state stakeholders first. Period.

At least I am. Second, the interests of the in-state stakeholders are almost always best-served by lotteries working together with our colleagues all around the country to forge initiatives that benefit each and every one of our states individually. The beauty of our industry is that we all operate within the boundaries of our own state. So, we do not compete with each other. That enables us to collaborate on multi-state initiatives that are bigger and better than anything we could do as individual lotteries. We all benefit tremendously by working together to produce Powerball and Mega Millions and all the multi-state games. We all benefit by working together to standardize reporting/auditing and other business processes to enable the large multi-state retailers to do business with us. We all benefit when some of our members go to the nation's capital to inform congressional rep's about the importance of lottery and respecting states' rights to regulate gaming, gambling, and lottery. We all benefit by participating in NASPL educational seminars and conferences to spread best-practices and optimize all standards of performance throughout the industry. Clearly, we are all so much better off for actively collaborating to accomplish so much more than any one of us could do individually. Nobody is ever asked to compromise the interests of their in-state stakeholders. And if they were, they would have to decline such request. ■

to allow further consideration for ways that NASPL can advocate for its members. As we discussed, it is important that NASPL not over-reach. We need our actions and advocacy agendas to stay aligned not just with the general consensus of our members but with each and every one of NASPL members.

Of course, individual states can still get together with others of like mind to forge a united front to carry a message to legislators in Washington. That is what has been happening and will likely happen even more going forward. A group of state lottery directors may even formalize a political action relationship to enhance the influence and impact we have. It does not need to be directly affiliated with NASPL which represents the interests of all of its members. It will never rise to

the level of lobbying. The goal would just be to inform and educate and make sure everyone is aware of the facts and that the dialogue includes the Lottery perspective as they assess the pros and cons of different regulatory decisions and models. We really need to employ somebody within the unique political culture and infrastructure of Washington to assist in the process. I think we are slowly moving towards solutions like that. I hope so because it is needed. And I hope we have maximum participation from lotteries because strength in Washington is in our numbers with as full and complete a representation as we can muster. Our mission is just to make sure our political constituents are aware of all the good that is accomplished by state lotteries and the funding they generate for good causes.

That precisely defined mission should be

agreeable to everyone.

Bishop Woosley: Well, we do need to respect our differences and the obligation of each individual lottery to comply with the directives and political culture of their state. We need to stay in our lane and not get sideways with any of our colleagues. For instance, we advocate for states' rights, not for iLottery. You know, we have lots of experience with multi-state collaboration and consensus-building. Every decision regarding multi-state games like Powerball needs to comply with the agenda of each and every participating state lottery. Frankly, the community of lottery directors has always done an amazing job at working together and overcoming differences and forging collaborative strategies and pathways to advance the industry.

Continued on page 39