# Building Bridges to the Future
## LOTTERY AND RETAILERS CONNECTING TO THE CONSUMER

Global Solutions, *Custom Crafted*

LOTTERY + SPIELO + INTERACTIVE + BETTING

All Together   GTECH™

# Get more.
# Choose GLI.®

Here's a bright idea - get more for your money. To help you succeed in today's competitive, high-pressure business environment, we reduce supplier risk and increase your profitability. Plus we have exclusive ways to help you get more out of every dollar you spend.  In addition to our incomparable testing, we offer a wide range of unexpected, complementary added value services you will only find at GLI.  The simple truth is, no other gaming test lab can offer you so much for so little.

So choose GLI and get more. More for your money, more than you'd expect,and more than you'll get anywhere else. **Start today at GamingLabs.com**

## SO MUCH MORE THAN JUST TESTING
### GamingLabs.com

# PUBLIC GAMING INTERNATIONAL

## Feature Interviews and Editorials

**www.publicgaming.com** Visit our website to get the latest breaking lottery news. And sign up to receive PGRI's weekly Morning Report.

# When it comes to iLottery, don't take any chances.

GTECH has acquired the best talent to provide you with the ultimate interactive solutions. Choose from traditional lottery games like draw-based, iKeno and eInstants to casino style games such as poker, casino or sports betting. Combined with our track record in launching interactive solutions for WLA customers, we know what it takes to make iLottery work in regulated markets.

With GTECH, the odds are in your favor.

LOTTERY  +  SPIELO  +  **INTERACTIVE**  +  BETTING

All Together   GTECH™

# From the Publisher

By Paul Jason, Publisher, Public Gaming International Magazine

U.S. lotteries are connecting with their mission as multi-billion dollar marketers of consumer products like never before. The spirit of entrepreneurial energy is driving change in every aspect of the business. Powerball (PB)and Mega Millions (MM) are now sold in all the lottery states. And in October, most of the state lotteries will be launching the new National Premium Game, Monopoly Millionaires' Club (MMC). This is arguably the most exciting new game to launch in the history of U.S. lotteries. And, the MMC has a whole raft of truly exciting and innovative promotional initiatives, like a multi-state TV game show, to position Lottery for success in the new world of multi-media and social networking. The U.S. lotteries are taking material steps to ensure that they continue to thrive in the consumer-centric world of the future, operating like the multi-billion dollar, market-driven enterprises that they are.

But, change and progress never happens without the incursion of unanticipated consequences that disrupt the status quo. The initiatives to cross-sell both of the big jackpot games in all states, the increase in the price of PB to $2 a ticket, and now the launch of Monopoly Millionaires Club are completely changing the face of Lottery in the U.S. As regards the overall sales of PB and MM, the net impact of the changes made to date has absolutely been positive. Now, with the introduction of MMC, the need to apply smart category management tools to the growing portfolio of multi-state games is becoming more pressing than ever. **Stephen Martino** addresses these issues, and why the Maryland Lottery and Gaming Control Agency voted to join MUSL (the Multi-State Lottery Association that operates Powerball at the direction of its members).

Industry Days is a closed conference, held every other year, that is attended by the top leaders of the European lotteries. PGRI had the privilege of inducting **Jean-Luc Moner-Banet** and **Bernadette Lobjois** into the Lottery Industry Hall of Fame in a lovely ceremony at the closing night banquet. (**Alan Eland**, **Michael Conforti**, **Margaret DeFrancisco**, and **Jim Haynes** were inducted at the NASPL conference last October.) Congratulations to all members of the Lottery Hall of Fame, and thank you for your service to this most worthy industry! PGRI also had the privilege of moderating a panel discussion titled "Drivers of change that unlock the power of lotteries to excel in a competitive market." The panel discussions and presentations at Industry Days reflect the highly dynamic state of the gaming market-place in Europe. Of course, government lotteries are not well-served by regulatory change that opens the market up to multiple operators to compete for the business (thankfully, though, not in the traditional lottery segment). The explosion of online gaming operators is definitely affecting the entire industry in Europe, including lottery. The bright side of this picture is that European lotteries are moving aggressively to compete in this environment. Mobile is big, but it's really about connecting with the consumer on all levels and through all media in an integrated "omni-channel" approach to media and distribution.

U.S. lotteries are facing similar challenges, but there are significant differences. Most U.S. lotteries continue to focus on the traditional lottery games, and that is not threatened by regulatory change. But there continues to be well-funded lobbying campaigns directed at convincing the federal government to trample on states' rights to regulate and tax online gambling. If successful, the resulting federal legislation could conceivably affect even traditional lottery. The bottom-line for U.S. lotteries is that, for a variety of reasons, adoption of the "omni-channel" model is a slow process.

Not to be deterred from their mission to grow sales, U.S. lotteries are pushing in all the directions that are available to them. Monopoly Millionaires' Club being one shining example. Another is the tremendous inroads that have been made to enhance the relationship with their retail partners. The vast majority of this issue of PGRI magazine is devoted to retailing. The "Synopsis of Retail Panel Discussions" conveys many of the issues and ideas that the industry leaders are grappling with. Of course, the panelists do not presume to speak for the entire industry. But they do represent a cross-section of perspectives from the lottery operator, the retailer, and the vendor sides of the business. It is lengthy, but it has been edited and organized by topic to try to make it more reader-friendly. You might find that the discussions raise as many questions as they answer, but I would submit that getting these issues onto the table for serious discussion, is a good step towards solving problems and forging the most collaborative and productive retailing strategies.

I want to thank **Mark Hagen** (7-Eleven, Inc.) in particular for his contributions to our magazine, to our conferences, and to the dialogue that is bringing these retailing issues to light, and framing them in ways that are freeing the industry up to make progress in the way Lottery operates at Retail. To be sure, Mark is outspoken about the need for Lottery to raise its game (pun alert). But he strives to deal with the limitations that make it difficult for lotteries to accomplish everything that should be done. He has helped us to talk less about what can't be done and why it can't be done, and instead to focus on what can be done. And to focus on the end-result and think creatively and collaboratively about how to move the needle towards actionable solutions that will enable retailers to more effectively drive lottery sales. Win-win-win-win for everyone.

And *thank you to all of our editorial contributors!* I challenged them to dig deep to articulate a vision for how Lottery can transform itself into the benchmark for retailing 'best practices', and they delivered in spades.

**Lottery Expo** will be held at the Eden Roc Resort on Miami's South Beach. September 9, 10, and 11. Visit our conference website **www.PublicGaming.org** for further details, registration information, and program updates. *I hope you can come!* ◆

# DREAMT◯UCH

## Step up to the dream



**INTRALOT unveils its next generation Intelligent Gaming Station, DreamTouch.**
First of its kind, DreamTouch offers a variety of Lottery gaming products, like instant scratch tickets, lottery numerical draw, and interactive touch games.

This powerful, simple and stylish gaming station uses an amazing 42" interactive touch screen display and has a feather touch smartphone-like operation that enables quick product identification and offers a more delightful gaming experience. By combining lottery games, impulse selling video games and promotional advertising content with full flexibility according to lottery preferences and marketing strategies, DreamTouch constitutes not only an innovative gaming station but also a powerful tool for direct product advertising and digital signage.

With DreamTouch INTRALOT takes a great leap forward creating a universe of possibilities for players to experience fun and interactive games.

www.intralot.com

**intralot**

# Stephen Martino
### Director, Maryland Lottery and Gaming Control Agency

**PGRI Introduction:** The last few years have been witness to some dramatic change in the way the multi-state games are operated in the U.S. Cross-sell in 2010. Raising the price of Powerball to $2 a ticket in 2012. Next up is Monopoly Millionaires' Club, perhaps the most important game-launch in the history of U.S. lotteries. These innovations did not happen without a long-term plan to build on the success of multi-state games. The planning for additional games, and the development of new strategies to innovate in all aspects of sales, marketing and distribution, began prior to the beginning of cross-selling four years ago.

It's the market-place that is driving these changes. Consumer tastes, behavior, and lifestyles are evolving at breakneck speed that necessitates fast and effective adaptation on the part of all businesses. The complexity of the business environment, the sophistication of technological infrastructure to support the business, the abundance of creative, even 'paradigm-shifting', game concepts that are flooding the market, all call out for a serious look at how lottery will lead the charge into the future, or at least keep up with the changing market-place. The question before the board is – How can the consensus-building apparatus and a culture of innovation be institutionalized such that the ability to turn concept into action becomes systemic and the full potential of multi-state gaming initiatives is realized? It's a big question with no easy answers. And it will never be easy to create consensus among 44 lotteries. But one aspect of the question relates to the issue of "governance," the infrastructure that facilitates the inter-lottery communication, research, planning, concept-vetting process necessary to create and implement multi-state games and promotional initiatives.

The Maryland Lottery and Gaming Control Agency recently joined MUSL (Multi-State Lottery Association). In so doing, the Maryland Lottery is required to give up its membership in the Mega Millions consortium. As a proponent of rationalized governance of the multi-state games, Stephen Martino speaks to the reasons for this decision to join MUSL and how he expects the Maryland Lottery to benefit by its association with MUSL.



**MARYLAND LOTTERY®**

*Being a huge fan of MUSL, I would think that is very exciting, both for the Maryland Lottery and the community of MUSL members. I don't see why all lottery states would not want to avail themselves of the full store of MUSL resources, infrastructure, and brain trust.*

**Paul Jason, Public Gaming:** *Some directors feel that U.S. lotteries will never operate at an optimal level as long as there are two separate multi state game groups – MUSL and the Mega Millions. Do you agree with that?*

**Stephen Martino:** I agree that having two separate groups manage two national jackpot portfolio is an inefficient, cumber-some governance structure. The way we do business now is unwieldy, and it stifles innovation. I hope it changes but cannot say how or when it might evolve to manage the games better and responsibly grow revenue for each states' good causes. What I do know is that effective July 1, the Maryland Lottery became a member of the Multi-State Lottery Association.

**S. Martino:** It just made good sense for Maryland to join MUSL. Lottery is no longer about just selling tickets in a retail store; the industry is changing rapidly. The business and operational challenges are more complex, require a more sophisticated structure, and demand rapid technological and business-process enhancement. The portfolio of games is becoming more diverse, and we need to push for even faster and more creative development of new games, new ways to communicate with our players, new channels of distribution, and fresh promotional concepts. There is a wealth of opportunity, along with challenges, facing lotteries today. The question is not whether something still works or is adequate to our

# CELEBRATING

# 20 DG INNOVATIVE YEARS

# LT-3 ITVM: There's so much more to *earn*.

In our 20th year, we celebrate innovation: innovative products, innovative employees, and, above all, our innovative partners who have embraced our efforts to develop the most modern, secure, and entertaining ITVM in the market—the LT-3. The LT-3 is an award winning, ADA-compliant ITVM designed to increase instant ticket play by adding entertainment value. Pre-printed instant tickets are dispensed as the outcome of each is displayed on a video screen in an entertaining fashion. It's the perfect combination of the traditional instant ticket experience and an interactive play experience, resulting in a product ideal for stay-and-play environments.

**Diamond**Game

AN AMAYA COMPANY

DIAMOND GAME
20 DG
INNOVATIVE YEARS

needs; it is whether the effort will most effectively, efficiently and responsibly drive sales and generate revenue for good causes. I think the MUSL model provides the best foundation for effectively pursuing new opportunities and new ideas and drive innovation. There are so many things that MUSL does for its members: its comprehensive operation; the professionalism of its staff; and the high quality, thorough information, research and game concepts that they provide. Taken together, it was a compelling value proposition for the Maryland Lottery to pursue membership, and we look forward to being a beneficiary of these services and contributing where we can.

*MUSL is an innovation and game-producing machine, constantly proposing new ideas and game concepts, most of them getting shot down or sent back to the drawing board. But that's the way true innovation happens. The thing is, it takes time and the concerted application of creativity generating processes, the kind of thing that MUSL does so well. They have the resources to generate countless ideas for the members to assess and figure out which are the best to develop.*

**S. Martino:** I agree. MUSL has the infrastructure, resources and knowledge to facilitate the development of multi-state games on the casino side of the business as well as the lottery side. In fact, the entire sphere of multi-state gaming operations is one of MUSL's core competencies, and that's definitely relevant to the casino side of our business as well. We are actively looking at joining MUSL's MegaHits game group, which would allow us to offer a multi-state progressive jackpot slot machine. We would join fellow MUSL member lotteries Delaware, Rhode Island and West Virginia. The casinos that we regulate are intrigued by the possibility of this option. It is yet another example of MUSL providing compelling game options to generate sales responsibly that will increase revenue for good causes. MUSL's work on the traditional lottery side speaks for itself. We're excited about Monopoly Millionaires' Club and what that can mean to our state, our players and the financial bottom line. These constitute a couple of the reasons why the proposal to join MUSL was unanimously approved by our commission.

*Where do we go from here? Will other Mega Millions state lotteries join MUSL?*

**S. Martino:** It is not for me to say what other states will do or what they should do. But I think, hopefully and aspirationally, that the industry can get its head around the notion of merging the two groups and having one governing structure for everything we do. That doesn't mean that any game goes away. Mega Millions and Powerball are two incredibly powerful brands. And now, the Monopoly Millionaires' Club has tremendous promise. As a community of lottery operators, we need to work together to manage these tent-pole products as a compelling product category for optimal overall success. Just think of how much more effective it would be if everyone came together around a common table just like we do at the NASPL meetings. MUSL has active committees and management groups for the games it offers. The MUSL structure enables the various tasks and game management activities to be coordinated effectively and focused to deliver the results the lottery industry needs.

*Some Mega directors might protest that the Mega Millions and Powerball directors do work together to chart a course to optimize performance of the two games, and that the relationship is productive and works well. Still, wouldn't the results be better if the two groups were collapsed into one group that includes all the lotteries and manages both games?*

**S. Martino:** The directors from both groups do work well together. But because they represent two separate sets of constituent lotteries, the entire industry operates in a cumbersome and inefficient system. The fact that there are many shared objectives does not change the fact that they are two separate organizations with two separate memberships. It is challenging enough to create consensus among 44 lotteries. Our industry faces more than enough obstacles to progress and innovation as it is. Many of those obstacles are not of our making, and we have no control over them. They are inherent to lotteries operating within government; our ability to be nimble already is comprised. So, the least we can do is remove those inefficiencies that we do have control over. And I would put governance at the top of that list.

Just as with other lotteries, the mission of the Maryland Lottery is to maximize revenue in a responsible way for our in-state beneficiary. In Maryland, that is the state's general fund. In other states, it may be public educa-

tion, higher education scholarships or to support senior citizens. In my mind, working with other states to develop national agendas to promote the responsible sale of lottery products contributes in a vital way to that mission of serving our stakeholders. MUSL provides the means to make that inter-state cooperation function as effectively as possible.

*So you see that goal of optimizing results for your in-state constituents as being served by developing stronger national programs, promotions, and brand development strategies?*

**S. Martino:** I do think it should be a priority – where possible, practical and affordable – to develop a more nationalized approach to marketing the national games. Monopoly is a broadly popular game in the United States. Its appeal stretches across geographical markets and demographic profiles. Advertising still needs to be controlled by the states, but some of the production costs will be offset by creating templates that could be used in all markets. And that hopefully will contribute to a commonality to the brand image as people travel throughout the country or are otherwise exposed to multiple media markets and messages. So, to your question, I think that building a national presence and brand image is an important part of the plan for Monopoly Millionaires' Club.

*How vital is the television game show aspect of Monopoly Millionaires' Club?*

**S. Martino:** I think it is a compelling selling point of the game. This industry needs fresh approaches to add to the traditional lottery concept and the traditional ways of promoting lottery products. Monopoly Millionaires' Club has components that are quite different from Powerball and Mega Millions that will appeal, we hope, to new players. We can all do a better job of attracting people who don't currently play the lottery. Accomplishing that is one of the primary objectives of Monopoly Millionaires' Club and the TV game show.

Success is never guaranteed. But considerable thought and consideration has been put into all the elements of this, which makes us excited about the possibilities and confident that it will contribute to our sales in fiscal year 2015, which runs until June 30 of next year.

Our
Knowledge

Your
Leadership

# FINDING A WAY TO SAY "YES"
## … to Retail Optimization

Retailers are the face of the Lottery to the consumer, and thankfully they are committed to the success of Lottery. Commercial Retail Executives from major chain stores discuss what Lottery can do to earn this commitment and improve sales by engaging the full support of their Retail partners.

Following are some of the topics as addressed by panelists at PGRI Smart-Tech in New York City. The video-recorded panel discussions can be viewed at www.PGRItalks.com.

☞ Building standardizing report formatting and longer lead-times for our Retail Partners to better engage with Lottery's promotional action-plans

☞ Why the lines of communication require such a long lead-time

☞ Could the request for standardized reporting formats turn into a requirement?

☞ Getting more involved in the strategic planning processes of our retail partners.

☞ Integrating the internet into the sales, marketing and promotional agenda

☞ The Corporate Retailers' View on "Ask for the Order"

☞ Exceeding Plan by Focusing on Execution

☞ Cross-Promotional and Couponing with Corporate Retailers

☞ On Store Visits from LSR's (Lottery Service Representatives)

### ON DATA COLLECTION, CONSUMER PROFILING, AND PROVING UP OUR CLAIMS THAT LOTTERY IS A PROFIT GENERATOR FOR OUR RETAIL PARTNERS.

**Kevin Gass, Vice President, Lottery Gaming, BCLC (British Columbia):** We are good at sales reporting internally. And we can tell the retailer the amount of sales at their location and all those kinds of things. But the retailers already have most of this information. What we are not doing is translating our data into forms that are useful to the retailer. That's a huge gap for us. When we sit down with our key accounts, the 7-Elevens of the world, they talk about basket size, driving incremental sales, segmenting players in terms of buying patterns and the kinds of products ( in our case, it's lottery games) that appeal to specific demographic profiles. The other CPG (Consumer Packaged Goods) suppliers are all talking the retailers' language and we're just not in that conversation. We need to be if we expect retailers to give attention to the business of promoting and selling our products. We do not do a good job of helping our retailers understand the lottery consumer, how our products fit into their business model, how the lottery category can be leveraged to drive sales of other products, etc. It is a personal priority of mine for us to get there. I think that is a lost opportunity to generate lottery incremental sales.

**Mark Hagen, Category Manager – Services, 7-Eleven, Inc.:** Thank you, Kevin. That's correct. Our planning for any product category starts with understanding the guest. We have information on who purchases lottery from us, just like we do in all other categories. But other CPG suppliers give us lots of information about the consumer of their specific products. And together we adjust the product and promotion mix to appeal to the particular demographic of each individual store. The types of games in the stores should be an assortment that appeals most to that specific store's demographic profile. 7-Eleven has more than 7,600 stores in the U.S. alone with different demographics. So by definition, the assortment of games should not be the same in each store. You should be capturing and sharing more information with us so that together we can make sure we are offering the assortment of games that will optimize the sales potential for each store. Information about how the demographic profiles differ by product and price would help us to tailor the product mix of each store to the consumers who frequent that store.

I would also like to compliment May Scheve on your presentation because it may be the first time I've heard a lottery talk about the guest, the consumer.

**Kevin Gass:** Retailers ask us why they should carry our prod-

ucts. They point out that all their other products carry a higher margin and are easier to sell. We may tell them how Lottery generates store traffic that buys other products and insist that the calculus for the profit generated by Lottery should include all those factors. But we don't have the concrete data to support those claims. We know it's true, and the retailers may even observe that it's true, but they are used to analyzing hard sales data, with detailed analyses that profile and segment the product preference of different consumer groups, to guide their decision-making and merchandising tactics. And they need hard data from us to inform those decisions. Other CPG suppliers provide retailers with copious amount of research and data to support their claims that their product should be given top-shelf treatment. We need to do the same to get proper consideration for lottery products. Just putting bar codes on our tickets would be a good start in the effort to capture the data we need. And we need to give retailers longer lead-times. We have got to re-engineer our back-end IT and marketing processes to meet even the basic expectations of our retail partners.
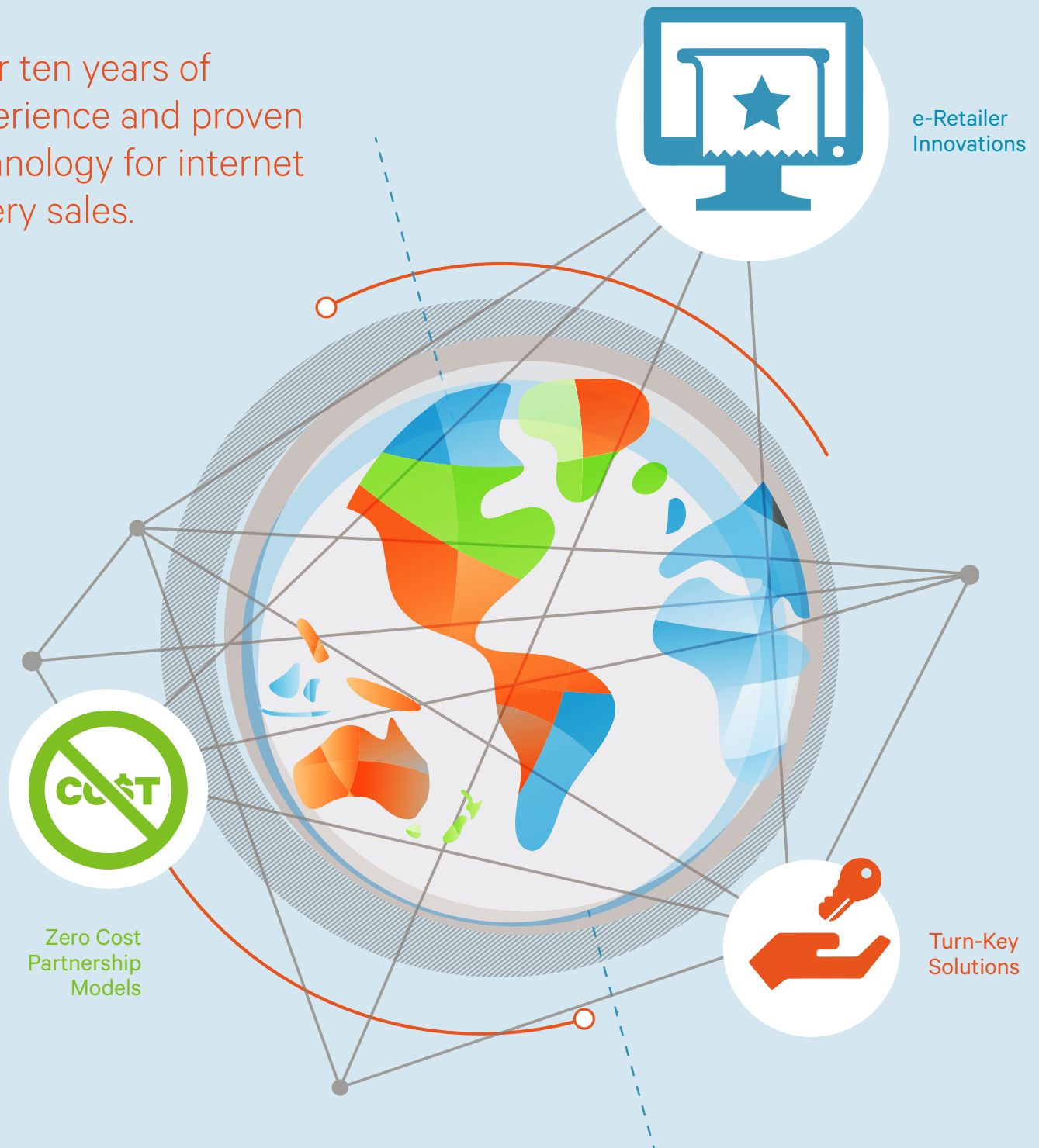
## ON BUILDING STANDARDIZING REPORT FORMATTING AND LONGER LEAD-TIMES FOR OUR RETAIL PARTNERS TO BETTER ENGAGE WITH LOTTERY'S PROMOTIONAL ACTION-PLANS

**Mark Hagen:** I realize that the exact product mix and other aspects of the business vary from lottery to lottery. But there is no reason you could not standardize at least some of the formatting and speak with a single voice. If you do that, we can apply our resources to crunch the data, integrate it with our own data, and share the results back with you. The benefit to lottery in terms of enabling us to collaborate with you on the mission of selling more lottery tickets is huge.

To put it bluntly, pushing these reporting issues over the goal line is a top priority for us. We need to get that done. Data needs to be organized for it to be useful and actionable. We have a standard way of doing business with every other product category. It just doesn't make sense, for Lottery or for us, for you to be producing reports in thirty-three different formats. For one thing, it requires us to have sixteen accountants just to keep up with it in the most basic fashion, which makes it un-actionable. But I am encouraged. There is an XML standard that was developed through NASPL. May Scheve and NASPL and others are meeting with me to adopt that standard. I hope you will all support this effort and move this initiative forward.

Realize too that at the end of the day, I'm here because we support the lottery category. It's important to us. The question is how we can do more business together. We share data with all of our major suppliers, and I can tell you that it helps to drive sales. Help us get a clearer idea on what products are selling, what promotions are working, how performance of each product varies by store and consumer profile, etc. For instance, if you run a buy six get a $2 quick-pick ticket, we can tell you where it's working and where it's not.

## ON WHY THE LINES OF COMMUNICATION REQUIRE SUCH A LONG LEAD-TIME

**May Scheve Reardon, Executive Director, Missouri Lottery:** Lottery is a multi-billion dollar business. We need to act like one. Mark, did you say the big CPG suppliers give you an annual plan, that you know everything, or most of what they are going to do, a year in advance?

**Mark Hagen:** We always start out with an annual plan. And we are always given at least six months for new product launches, promotions, and other communiqués that store managers need to know about.

**May Scheve:** Talk about the chain of communication, and why you can't just send e-mail circulars to your stores advising them of the current product launches and promotions?

**Mark Hagen:** 7-Eleven just does not operate that way. We couldn't operate that way. Think about it. My own world may be lottery centered, but that's definitely not the case for all of 7-Eleven. Each store has over 2,500 products and there are over 50,000 stores world-wide. We have a whole internal communications department which sorts out the huge volumes of marketing and promotional information and consolidates it into a form that is actionable for our stores. That is then communicated to the field consultants who in turn instruct the store managers on what to focus on during that particular week. That's why we have such a long planning cycle and such rigorous gate keeping. Our CPG suppliers work with a minimum of six-month lead-times. If Lottery could get into that cycle, then the process takes care of itself and we have very effective communication. If we try and work around the process by accommodating a shorter lead-time, then it unfortunately doesn't work well.

It's definitely a missed opportunity. Last year, we worked closely with California when Powerball launched. 7-Eleven has 1,500 stores in California. We started working on that launch several months ahead of time. If they had come to me the week before it was launching and said, hey, by the way we're turning Powerball on, I would have had to say "Well have fun. Hope it works out for you."

**Kevin Gass:** Clearly we need to meet these needs. If we as an industry want to be taken seriously and be given the same consideration as the Cokes and the Pepsis and the other 2,500 products that are being sold in the store, we have to change our model to work within that system that Mark has just outlined. If we don't, we'll get the" best of luck to you guys" response.

## COULD THE REQUEST FOR STANDARDIZED REPORTING FORMATS TURN INTO A REQUIREMENT?

**Paul Jason, Chief Executive Officer, PGRI, Inc.:** Is there a point at which your requests for things like a longer lead-time could turn into a required condition for doing business with 7-Eleven?

**Mark Hagen:** The answer is 'not yet.' But stay tuned. We're trying to be kind and gentle and work cooperatively to get everyone on board. But if that doesn't happen there may come a day where the dialog will change, and we'll need to institute more uncompromising systems and requirements. For instance, I also

# MAKE YOUR LOTTERY GIFT CARD AS SUCCESSFUL AS YOUR LOTTERY BRAND.

## PARTNER WITH INCOMM

Our portfolio of lottery solutions can help turn your lottery brand into a best-selling gift card. With reach into 400,000 points of retail distribution and $28 billion in annual transaction volume, InComm offers the gift card technology, distribution and marketing know-how to grow your lottery.

## Incomm®

For more information, contact Karina Grotz at kgrotz@incomm.com or Tony Fontaine at tfontaine@incomm.com.

manage publications, newspapers and magazines, and we've been trying to get them to change some of their methods. In January this year, we sent them a notice that said enough talk and mandated that on May 5th we begin a new way of doing business. Some are okay with it and some are not. The ones that do not comply will not have their paper in our stores. That is not the route that we prefer to go, and I can say that it is much more efficient for everyone for these changes to be made on your own terms rather than in response to customer fiat.

**Bishop Woosley, Executive Director, Arkansas Scholarship Lottery:** If we ever hope to do business with the big retailer in my state of Arkansas (Walmart), I can say that they will almost certainly require compliance with upgraded reporting standards from Lottery.

## ON GETTING MORE INVOLVED IN THE STRATEGIC PLANNING PROCESSES OF OUR RETAIL PARTNERS.

**Mark Hagen:** Other consumer marketing companies are much more directly involved with 7-Eleven in the strategic planning process. We meet with all of our major suppliers to put together an annual plan, which includes the mechanisms to monitor and measure performance and drive execution. We share our corporate plans and strategies, our views on consumer trends, etc. And, they share theirs with us. Armed with that information, in January we have our big annual conference for 5,000 franchisees where we share our overall direction for the company. Keep in mind that each store has 2,500 items. The franchisees have 10,000 they can choose from. They rely on data to help them choose the right ones. Suppliers who provide that data, research, and other information are more successful at differentiating themselves and their products, and thereby gaining more attention from the individual store managers.

**Paul Jason:** What do lotteries need to do to have a voice in that planning process?

**Mark Hagen:** Try to work together and speak to us with a singular voice. If you could consolidate your story, and back it up with data, we could give you the opportunity to directly tell our franchisees your story, let them hear the value of lottery. To be candid, not all of our franchisees have a positive view of lottery. And, so, if you have an opportunity to directly communicate to them, it would likely enhance their understanding and perception of Lottery.

**Paul Jason:** Suggestions on how Lottery can improve its approach, to create a better narrative, tell a better story?

**Mark Hagen:** First, it's really about execution and having the data and facts to support your story. Most lotteries need to improve on many of the basics, like giving us more advance notice of product and promotional launches, and visiting our store more frequently to make sure we are stocked with the most current product. But to your question, Lottery needs to find ways to consolidate your message, your strategies, your data, such that we can understand what exactly you think are the best ways to grow the lottery business, how the lottery business fits into our broader objectives

that include driving store traffic that buys higher-margin products, and how Lottery fits into the ultimate objective of creating a better guest-experience.

We sell Lottery in thirty-three different states. So we deal with thirty three different lotteries. Even though the product mix varies a little, there should not be thirty-three different stories to tell, thirty-three different hierarchies to deal with on every level of business and marketing communications. You should work together to consolidate your story into a more coherent, strategic, and actionable presentation that enables us to understand how you think Lottery will contribute to our goals and how we can work together towards mutually beneficial goals.

**Terry Presta, Executive Director, Kansas Lottery:** Mark was just referring to the way in which the managers in different product categories vie for attention from the retailer, for better shelf-space and more promotional resources for their particular brands. Retailers want to know how each product category, like snacks or cigarettes or Lottery contribute to the guest-experience and overall performance of the store. I think that we could do a better job of helping our retailers understand the role of lottery if we sold it as a product category. For instance, a few weeks after I started as director (January 6, 2014), our LSR and I visited one of our retailers to tell them the exciting news that we were increasing the number of games from twelve to twenty games. I expected them to be happy, assuming that they would feel that increased consumer choice leads to increased sales and profits for the store. Instead, they had mixed feelings because of the increased costs of managing more inventory and such. I think as an industry that we need to overcome that kind of negative perception of our product. And instead of twelve or twenty products, we need them to think of Lottery as a single category of products. Unless we formulate some smarter ways to present our product as a category, retailers will never appreciate the profitability of Lottery, the power of Lottery to drive store traffic and sales.

Doing more advanced planning and building a longer lead-time is a top priority for us right now. We will be meeting with our retailers, particularly our corporates, to build an annual planner. It is not realistic to think that our whole product launch, promotional schedule, and all the details of implementation can be set in stone a year in advance. It is, though, reasonable for retailers to expect us to at least try to apply a longer time-line to our plans, and to shape it into a form that they can use. So we are already working to make that happen.

**Jeff Sinacori, Vice President Retail Sales Development, Scientific Games:** I agree, Terry. Our retailers do not always think of Lottery as a category. Some of the retail chains are generating $25 million in profit from lottery products and Lottery is still not considered a category. Scientific Games has been working hard to change that. We meet with the retailers to learn more about their needs and to educate them on the role that Lottery performs for their businesses. Corporate chains are building $8 million stores. If we fail to communicate the full benefits of our products, how and why should they be treated as a category that contributes millions in

profits and multi-millions in residual sales from increased store traffic? Developing that relationship with the C-store chains is critical, and I applaud the lotteries for inviting us to be a part of the effort to actually go in there and talk to them about what their needs are and how we can help them accomplish their objectives.

**Paul Jason:** Mark, what can Lottery do to get the managers to raise the profile of lottery products in the stores?

**Mark Hagen:** Lottery LSR's tend to focus on tactics. Where to put the POS and what the current promotions are, asking us to up-sell, wanting to talk about on-counter displays, etc. 7-Eleven and our other suppliers focus on mission and strategy before tactics and details of implementation. For instance, store design and modernization is very guest-centric. We do a huge amount of consumer research to find out what our target guest is looking for. And that is done in conjunction with all of our major partners. The executives in the soft drink business, snacks, hot food, cigarettes and the other major categories, provide input based on their own research, and they work hand in hand with us on creating store designs that will optimize the guest experience. These companies do extensive research and give us comprehensive reports and analyses, backed up by hard data that help us to understand consumer behavior and the shopping experience that informs the store-design process. The research and data provided by our suppliers guide us in our efforts to appeal to our target customer.

**Daniel Cage, Chief Executive Officer, Linq3:** One thing that Mark is pointing out is that our ability to meet the needs of the retailer depends on our understanding of the guest, the customer. We need to acquire a better understand of the different customer profiles, the variety of different buying motives and shopping behavior. There's the core customer who comes into the store to buy lottery tickets and also ends up buying additional products. There's the customer who comes into buy milk or snacks or cigarettes and their attention is drawn to the promotion of lottery tickets and so makes a spontaneous purchase of a lottery ticket. There's the person who just stops to buy gas without the intention of coming into the store and so the goal is to get them to come into the store to make additional purchases. There's the casual player who plays for the jackpot or some other lottery promotion but on a sporadic basis. We need to appreciate the different needs of these different customer profiles, and create a guest experience that appeals to their specific needs. And we need to work more closely with our retailers to better leverage the tremendous consumer appeal of lottery to engage these different customer groups, to address this wide variety of buyer motivations and consumer behaviors with innovative solutions. They all respond to different approaches and we want to apply all of them to maximize the appeal of Lottery to all the different kinds of consumers. That's how we will grow the payer base. We need to communicate to our retail partners just how and why our goals are aligned. We want the same thing so let's work together to make it happen.

**Michele Argentieri, Transitional Vice President Sales, Northstar New Jersey:** I think we all appreciate the retailer

point of view as expressed by Mark. And we need to apply the ideas that Terry, Jeff, and David talked about. These are all pointing us towards a productive path to forging a true partnership with retailers– both corporate chains and independents. We are all developing flexible merchandising solutions at retail to attract new players. We need to attract their attention, capture their imagination, and make it easy for them to start playing.

As Mark pointed out, much of it is basic blocking and tackling, making sure the right games are properly stocked and displayed. We're piloting several strategies including menu boards and menu mats to optimize the effectiveness of in-counter displays and help people shop our products. It's about optimizing every piece of real estate that we work so hard to garner including solutions that organize  games by families, or give them added attention in promotional towers, like end caps in grocery stores.  Maybe price-points should not be the only way to organize our games.

We are doing many pilots to determine how to attract that new consumer. And we are partnering with corporate chains to leverage their loyalty programs and develop co-op couponing promotions— not just building our own loyalty programs but building what we call chain score-cards that essentially integrate our annual product and promotion plan with their annual chain agenda. You might think of as a combined scorecard action plan. We want to partner with our retailers on everything from loyalty to merchandising to cross-promotions.  And to Mark's point, we are working very hard to put together an annual calendar so our retailer partners have the lead time they need to execute. We're not where we want to be, but we are working hard to get there and share our successes and learning with all lottery jurisdictions. In fact, GTECH is sponsoring a retail innovation workgroup, working with our customers as part of a comprehensive company-wide retail business develop plan.

ON IMPLEMENTING MULTI-STATE PROMOTIONAL COLLABORATIONS WITH CORPORATE RETAILERS

**Susan Strouse, Senior Director, Global Retail Strategy, GTECH:** If regional lotteries got together to offer you a program that could run across multiple states simultaneously, do you see an opportunity to do more advertising? Could your regional circulars and other communiques drive higher sales? Do you have any CPG partners working this way today and, if so, could you share the pros and cons and challenges to this type of broader scale promotional execution?

**Mark Hagen:** Yes. The answer is yes, absolutely. We would love that. We do this type of a program all the time with our CPG partners. And I know this is probably a crazy thought, but if there were a common scratch ticket that were a cool licensed scratch brand that we could sell in all thirty-three states that we sell lottery in, you would see some unbelievable execution in 7-Eleven stores. I know you're thinking that is not possible. But you did it with Powerball and Mega Millions, so why can't you do it with Scratch? And when the scale goes from one state to thirty-three states, the stakes change. Suddenly we have advertising and point-of-purchase assets that are available to us, resources that are very hard to get when you're just

talking about one state. You want a store-front banner or a window sign or some other special form of promotional or POS initiative? Won't happen on an individual state basis. But if the ROI for us is increased by deploying it across all thirty-three states, that's when our system and resources can get behind it in a big way. And yes, we'd love to see something like this.

*Example*—Last year PepsiCo developed, after extensive consumer research, a special flavor of Gatorade for us. It was launched with storefront banners, window signs, and promotional push. And out of the couple hundred in our vault it became the number three best seller. So when we get behind something like that, we can move a lot of volume.

**Anne Kerstetter, Store Operations Payment and Reconciliation Manager:** I agree with Mark. The same applies for Wawa except that we do not operate in thirty-three states. But the principle applies to us the same way it applies to 7-Elevan.

### INTEGRATING THE INTERNET INTO THE SALES / MARKETING/ AND PROMOTIONAL AGENDA

**May Scheve:** How can we work together on an internet marketing strategy that works well for both of us? Thinking of internet as a channel for communication and promotion more than as a channel for distribution.

**Mark Hagen:** There's a number of different ways we can participate. Online marketing is a huge priority for us. And we're looking for suppliers and partners that want to work with us on online marketing. So, there may be an opportunity for us to work with the Lottery on some joint, online-marketing initiatives. When we design a store now, we do it with an objective of appealing to more women and younger people. We are trying to create a physical environment that makes them feel good about just walking in to the store. That's one of the reasons that you don't see cigarettes all over the sales counter like you used to. We did research and the consumer said they do not like buying food, which is our priority, from a place that has cigarettes all over the sales counter. That is actually one of the reasons we don't like on-counter lottery displays. We got the same feedback that, for women, this is not the kind of environment where they want to come and buy food.

Women and Millennials are doing lots of business online. If we could work together to find a way to not only facilitate an internet lottery transaction but also bring them to our store to try one of our food items, then you are helping us get a very high priority target customer to walk in the door. We should talk about how we can put together some joint promotions to accomplish that.

**Michele Argentieri:** It's about distribution and visibility. So if I can push a 'buy something, get something free' coupon to someone who's going into 7-Eleven, that's about visibility of the retailer's product. Our Business Plan is focused on new avenues of product visibility that supports distribution. By integrating the goals of the retailer, I think we are redefining the meaning of visibility and distribution as it applies to Lottery.

**Paul Jason:** Michelle, do you have cross-promotions where you produce a coupon or something that delivers value to the retailer in the form of a discount on a food product or something?

**Michele Argentieri:** In Indiana, we're partnering with one of our major chains, and they are giving away their proprietary water product in a 'buy X get Y.' Buy a lottery product and get a bottle of their water. And vice-versa, buy a private label product and get a lottery ticket. We are working on co-op marketing planning strategy to try to do a win/win for our retailers. These are all pilots, tests to see if we can move the dial. These are the kind of partnerships that we feel moves us in the direction to which Mark Hagen refers.

**Paul Jason:** Daniel, the Link3 concept displays an offer to buy a lottery ticket at the pump. Can that display be used to promote other objectives, like go into the store for a discount on a hot dog or other food items?

**Daniel Cage:** Certainly. And we are doing that. It's what you were saying, Michelle and Mark. One objective is to optimize the shopping experience for the current customer. The other objective is growing the customer base, attracting new customers. That's as true for the retailer as it is for Lottery. Just as GTECH, Scientific Games, INTRALOT, Pollard, and others are introducing innovative ideas to forge creative merchandising partnerships with the retailer, Linq3 is trying to forge a better connection with the customer who is outside at the pump and not necessarily even intending to go into the store. We have a lot of flexibility to use the displays at the pump to stimulate the customer at the pump to go in to the store. It could be 'buy X, get Y', or 'buy Powerball and get an instant ticket.' The retailer benefits by driving more traffic inside. There are lots of different things you can do depending on store type and objectives, your store's customer profile, short or long-term merchandising and promotional strategies. Let's connect better with all of these segments, the Millenials, women, internet shoppers, new players – and apply all these concepts to drive store traffic and increased purchasing from the whole spectrum of consumer profiles.

## EXCEEDING PLAN BY FOCUSING ON EXECUTION

**Beth Bresnahan, Executive Director, Massachusetts Lottery:** What Michelle said about visibility is key. If we're out of sight, we're out of mind. For us, it's all about in-store visibility. We are using a 17-year-old system that does not have 'buy X get Y' capabilities. So we are depend on fundamental execution, keeping lottery products front and center, and maximizing the opportunities with the lower performing retailers by using the gold-star retailers as models for them to emulate. A 'best practices' approach. In terms of modernization and the application of new technology,

it is ironic to be on this panel because our objective is simple and low-tech. We strive for the product to be presented in a clean, fresh way; for the benefit of the existing customer who may know what they want, or the new customer walking in for the first time. We want them to see what they want, have an opportunity to choose from an array of games, but not be overwhelmed by them. We work with our 7,400 retailers, on a case-by-case basis, by applying the basic tactics that we have found effective at helping our retailers maximize the opportunities in their specific locations.

**Paul Jason:** The Massachusetts Lottery has the highest percentage of retailers per capita and the highest lottery sales per capita in the country. Maybe the two are related? It seems that executing well on the basics is itself a good recipe for success. And even with this extraordinary penetration, you continue to drive sales increases. And with a minimal advertising budget at that.

**Beth Bresnahan:** When my predecessor, Paul Sternberg, took over the Mass Lottery back in 2011, we were at a crossroads. Our sales had been in decline and we were viewed as a mature lottery with no room to grow. We proved that wasn't the case. We had a $1 million gain in sales in the first six months. Our next year was a record breaking year. Last year was another record breaking year. We did $4.85 billion in sales using our existing footprint and our existing products. So there was room to grow even within all of our constraints. We recognize that we need to upgrade our technology, look to the future of online gaming, and how to modernize the product. But we're not waiting for new technology or new channels of distribution or increased advertising budget to drive growth. There's a lot of room for growth where we are right now and with the tools we have right now. We will continue on the path we are on.

## THE CORPORATE RETAILERS' VIEW ON "ASK FOR THE ORDER"

**Mark Hagen:** It is unlikely that we're going to ask our sales associates to plus-sell a lottery ticket. We have enough of a challenge to plus-sell anything. And if we get them to plus-sell something, they're going to plus-sell food or proprietary beverages, not something that we make a 5% margin on. Sorry, but that's the way it is. That is why we like in-counter displays, right under the nose of the customer when they are at the counter making their purchase. That is the way to sell Lottery—it will sell itself, and we have the data to prove it. We're going to ask you to partner with us to make sure Lottery is effectively merchandised and in-stock and we're confident that's going to sell more lottery tickets.

**Anne Kerstetter:** I have to agree, particularly because we only sell in a self-serve format so we don't get that opportunity to directly ask the customer for the sale anyway. So we really need to work with our partners to get the right promotional materials out there, the right point of sale materials that'll grab that customer's attention, that will effectively "ask for the sale." And to emphasize the point, though, I would agree with Mark that any up-selling would be applied to other products, not Lottery. That doesn't mean

# ALL ROADS LEAD TO ROME IN 2014

World
Lottery
Summit
NOVEMBER 2 – 5, 2014
All roads lead to Rome

# WORLD LOTTERY SUMMIT
## NOVEMBER 2 – 5, 2014

## ROME IS WAITING TO WELCOME YOU SO **SAVE THE DATE!**

Rome is rightfully considered the historical capital of the western world. This year, Rome will also become the capital of the lottery world as lottery professionals from around the globe converge on The Eternal City for the World Lottery Summit 2014 (WLS2014).

The WLA and host Lottomatica have put together a business and social program for WLS2014 that will reflect all the qualities that make Rome not only a city with a magnificent past, but also one that is prepared for a glorious future.

Preparations are well under way for this once-in-a-lifetime experience. Come join us in Rome, Italy, from November 2 – 5, 2014 at the Cavalieri Convention Hotel, one of the most prestigious addresses in the city!

**www.wls2014.com**

**World Lottery Association**
Lange Gasse 20
P.O. Box, CH-4002 Basel
Switzerland
Phone: +41 61 284 1502
Fax:     +41 61 284 1350
world-lotteries.org

**Lottomatica**
Viale del Campo Boario, 56/D
00154 Roma
Italia
Phone: +39 06 518 991
Fax:     +39 06 518 943 60
lottomatica.it

WORLD LOTTERY
ASSOCIATION
WLA

LOTTOMATICA

that lottery's not important, just that we have to apply the merchandising and selling resources appropriate to the product.

## CROSS-PROMOTIONAL AND COUPONING WITH CORPORATE RETAILERS

**Susan Strouse:** What could lottery do to integrate cross promotion, couponing, loyalty programs, and more effective planogramming into their relationship with U.S. retailers?

**Anne Kerstetter:** Couponing should be targeted to a clearly defined consumer group so that it can deliver something meaningful to that group. Lottery needs to get more insight into the way in which its customers can be segmented into more clearly defined demographic profiles. That is how you will be able to formulate strategy and promotions that appeal to your customer. Integrate the couponing with your own Loyalty Programs, and with our products as well. And it would be great if we could refresh some of the coupon tactics. Pictures and passing out coupons certainly still work great. The redemption rate continues to be phenomenal. But I think we need to start looking towards something more fresh and new, perhaps futuristic methods of communicating to appeal to the Millenials and attract new customers for both Lottery and Retailer.

**Mark Hagen:** We have worked with any number of you on some cross-promotion and couponing ideas. We're big fans of that. The broader the scale we can do it, the more impactful the initiative will be. The only ask we have is that Lottery understands our goals and integrates them into the equation. We have specific ideas for what products a couponing initiative should promote. Help us support our objectives, and you will sell more lottery tickets.

## ON STORE VISITS FROM LSR'S (LOTTERY SERVICE REPRESENTATIVES)

**Anne Kerstetter:** CPG managers that service our stores typically are driving their product through the stores through merchandising and working hand in hand with the managers of the stores. While we certainly like our store management teams to understand the products that they sell, their time is best served out on the sales floor waiting on our customers. So we like to know that our retail partners will help those managers understand the business, understand where the growth potential is, and understand how they could better merchandise and market the product. The LSR's for our stores do a good job. But I do think there are areas of opportunity to build a better relationship with the individual store management teams to make sure that they fully understand the benefits of driving lottery sales and what that will do for our customers and store traffic.

**Mark Hagen:** One thing that the lottery representatives could do is to be very aggressive about getting us out of what is not selling. Our store managers won't do that for two reasons. If they have paid for them, they won't remove them until they've sold. And two, they manage over 2,500 products and are not in the best position to constantly assess the performance of each individual lottery ticket. You may not like taking the tickets back but the result would be that we would sell a lot more new tickets if you were proactive at moving us out of the slow-sellers and into the more popular games.

The other thing that could be done is what Ann pointed out: increase the number of visits from LSR's. Some stores see an LSR every week, which is great, but in some lotteries it is more like once a month. You can imagine which stores sell more lottery tickets.

**Anne Kerstetter:** Too, it is great when the LSR comes to the individual stores armed with that store's sales information. Not just the corporate outlook that the lottery and our own headquarters tends to focus on, but that specific store's sales information. They have a very open dialog with the mangers of those stores and it really has helped engage those managers in understanding their own business operations and knowing what products should be replenished and what products are moving slowly and so should be removed. Our lottery suppliers have a great return policy, so they can get the stale tickets out of there. The lottery customer is smart, they know what ticket they want, they know what prizes are left, they know what they're going to come in there and buy, and if it's not there they're probably not going to buy anything as far as lottery goes. Like Mark said, we really rely on the representatives that are coming into the stores to help them understand the best way to manage it. ◆

---

*You mentioned that many aspects of advertising and promotion will, of necessity, always be implemented on a state-by-state basis. I know there are lots of reasons why each state needs to control its media communications content and delivery. But some things, like a TV game show that depends on large scale to manage production costs for each lottery, and for media contract negotiations, really require big, national-market scale. I'm hoping that the process of figuring everything out for the Monopoly Millionaires' Club and its TV game show might spawn new ideas, new ways to think about the whole concept of national advertising and create a fertile foundation for new approaches to overcoming the obstacles to national advertising and promotion. Maybe even help in the areas of data collection and reporting that retailers are demanding. And standardization of some aspects of distribution infrastructure to meet the needs of a Walmart.*

**S. Martino:** I hope and expect that the innovative things being done for Monopoly Millionaires' Club will be informative and educational and that the experience will stimulate fresh ideas for other games and promotional strategies. Not everything will be as successful as planned. But if we plan carefully to manage our risk and set reasonable expectations, we will continue to grow and prosper. That's the way progress happens, and, as far as I can tell, there is no other way to drive progress. ◆

# MOBILE MEANS
# GROWTH

By Matthew Isaacs, Editorial Manager, Shoutz, Inc.

When lottery players visit a retailer, they're 45 percent more likely to buy a soda and 54% more likely to grab a candy bar or pack of Skittles. Lottery players buy 60 percent of their tickets in convenience or grocery stores, and when they walk through retail doors two to four times each week, they'll spend 70 percent more on average than non-lottery players.[1]

There's a reason (a good one) why retailers have been resistant to the idea of lotteries taking advantage of new technology—lotteries moving online could cost them business. But it doesn't have to be that way. In fact, taking lottery marketing online but leaving ticket sales up to brick-and-mortar businesses will be a whole lot easier and more lucrative for everyone involved.

Right now, the lottery industry stands on the edge of a very exciting new era—the mobile era. Mobile means growth. It means engaging with customers in a new way and on a new level, and it means finding new revenue.

Perhaps best of all, however, is that mobile doesn't mean the end of the great retail partnerships that have formed in the past 60 years. In fact, the opposite is true. Mobile strategies can not only help lotteries form new and stronger relationships with players, but retailers can also leverage those relationships to increase foot traffic and sell more merchandise.

Sell more tickets and sell more stuff along with them. Why do you care? Because for the first time, lotteries can take advantage of a new revenue stream in digital advertising. With more annual revenue than the film, music and video game industries combined, the lottery is massive and mainstream, making it the perfect target for advertisers in any industry.

Even better, lottery players buy every ticket with their jackpot shopping list in their back pocket—every time a player buys a ticket, they're in a buying frame of mind, and that's a valuable time for advertisers to reach their customers. For decades, lotteries have paid brands hundreds of thousands in licensing fees to print recognizable imagery on tickets and hopefully boost sales. Essentially, that's paying a brand to advertise for them, but it could be the other way around. "[Advertisers] should be writing the checks to you," says Shoutz President Brad Duea. "We have a way for national brands to engage with the lottery player."

U.S., advertisers spent about $46 billion on digital and mobile ads in 2013,[2] and that figure is expected to grow quickly over the next year. Mobile advertising is the fastest-growing ad sector, growing 81 percent last year and at a rate seven times faster than desktop ads; mobile is expected to grow by an average of 50 percent each year until 2016.[3] Brands are realizing that mobile is one of the best places to connect with customers, and as lottery players look to their phones for the winning numbers and news, lotteries can offer advertisers incredible access to an enormous player base.

LotteryHUB has already tested and proven its potential for success with national brands. RedBox, the video-rental vending machines outside of convenience and grocery stores, ran ads on the LotteryHUB app to promote the film Riddick to the lottery-playing audience. Following their campaign, in which video ads were shown just before LotteryHUB's live-streamed Powerball drawings, that movie was the number one rental from RedBox machines.

That kind of success is indicative of the power of mobile advertising to scale up marketing efforts and get in front of more customers who are likely to recognize and engage with your brand. With more than 240 million mobile devices registered in the U.S., LotteryHUB can get advertisers in front of their customers before they're at the register.



Perhaps the best part of a new partnership between lotteries, retailers and great tech is that it doesn't need legislative approval as long as tickets are still the ink-and-paper variety. When you're funding good causes for your state, you're working for the public. That means oversight, and what better way to please the watchdogs than increasing returns without upsetting sensibilities.

Whether it's education, the environment or support for senior citizens, every ticket is helping someone in your state—and mobile means growth for good causes, too. Marketing is all about getting the right message to the right customer at the right time, and advertising on mobile allows us to connect with customers like never before, keeping them actively engaged with their favorite lottery brands.

The strategies that have worked well for 60-plus years are beginning to look less effective as the competition finds new ways to connect with a national audience that's ready to test their luck. But jumping into a new era of marketing doesn't mean abandoning the relationships formed in the past. Instead, LotteryHUB is offering lotteries and retailers a way to strengthen their relationships, sell more, and capture new sources of revenue. "With LotteryHUB, we can talk to players right now," Duea says. "The app is free to the players and we can generate revenue on the platform. Let's drive retail engagement; let's sell more tickets."

It's time to connect with players in a whole new way; time to take hold of new opportunities. Mobile means growth. ◆

1 Jeff Sinacori. "Optimize Your Profits: Build an Environment Not Just a Store." PGRI Talks: Scientific Games, Lottery Expo 2013.
2 "Digital Ad Spending Worldwide to Hit $137.53 Billion in 2014." April 3, 2014, emarketer.com.
3 "Executive Summary: Advertising Expenditure Forecasts December 2013." ZenithOptimedia

# EDUCATING AND ENGAGING RETAILERS
## *JUST GOT EASIER*

## HUDSON ALLEY
### SOFTWARE

**By Adam Perlow, Chief Executive Officer, Hudson Alley Software**

It's not easy being a lottery retailer. If you could see inside the mind of the average store owner and manager you would likely see that it is filled with candy, tobacco, deli meat, bread, Coke, Pepsi, Budweiser and more. You'd also see staff schedules, bank statements, a reminder to call the refrigeration repair company, and a pile of invoices. And somewhere in there, you would see lottery.

Lottery is one of the most complex product lines that stores carry. Can you name another category other than scratch tickets where new products are introduced every few weeks and those new products instantly become the best sellers? Can you think of other products retailers carry that require as much explanation as draw games?

Lottery sales reps play a critical role – they are the face of the lottery to the retailer. They work hard to help retailers properly merchandise tickets, keep their point of sale signage updated, manage their ticket inventory, educate them on new games, conduct promotions, and explain retailer incentives. They also get to play bookkeeper and help retailers understand their lottery finances. They perform hundreds of other tasks that are too numerous to list. They do all this in just two short store visits per month, on average.

What about the other 28 or 29 days of the month? In a world made up of smart phones, tablets, and pervasive data plans, we are still mainly communicating with retailers the same way we did 20 and 30 years ago!

At the most recent PGRI conference in New York, Hudson Alley launched a new Retailer Engagement Platform™ called InTouch™. The goals of InTouch™ are simple; to increase sales by educating retailers and by providing merchandising guidance for scratch games —and to do so in a way that will keep retailers coming back to the platform. The content is delivered through retailer-centered smart phone apps and a retailer-centered website.

### Education through Gamification

Just like lottery sales reps are the face of the lottery to retailers, the retailer is the face of the lottery to players. It's important for retailers to understand your games; if they don't understand them, how likely is it that players will? InTouch™ helps keep store associates educated and trained by using gamification.

Gamification is the technique of using game mechanics in non-game situations and is often used to drive website user engagement.

With InTouch™ we use gamification in a few ways. First, we use it to drive retailers back to the site by allowing them to earn points and badges. For example, they might earn 30 points for watching the newest lottery commercial and they might earn the "Age Verification Ninja" badge for watching a 5 minute video on how to verify a player's driver license. Points and badges can be used to earn prizes like lottery hats and beach towels, or can be used to enter users into drawings. Wouldn't it be great for a store associate to learn about the lottery's latest games and promotions and to earn a chance to win a gift card at the same time?

InTouch™ also uses gamification in the form of leader boards. Retailers are very competitive; they care less about their lottery sales than they care about the lottery sales of the stores nearby. Let's use that healthy competition to our advantage! InTouch's™ leader boards are based on sales increases rather than sales, which means that even low volume retailers can participate. If they can increase their sales by a higher percentage than other retailers in their territory, they earn a spot at the top of the board.

### A dynamic product line requires Dynamic Planograms™

According to Oxford Dictionaries, a planogram is "a diagram or model that indicates the placement of retail products on shelves in order to maximize sales." They are used by most retailers and are used religiously by chains to ensure that the right products are on the right shelves. They provide retail employees with directed work; store associates don't need to make decisions about which products to put on the shelves, they just simply need to follow the plan.

Many lotteries provide planograms of scratch games to retailers with each new game launch, but with thousands of retail locations and dozens of games available for sale, it's impossible to produce standard planograms for every scenario. While there are industry-standard display sizes, there are also many unique displays like bridges, towers, and other displays made up of modular bins. Also, different price-point combinations may work better at some retailers than others. For example, one retailer with 32 bins might carry five $20 tickets, while another retailer in a different part of the county might have better sales with only two $20 facings.

InTouch™ uses proprietary algorithms to produce a custom planogram that is optimized for that specific retailer at that specific moment. The algorithms take many things into account, such as the number of facings the retailer has in each sales area of the store, the number of facings for each price-point (as specified by the lottery sales rep), core games, new games, best-selling games in that store and in that territory, the packs of tickets that the retailer currently has in the safe, and more.

Store employees can pull these Dynamic Planograms™ up on their phones, tablets, or computers and the planograms can also be printed. These planograms provide the store associates with directed work— the decisions have been made for them, they simply have to follow the plan. And of course, they can earn points and badges by following the planograms!

To learn more about InTouch™ visit www.hudsonalley.com. ◆

# He can get you a world class sportsbook. Believe it or not.

Okay, so Ulf Rehnström is a hard-core supporter of the Swedish team Djurgården. But he is also the sales director/government markets at Kambi and has been in the gaming industry for almost twenty years. E-mail him at ulf.rehnstrom@kambi.com and he will set up a 2 hrs meeting on how to get you a cost-efficient turnkey sportsbook.

Kambi provides you with a fully managed, first class sportsbook within six weeks. Some current clients are 888, Paf, Unibet and Mediaset España.

## KAMBI SPORTS SOLUTIONS

Well worth knowing

# USING **TECHNOLOGY** NOW



## Ways to engage players, expand lottery marketing reach and drive sales today

**IN OUR TECH-SATURATED CULTURE,** it's easy to ask forward-looking questions. What is your lottery's mobile strategy? What are you doing with social media? Is your website optimized for all devices?

To a lottery, these questions may sound like the tail wagging the dog. Another more business-minded approach might be: How are you enhancing the relationship with your players using the technology currently available — and allowed by regulation — in your jurisdiction?

### Business Before Technology

During the past two decades, three different technology waves have built upon one another to enable lotteries to strengthen their business in new ways. The first, which started in the mid-1990s when the web became a part of our lives, was simply providing consumers with the information they needed through a brand-new channel. Most lotteries started out with "brochureware" by replicating printed information to their new websites so consumers could learn more.

Next, innovations in technology helped lotteries enhance the consumer's experience by extending lottery play value. Initially, this happened when 2nd Chance game registrations moved from a mail-in process to website entry. Then came play-for-fun games, which were the first real web-enabled innovation that offered true interaction for players. Then it evolved further with hybrid games featuring a physical instant game linked to a web-based interactive game component. This wave of 2nd Chance, play-for-fun and hybrid games will continue to get even richer as technology bolsters the consumer experience in even more engaging and entertaining ways.

The third technology wave has already begun, and it's all about deepening relationships with players and building loyalty with the lottery and its brand. This emerging trend has evolved into players' clubs where registered members receive bonuses and special offers. Today, rewards are the gold standard in loyalty programs because they offer players the ability to accumulate and redeem points for merchandise, drawings and experiential opportunities. Lotteries that have launched rewards programs are seeing incredible benefits, including:

- Enhanced player insights and purchasing behaviors
- Higher levels of player engagement with the lottery brand
- Ability to use point structures and promotions to drive sales of profitable games

> The gold standard in loyalty programs is the rewards – the ability for players to use points for merchandise, experiential opportunities, digital downloads and drawing entries.

What's next? Greater levels of player engagement and consumer marketing using mobile technologies.

## Lotteries Go Mobile

Within weeks of the original iPhone® release in 2007, third-party apps emerged and mobile became the next big consumer channel for many industries. In the highly regulated, security-focused world of lotteries – mobile has emerged as an important element in the marketing toolkit to reach consumers.

The adoption of mobile apps in the lottery industry is driven by a few primary business objectives: information delivery, enhanced player experience and deeper consumer relationships.



*Points for Prizes includes a web store where players can redeem points for merchandise and music downloads.*

Today, 13 lotteries – 29 percent of U.S. lottery jurisdictions – have mobile lottery apps developed by Scientific Games. Common features in these apps include winning numbers, game information and GPS-enabled retail

locators. Several lotteries also offer apps for play-for-fun games. And today, four of the 13 lotteries using the Scientific Games lottery apps in the U.S. are integrated with players' club functionality.

The launch of the new Slingo® Lottery Challenge is a great example of a fully-integrated digital marketing platform wrapped around an instant game. Players can fully engage with the lottery's brand and its game by going deeper into a digital experience.

## The Growth of Rewards Programs

Nearly six years ago, Scientific Games introduced Properties Plus®, a comprehensive player rewards program for the lottery industry. Properties Plus allows consumers to enter their lottery games into a rewards website and accumulate points in their player accounts. The points can then be redeemed for merchandise, digital downloads and other items, as well as entries into drawings. The rewards website also offers lottery information, photo sharing, play-for-fun games and other social features.

Currently, Properties Plus programs are operating in seven U.S. lottery jurisdictions: Arkansas, Tennessee, Missouri, North Carolina, Maryland, Kentucky and North Dakota. Combined, the player rewards programs in these jurisdictions now have more than one million members.

In addition to growing playership, a player rewards program can increase engagement with the lottery brand. For example, consumers spend an average of less than five minutes on general lottery websites. According to Scientific Games, participants spend an average of 18 minutes or more on Properties Plus rewards program websites. This can be an ideal marketing platform for lottery brand awareness and promotions.
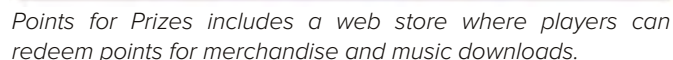
## More Connection, More Engagement

In early 2012, the Tennessee Education Lottery added Points for Prizes® to its rewards website. Unlike any other

platform in the lottery industry, Points for Prizes includes a web store offered through Properties Plus, where players can redeem points for merchandise and music downloads. Prior to Points for Prizes launching in Tennessee, 10 percent of eligible non-winning lottery games were entered on the rewards website for drawings. Today, Points for Prizes has pushed this entry figure to 26 percent. In fact, the Lottery's V.I.P. Players Suite membership more than doubled in just over two years after the Points for Prizes program launched.



"We are always looking for new and innovative methods of connecting and engaging with our players, and Properties Plus has done just that," explained Rebecca Hargrove, President and CEO of the Tennessee Education Lottery Corporation. "The more we grow our loyalty program, we hope the more players will want to play games and accumulate points in their accounts. Our goal is that this will ultimately result in more proceeds being returned to education in Tennessee."
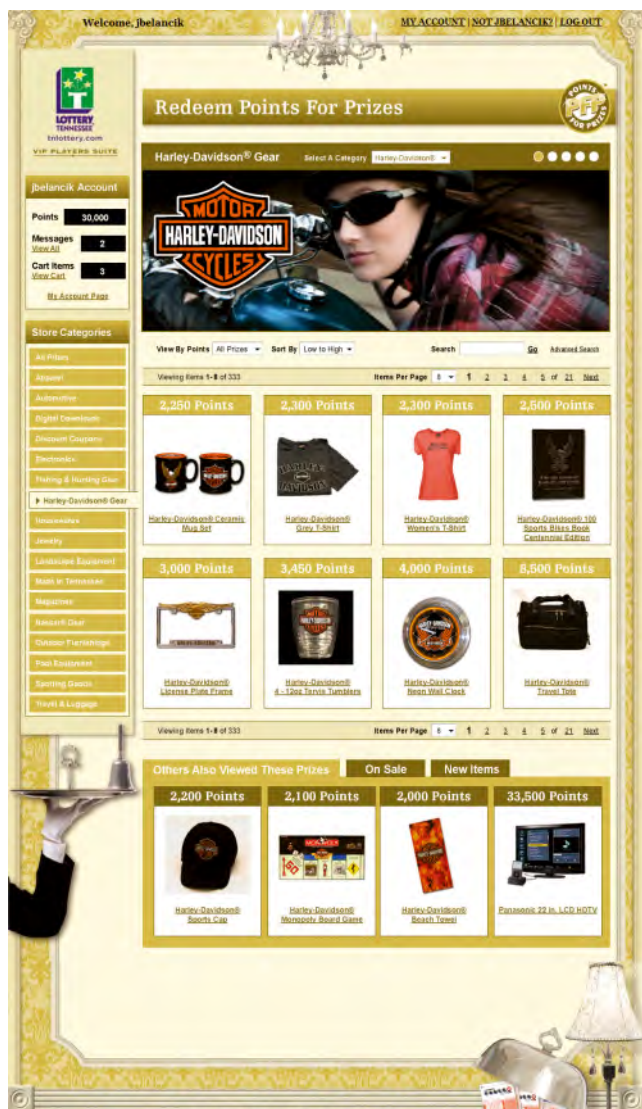
Jim Acton, Vice President of Business Development, Properties Plus, for Scientific Games explained: "Our program has turned a non-winning experience into a winning experience. Players now have an alternative to simply discarding games after they have been scratched or after a drawing is held. Every game offers real entertainment value. That motivates more consumers to engage more often."

*Jim Acton*

Once consumers are engaged, lotteries can then market to them directly through website promotions and email campaigns.

Now that the building blocks for interactive have been established, many lotteries will want to move from simple information sharing to actively increasing loyalty and direct engagement with their players. Rewards programs and mobile are two important marketing tools to achieve these objectives.

Being responsive to consumer trends is critical to remaining relevant and giving consumers the very best value for their entertainment dollars. The good news is that so far, the lottery industry has created a flexible set of interactive tools to engage players and offer varied marketing programs. Maintaining this momentum is the key to future success for today's lotteries. ■

# Take the Lead!

Compete on the **GO** with the **NEW**
**Slingo® Lottery Challenge** Instant Ticket and Mobile App!

# A TIME FOR ACTION

Casey McKenzie

Last September in this magazine I wrote an article titled "A Time of Great Opportunity." I led the article with this: "As 2013 draws to a close the lottery industry faces what I believe is a time of great opportunity in the convenience retail channel in North America. With tweaks to both Powerball and Mega Millions already in place and the advent of online lottery and other online games planned in some states, the lottery industry has the convenience channel's attention."

Having attended and presented at the PGRI Lottery Expo in Miami and since then talking to many lottery retailers and vendors, I do believe progress is being made. But in the words of Toby Keith's hit song, it's time for a "little less talk and a lot more action."

For those unfamiliar with me, I am a former convenience chain retailer and have served as a category management consultant and trainer for the past 17 years so I think I can safely speak on behalf of my retail colleagues when I say we are people of action. Retail is a minute-by-minute race 24/7 and in the case of most c-stores 365 days/year.

Few things are more annoying to action-oriented people than multiple meetings/conferences where the same issues are discussed but never resolved or that don't even produce action items to be accomplished. Moving from my perspective as a member of the Florida retailer advisory board in its early years to now an observer and advisor in this category I sometimes feel I'm in a time-warp, i.e. the more things change, the more they stay the same.

And please hear me: I no longer bemoan the commission percent associated with lottery sales. I have seen enough research and conducted my own analysis to prove to me the total value of loyal lottery players to our business. It's often described as "fast nickels" versus "slow dimes" from other categories. And from a true activity based costing perspective it may well be "true profit" versus "true loss" compared to other products due to the relatively small size of tickets and their sales velocity. So I believe in the category and its ability to drive traffic and enhance total store sales especially in key categories such as cigarettes, other tobacco products and beer.

But my message to the industry as you prepare to convene at this year's PGRI Lottery Expo is this: Commit now to leave Miami with at least three action items that you plan to accomplish within six months to better support and partner with your retailers.

And believe me, I do understand and have come to appreciate, the unique challenges inherent in the lottery commission world. But even with that, even given the fact that "the lottery" is a monopoly in each jurisdiction, and given all the challenges presented by the unique mission and governance of your business, I urge you to work with your retailer partners in that way—as business partners.

Learn their pain points (discussed in last year's article) and discuss ways you can help alleviate them. Provide them the support and training they need to be better partners for you. Take a broader perspective and strive to understand their total business model and how your product can positively enhance total store performance.

As I told the attendees last year, learn to speak "retailerese." Don't take the approach so many of us do when in a foreign country and just TALK LOUDER in a miss-guided attempt to be understood. Retailers will thank you for it and you'll benefit from the open lines of communication.

I wish you a great conference this year and truly hope you leave there with action items designed to improve the business model for all concerned. To close, I'll paraphrase Mr. Keith:

A little less talk, if you please. A lot more "partnering" is what I need.

Let's get on down to the main attraction with a little less talk and a lot more action. ◆

Casey McKenzie, Senior Principal Consultant with Impact 21 Group, LLC, with over 20 years' experience working at a leading c-store chain and another seventeen spent in consulting, has experienced almost all facets of the c-store channel of trade, including finance, operations, category management, re-engineering and strategic planning.
Impact 21 Group is a leading global consulting company in the petroleum/convenience, retail and refining industries. With over 200 years of combined retail and refining experience, our experienced team of consultants brings aggressive real world leadership to business and technology initiatives.

# Lottery's Evolution into **Omni-Channel Retailing**

It is a common misconception that the introduction of interactive and mobile channels to the lottery industry will have devastating effects on traditional retail gaming. In fact, the opposite is true—interactive and mobile gaming, if done well as part of an integrated strategy, can increase sales at retail. Interactive options give lotteries the opportunity to leverage sales across several channels and attract new players.

The key to leveraging this cross-over success is through omni-channel retailing—a flexible, customer-driven approach that provides a seamless experience specifically tailored to each sales channel, including traditional bricks and mortar, web, mobile, television, and social media. Omni-channel consumers have consistently proven to be amongst the most valuable of all consumers segments by many of those that have already implemented this retail model—spending more than those who simply engage through retail.

## EXPANDING OPTIONS—FROM RETAIL TO THE 'SPACE BETWEEN' AND BEYOND

Due to a growing range of technological advancements, consumer expectations have evolved, and people expect to be able to interact and access information whenever, wherever, and however they choose. Research shows that approximately 75% of consumers are willing to embrace digital channels during the shopping process[1], and multi-device users are increasingly common. As lotteries continue to develop a more in-depth understanding of this behavior, that knowledge can be leveraged to implement personalized marketing strategies that educate, engage, and optimize the player experience.

Pollard Banknote, one of the world's leading full-service lottery vendors, helps clients redefine the instant ticket marketplace through the development of the 'Space Between' channel. The 'Space Between' refers to the space in the market that exists between bricks and mortar retail activity and the purchase of lottery products over the internet. The 'Space Between' is an important and growing channel within the omni-channel ecosystem that can and should be fully leveraged to optimize sales. Pollard Banknote has introduced a number of interactive and technology-enabled products that have been very successful to date, particularly when adding an interactive component to a known instant ticket brand. For example, Pollard Banknote's popular WebPlay™ Crossword and Bingo games deliver an opportunity to extend the life of a traditional instant ticket by providing related play on a lottery's website or through a mobile app.

Creating and operating interactive mobile and web channels will help lotteries to grow their player base, optimize player engagement and retention, and build their brand by cross-promoting across all channels. Engaging players through interactive and technology-enabled products gives lotteries the opportunity to introduce players to their brand, particularly a younger and more tech-savvy demographic. This approach significantly increases the likelihood of those players then purchasing games in-store, especially as traditional lottery product offerings are expanding to include more interactive features that blur the lines between these channels.

One key to successful interactive initiatives is ensuring that re-tail partners are part of the evolution. It is vital to demonstrate that these new products actually help support and grow retail. We have seen in a number of jurisdictions around the world that retail sales keep growing—typically at a faster rate—even as lotteries introduce digital offerings, both 'Space Between' products and internet sales.

The Michigan Lottery has recently announced that it is expanding its interactive presence with the launch of online gaming, provided by Pollard Banknote and NeoGames. As it prepares to launch its online gaming platform, the Lottery is leveraging the knowledge it has gained through a number of successful 'Space Between' products to develop targeted and highly-personalized marketing campaigns that successfully cross-promote other products and channels. The Lottery has already established and retained a strong and loyal player base by offering a diverse range of products through a wide selection of channels. From a number of successful mobile apps to the Lottery's robust, high-traffic website that includes an active Players Club to several interactive games, each channel engages players and enriches the overall experience while serving to gather information about player preferences.

Recently, Pollard Banknote partnered with NeoGames, a leading global internet lottery provider with strong expertise in online and mobile products, to launch NeoPollard Interactive. NeoPollard Interactive will provide lotteries with customized interactive solutions that span the range of the category—from interactive games, second chance drawings and apps, to a fully operational online gaming platform and suite of games.

## OMNI-CHANNEL RETAILING IN ACTION

The advantages offered by omni-channel retailing reach beyond the lottery industry with proven strategies being launched by some of the most widely-recognized and successful retailers in the world. Walgreens, the largest drug-retailing chain in the United States, has embraced the concept by recognizing the importance of this approach and has effectively adopted cross-channel tactics that ensure the complex pathway to purchase is made simple and convenient. Research done by Walgreens shows that omni-channel consumers—those that purchase products in-store, online, and through mobile smart phones—spend up to six times more than those that buy exclusively at bricks and mortar, supporting the theory that omni-channel customers are amongst the most valuable of all consumer segments.

**POLLARD banknote** limited

www.PollardBanknote.com

# CHAIN REACTION

## INTEGRATED IN-LANE SOLUTIONS OPEN NEW DISTRIBUTION CHANNELS AND ATTRACT NEW PLAYERS



Competition in today's retail environment is fierce, as busy consumers are increasingly turning to large chains, discounters, and big box stores for convenient, one-stop shopping. One way to keep lottery viable and growing within the evolving retail channel is to equip new trade styles with integrated Point of Sale (POS) solutions that use the retailers' own POS systems and networks to sell lottery tickets.

With a properly executed POS solution integrated into the retail terminal, lotteries reach more players and sell more tickets. Selling a lottery ticket becomes the same as selling any other item. Lottery products are added with the customer's non-lottery purchases and printed on register receipt paper, without adding tasks for clerks or slowing down lines. By simplifying the accounting process – ticket sales are captured as a standard SKU bar-coded sale into the retailer's system and, by default, in all POS and back office reports – the right in-lane system turns lottery into a more attractive product for large-scale chains and other corporate retail environments. In a recent online study in the U.S., results were overwhelmingly in favor of in-lane purchases:

› 89% of lottery players found the idea of buying Quick Pick tickets in-lane appealing.

› 61% would buy lottery tickets more often if this option were available.

Lottery Inside has been GTECH's integrated in-lane solution for lotteries around the world since 2005. The Lottery Inside platform has helped more than 9,300 stores, 22 retail chains, and lotteries in 9 jurisdictions from the U.K. to Mexico, Finland to New Zealand to:

› **Open new distribution channels and recruit new retailers.** Because they are easy to use and do not take up any space on the counter, integrated POS solutions have proven useful to recruit chains in non-traditional trade styles. Of the 22 chains in which Lottery Inside has been implemented worldwide, 14 (representing more than 5,880 stores and 14,490 checkouts) had not previously sold lottery, including Netto in Denmark, Real in Poland, and Carrefour in Belgium.

14 RETAIL CHAINS THAT NEVER OFFERED LOTTERY BEFORE ARE NOW SELLING DRAW GAME TICKETS THROUGH THEIR POS REGISTERS AND GTECH'S INTEGRATED POS SOLUTION.

› **Increase same-store sales from existing retailers.** In many chains, dedicated terminals help service regular and loyal players, while in-lane systems attract new, light, and lapsed players. This is especially true in periods of high jackpots: An example from Denmark shows that in-lane sales growth peaked at 100% higher than the normal level of sales, while growth from terminal sales peaked at 50% higher. In-lane solutions also significantly increase a lottery's sales

IN DENMARK, RESEARCH SHOWED THAT 25% OF NON-PLAYERS WOULD MAYBE/LIKELY/DEFINITELY PLAY IN-LANE. IN THE U.S., 61% OF LOTTERY PLAYERS SURVEYED SAID THEY WOULD BUY LOTTERY TICKETS MORE OFTEN IF IN-LANE PURCHASING WAS AN OPTION.

capacity during "jackpot mania" periods. Lottery Inside sales on average accounts for 5–30% of total lottery sales. Comparisons of sales trends between Lottery Inside and non-Lottery Inside stores suggest that **all Lottery Inside sales are incremental.**

› **Defend and grow brick and mortar sales:** Momentum is building in the U.S. marketplace for integrated POS solutions in several jurisdictions and retail chains. Many lotteries consider the increased convenience of in-lane solutions a must to help defend and grow brick and mortar sales in the future.

› **Expand player base and lottery awareness.** With more and different retailers, lotteries can expand their reach to consumers across a larger demographic, making lottery products more accessible and improving the perception of lottery as an integral part of the fabric of the community.

## THE RIGHT MIX: ESSENTIAL SALES AND MARKETING CONSIDERATIONS

Sales and marketing strategies are crucial components of in-lane implementations. Years of operating experience and feedback from huge retail chains, including Carrefour and TESCO (U.K.), the second- and third-largest retailers in the world, have provided GTECH and the lotteries it services with insights into:

› The optimum number and mix of game offerings and price points: Current in-lane deployments offer from three to six games in a variety of price points, depending upon such factors as demographics and the space retailer allots for lottery.

› Quick Pick card size and design: Often lotteries will go through several iterations to find the most effective performer for their market.

› Dispenser design and placement: In some cases, a variety of dispensers should be designed to fit individual in-lane environments to ensure optimal impact and shopper appeal.

› Advertising and customer awareness: Some lotteries incorporate jackpot awareness into their in-store digital signage; in one case (Carrefour in Belgium), the lottery has introduced dedicated jackpot signs at every checkout with great success. Asking for the sale is another important sales driver.



Belgium's Loterie Nationale offers a variety of games, price points, and dispensers



Innovative card dispensers attract attention and sales in New Zealand



Real (Poland) and Carrefour (Belgium) use in-lane signage to grab consumers' attention

## TAKING IN-LANE TO A NEW LEVEL: INSTANTS AND SELF-SERVICE IN NEW ZEALAND

Late in 2013, Lotto New Zealand initiated an in-lane program with the Countdown supermarket chain. Two things set the New Zealand program apart. First, Countdown's in-lane solution includes not only draw games through Quick Pick –"Dip" in New Zealand – cards at various price points but also Instant Kiwi tickets at two price points (NZ$3 and NZ$5). Second, the chain sells tickets from self-service lanes as well as clerk-staffed lanes.

Tickets are sold through three different in-lane configurations. Full lane units offer all tickets at all price points; Express lane units offer draw game Dips and NZ$5 Instant Kiwi tickets; Self-Service lanes sell draw game Dips only.
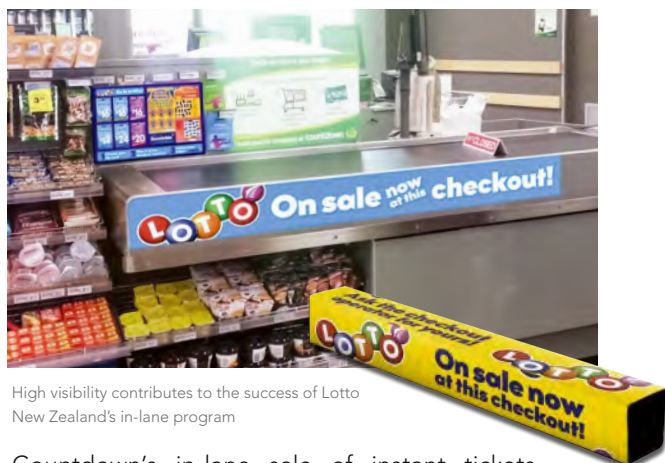

High visibility contributes to the success of Lotto New Zealand's in-lane program

Countdown's in-lane sale of instant tickets is enabled by GTECH's Accuinstants™ ticket- by-

ticket accounting system, a breakout design that resolves many of the issues surrounding the management and sale of instant lottery games. In the past, selling instant tickets in a multilane environment was problematic, due to the special handling and "out-of-system" accounting they required. Accuinstants solves those concerns: Each instant ticket is activated, sold, and accounted for individually at the time of sale, just like a chain's other products and draw game tickets.

In-lane sales of Kiwi Instants currently account for approximately 6–7% of over-the-counter instant ticket sales, which is expected to grow to 10% in the coming months. Awareness is the biggest challenge for instant ticket sales: since, unlike for draw games, there are no game cards, shoppers may not be fully aware that instant games are now available. (Instant tickets are stored in a dispenser located


Sample self-service checkout screen at Countdown, New Zealand

between two clerks, and tickets are scanned on sale for activation.) Plans are underway to introduce higher price point tickets to further drive instant in-lane growth.

Self-checkout supports sale of only draw games; Instant Kiwi products are not offered for responsible gaming considerations. Despite this, Self-Service lanes account for 20% of Countdown's in-lane sales. Local surveys show that players like buying lottery products at Self-Service lanes, mainly because of the privacy offered with self-checkout.

The Lotto New Zealand implementation has been as great success. The New Zealand Lotteries Commission reports that the Countdown implementation "met all success criteria including sales and positive customer experience." Countdown reports an 8% increase in lottery sales in stores with the new system, compared to those with separate lottery counters only, with no material issues identified and no customer complaints received, and says, "Feedback was very positive from customers in relation to not having to queue twice."

## MAXIMUM SALES, MINIMUM RISK

With the right in-lane solution, based on lessons learned and today's advanced technology, Lotteries can have a fast, convenient presence where players shop – in a cost-efficient manner without high-risk modifications.

# Converting Players: How Land-Based Retail can Thrive in a Mobile World

*By Cameron Waldie, President of Carmanah Signs,*
*and Chris Riegel, CEO of STRATACACHE, the parent company of Carmanah Signs*

Let's face it, consumers don't venture out into the retail environment like they used to. They are changing how they shop, creating new patterns that impact Retailers, Brands and Lotteries. Millennials are contributing to this battle raging within retail: the battle between brick-and-mortar and .com to win the consumer.

Brands such as Lotteries can't reach the mass market with media such as television as efficiently as they once could. Instead, engaging consumers within the retail environment, at the point-of-influence, is becoming essential. Advanced technology is playing into the customer's decision-making process, and those most influenced by technology are Millennials.

In 2015, Millennials will spend $2.45 trillion. By 2018, Millennials will eclipse baby boomers in their spending power. The time to prepare for this new generation of smart phone users being the dominant buyer has arrived.

The fuse is lit. What can Lotteries do to really engage consumers in-store? Here is a three-step plan to leverage technology and be a successful Brand in the new retail world.

***First, stand out and be cool.*** A Brand should become more impactful to the Millennial who is saying, "I am the one spending money and you need to impress me". Accordingly, retailers are adding digital technology to create brand experiences that generate repeat visits. For example, Stratacache/Carmanah's digital full video menu boards for Convenience Stores and Quick Serve Retail provide compelling images and information that attract customers and help keep them coming back.

The images, videos and pricing can be scheduled remotely, with the capability of micro-targeting specific imagery to individual stores and the flexibility to push content based on time of day. Lotteries can optimize their existing digital sign networks and/or install new digital sign networks in their retail channels.

***Second, mobile apps and mobile web connections with the consumer are essential.*** Everyone is vying for landscape on the consumer's mobile screen. If a Lottery doesn't have a voice on a consumer's mobile device, then which indirect or direct competitor will? Lotteries can both add value to their mobile app experience and engage players at retail by implementing iBeacon or BLE (Bluetooth Low Energy) technology. An iBeacon installed at retail allows a Lottery to know when a player is at a specific Lottery retail location, enabling a tailored message to be sent to their mobile device.

Products such as Carmanah's iBeacon EnaBLE™ Jackpot signs allow Lottery marketers to collect visit data and, more importantly, send custom messages to mobile players, enhancing the player's retail experience and increasing the perceived value of the Lottery's app to consumers who have not yet downloaded it.

***Third, consider installing interactive technologies in the retail environment.*** Consumers want to enjoy shopping in stores and will become loyal if they do.

Interactive technologies such as touch or gestural screens create more opportunities to interact with consumers. Since data can be analyzed from every consumer interaction, the user experience can be continuously improved, allowing for a higher customer satisfaction over time.

Examples from the Stratacache/Carmanah product line of interactive technologies are touch screens embedded in play stations and touch screen entertainment modules.

***Thoughtful use of retail technology is the key.*** Consumers lead busy lives and are demanding more from their shopping experience. Changes in technology and shopping patterns mean that all Brands, including Lotteries, should increase their investment in the retail environment. The Brands that do the best job at of using retail technology to attract and engage consumers will be the most likely to grow their sales in the years to come. ◆

*STRATACACHE is a global provider of digital shopper marketing, retail conversion & mobile activation strategies. With 1.3 million active devices in retail environments, STRATACACHE helps influence and convert consumers every day. Carmanah Signs is STRATACACHE's Gaming Division.*

# Geonomics

## Mapping the Road from **GeoSweep** to **GeoLotto**

By Henry Oakes, Co-Founder, Geonomics

Geonomics has come a long way since it started with a bright idea in a spare bedroom back in 2008. Now a well-funded company with a global reputation and a team of 40, evolving the business has been a roller coaster ride of twists, turns and learning curves, taking us up to the point of launching GeoLotto in September—a re-engineered product that builds upon the foundations laid by GeoSweep.

Our experience with the Atlantic Lottery Corporation in Canada (ALC) prompted us to ask ourselves many fundamental questions about both our product and the business as a whole. One particular question had the most profound effect on the way we now see our world—'who is the customer?' The answer is that our customers are the players, not the lotteries. We were so fixated on delivering a product for ALC that we neglected the people who matter most — the players. This subtle but important change in mind-set has given us a player-centric approach to product development and an unwavering desire to build lottery products that players love.

The last 12 months have been about going back to basics and stripping our whole product down to its bare bones in an iterative process of market research, in-depth user testing and quantitative analysis of real-life player data. Among other things, our work revealed that some features, such as social groups, different Geo sizes, fancy jargon (what is a "Geo?"), and daily draws didn't resonate with players. They were considered unnecessary and overly complicated. Responding to this feedback, we set about making a product that has been shaped by the wants and needs of players. In addition to cutting-back on features, we also radically improved the user-interface to make it more intuitive and easy to use.

The result is a simplified game that serves the core needs of lottery players—a genuine case of 'less is more.' After creating this new, lean version of our original GeoSweep, we began work on the game's branding. Our aim was to create a brand which is instantly recognizable, trustworthy and modern. The previous color scheme of dark purple has made way for a predominantly white look and feel that's accented with big, bold, bright colors. The new logo and site-wide branding of pink, blue and green conveys a simple message —'this is, above all, a lottery game.' Importantly, we felt that the evolution of GeoSweep warranted a new name too, and with that, GeoLotto was born.

After a year of refining and developing, we are now delighted to be working towards our launch in September 2014. Highly optimized digital media will be supported by a nationwide TV campaign that will give GeoLotto the platform it deserves. The first of our weekly £1,000,000 jackpot draws will take place on Saturday 27th September and words can't describe our excitement.

Of course, September is not the end but the beginning of a journey of continuous product development that will see us react to the learning of being 'live' and respond to the ever-evolving wants of our players. Our goal has always been to serve the lottery industry and to help it to thrive now and in the future. And now, more than ever, we believe we have a game which will succeed in doing just this. ◆

*Geonomics will be at NASPL and WLA showing-off GeoLotto in the way only we know how. As always, we'd be delighted to see you all there, and look forward to telling you about our progress post-launch.*

---

## Lottery's Evolution into Omni-Channel Retailing …

Like Walgreens, some in the lottery industry have also discovered that players who engage through multiple channels spend more than those who are simply retail players. One lottery found that those who purchased products both in-store and online spent as much as two times more than those who bought exclusively at retail. Several other lotteries in Europe have also experienced growth in their retail business as they launched or expanded internet lottery sales. A strategic omni-channel approach can yield win-win outcomes for traditional retail and online channels.

Simplicity and convenience are key in the ever-evolving landscape of technology-driven consumers. Offering consumers a consistent experience that is easily accessible across all available sales channels heightens brand awareness, encourages customer loyalty, and provides improved flexibility in choosing how to interact with a brand. Creating more opportunity for consumers to engage with lotteries through an omni-channel ecosystem ultimately results in increased revenue—and for lotteries that means more money for the good causes they support. ◆

# THE **NEW** CUSTOMER JOURNEY

Fivi Rondiri, Corporate Marketing Coordinator, INTRALOT

**intralot**

How do you know what your customers really want? The best way to figure that out is to step into their shoes and see what their journey with your brand looks like. Their customer journey, that is. The customer journey is not only the sale but rather a complete mapping of how a customer becomes aware of your brand, how they interact with it and what happens afterward.

For years, we marketers really focused around three main steps in the purchase cycle, the "three moments of truth" as coined by Procter & Gamble.

## 1. First Moment of Truth

This represents the first moment the consumer sees your product in the store. Those few seconds are the most crucial: seeing the window jackpot sign and dreaming what your life could look like if you could pay off your debts, buy yourself a nice house or travel the world. That's what lotteries offer: aspiration of winning!

## 2. Second Moment of Truth

This represents the moment when the consumer buys the product. It's really about the experience: talking to the clerk, getting information directly from self-service devices, choosing your favorite lucky numbers and holding in your hands that valuable lottery ticket. Then of course part of the experience is also checking the winning numbers, realizing that you won.

## 3. Becoming a loyal Fan

This represents the post-product use period. It's when your customer becomes a true fan, registers to your Player's Club, likes your Facebook page and gives back to your brand with new content: word of mouth and testimonials.

This model has helped many marketers breakdown their customers' journey, better understanding what their motivations are and what they need to do to engage with them at each moment. But is it complete?

Marketing today is challenged by the increase of new connected mobile devices and the easy availability of valuable information. Whether we're shopping for cookies or a trip to New York, the Internet has changed how we decide what to buy. Google named this online decision-making moment the Zero Moment of Truth (ZMOT).

The ZMOT represents the moment when people research products before buying. In short, nowadays the customer's journey looks less and less like a traditional sales funnel. Today's customers bounce back and forth at their pace in a multi-channel marketplace.

They see ads in TV, read reviews online and walk into stores to look at products. They also switch devices to suit their needs. They use smart phones, tablets, desktop computers and laptops.

ZMOT is fundamentally about getting closer to your customer and here are some ideas of how you can do that:

## Be active on your website

Updating your website with fresh content is one of the best ways to give your site's visitors a reason to come back. In the online world, you should consider your site as a continual work in progress. Keep updating and improving. Let your site project your enthusiasm for the good causes you support, your games and of course your people.
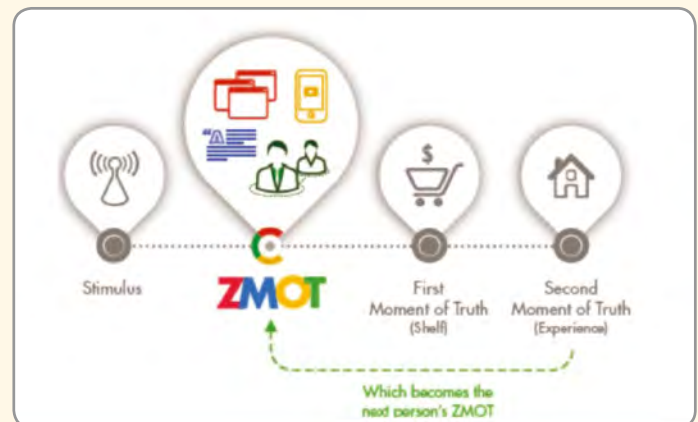


"Change is the law of life. And those who look only to the past or present are certain to miss the future." —John F. Kennedy

## Offer a seamless experience through all channels

Today's consumers are constantly connected, moving from smart phone, to computer, to tablet. They may be changing devices but their intentions don't change. And regardless of which device they use, they expect you to deliver a consistent, seamless brand experience. Make sure that your customer can access your site no matter what device they use.

## Build trust with answers

Great customer service starts with being available and open. Showcase the good causes you support by adding videos as well as pictures. Moreover, don't forget to answer the more obvious (to us) questions like what a playslip is, how to play or when the next drawing is.

## Reward your loyal customers

Loyalty is more important in the retail world than ever. Loyalty programs improve customer service by showing customers that they are valuable and appreciated. Most importantly, successful loyalty programs retain customers for a longer period of time, which sig-

# MOBILIZE YOUR LOTTERY BRAND
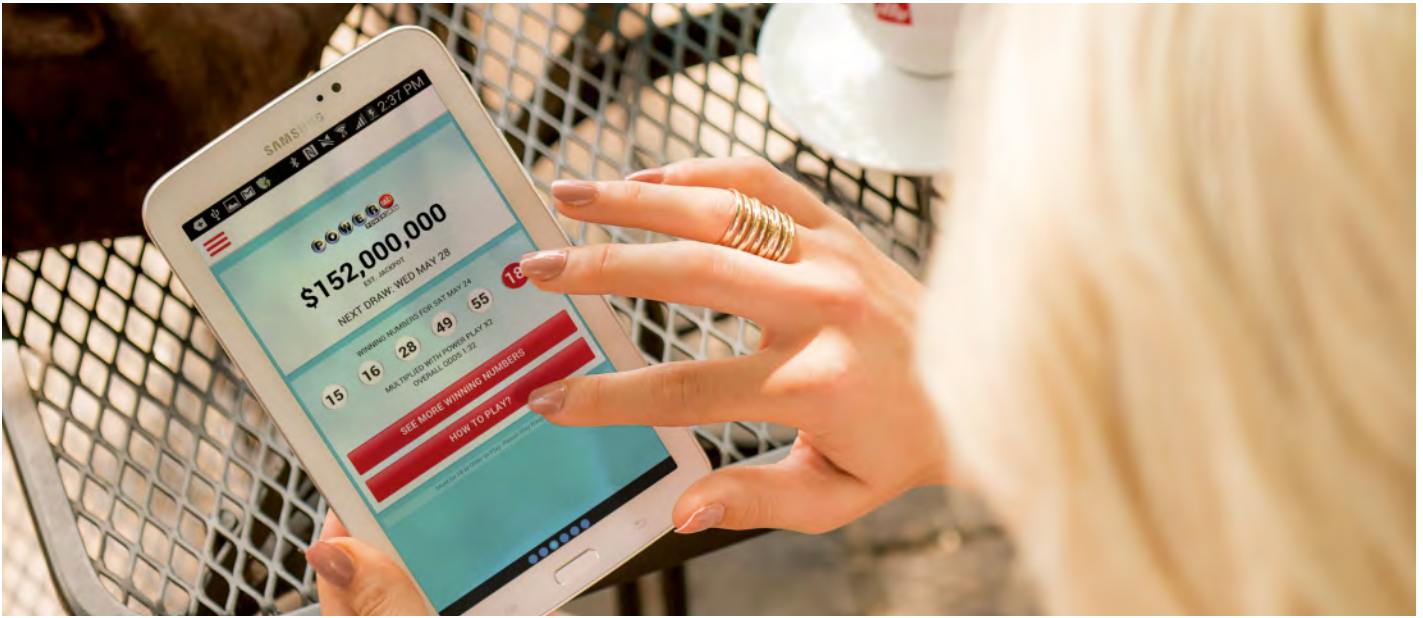


Modernization is critical to maintain relevance. In today's world, this means lotteries must have not only a strong retail, web, and social media presence, but a robust and compelling mobile strategy as well.

The proliferation of tablets and smartphones has dramatically altered the online landscape, to the point that the Internet is now primarily a mobile medium. A recent study on mobile use and gaming commissioned in part by GTECH and conducted by Leger, The Research Intelligence Group, confirms what is rapidly becoming apparent even to the naked eye. The vast majority (76%) of the U.S. adult population currently owns at least one mobile device – a 15% jump since 2013. Moreover, and perhaps surprisingly, lottery players are more likely to own a smartphone and/or tablet than are non-players.
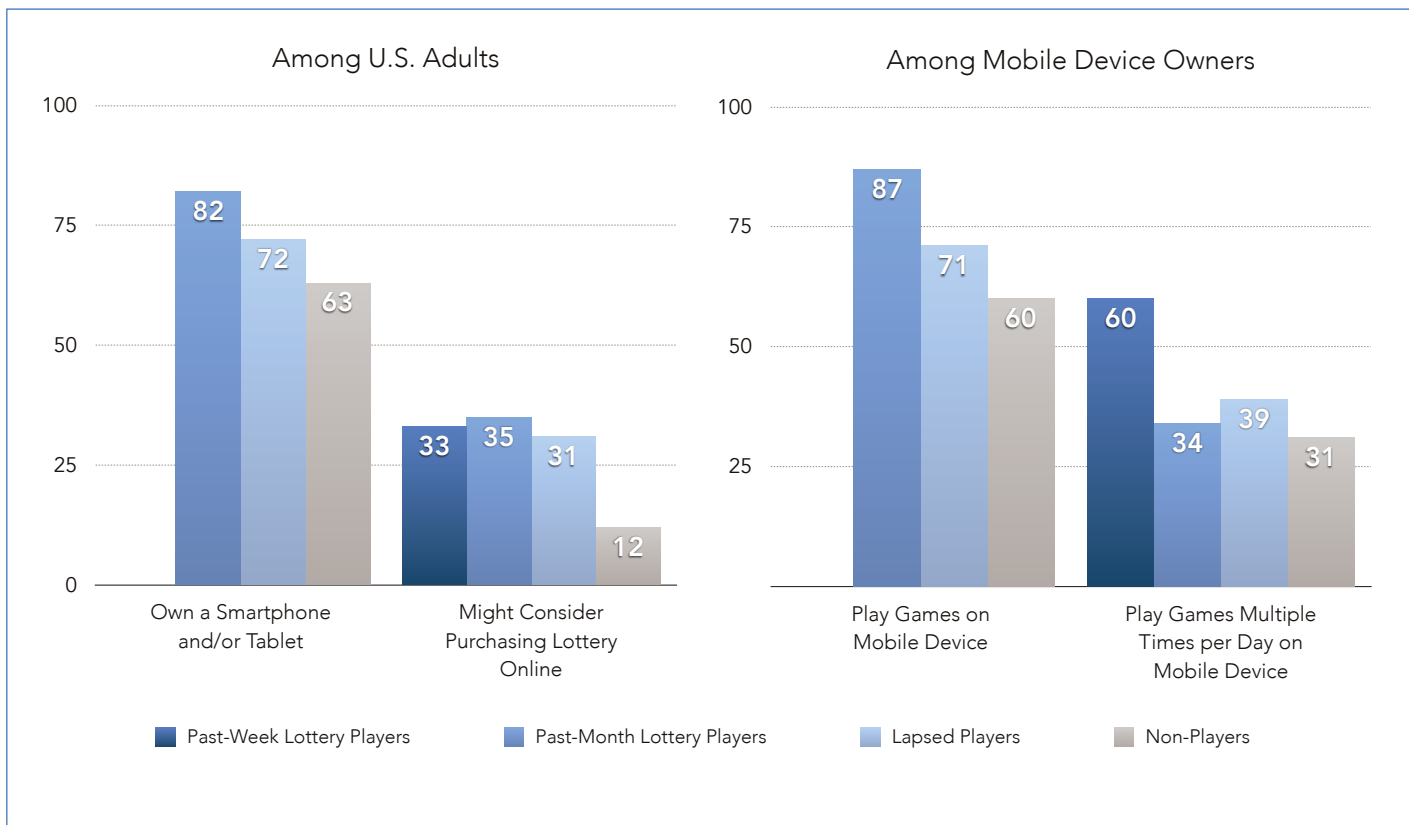
In fact, the Leger study debunks many myths widely believed about the mobile category, especially as it pertains to lottery players. For instance:

› The mobile category was once thought of being the province of the very young, but in fact:

» The 30–39 age group has the highest ownership of either a smartphone or a tablet and is more likely than any other group to own both devices.

» Nearly half of people 65 and over own a smartphone, a tablet, or both.

» Mobile device ownership is pervasive across gender and race.

› Nearly **4 out of 5 smartphone/tablet owners play games on their mobile device;** again the 30–39 age group leads that category (at 92%), with 40–49 and 18–29 not far behind.

|  | U.S Adults | 18–29 | 30–39 | 40–49 | 50-64 | 65+ |
|---|---|---|---|---|---|---|
| Own smartphone and/or tablet | 76% | 89% | 91% | 84% | 67% | 48% |
| Play games on smartphone/ tablet | 79% | 85% | 92% | 87% | 67% | 48% |

› **Mobile device ownership is even more prevalent among lottery players** than among non-players.

» 19% more lottery monthly lottery players own a smartphone/tablet than do non-lottery players (82% vs. 63%).

» More than 86% of people who have bought or intend to buy lottery online have one or more mobile devices.

» Almost 4 out of 5 people who have purchased lottery online own both a smartphone and a tablet.

» Half of all those who "intend to purchase lottery online" own both devices.

› Lottery players are more likely to play games on their mobile devices than non-lottery players.

» Past-week lottery players heavily over-index on playing mobile games multiple times a day (60%).

» Over 60% of past-month lottery players play a mobile game at least once a day.

## Among U.S. Adults

| | Own a Smartphone and/or Tablet | Might Consider Purchasing Lottery Online |
|---|---|---|
| Past-Week Lottery Players | 82 | 33 |
| Past-Month Lottery Players | 72 | 35 |
| Lapsed Players | 63 | 31 |
| Non-Players | | 12 |

## Among Mobile Device Owners

| | Play Games on Mobile Device | Play Games Multiple Times per Day on Mobile Device |
|---|---|---|
| Past-Week Lottery Players | 87 | 60 |
| Past-Month Lottery Players | 71 | 34 |
| Lapsed Players | 60 | 39 |
| Non-Players | | 31 |

Past-Week Lottery Players    Past-Month Lottery Players    Lapsed Players    Non-Players

---

What does all this mean for lotteries? If you do not have a robust mobile strategy, you risk missing out on opportunities both to retain the customers you now have and to grow and diversify your player base. Quite simply, mobile makes lottery more convenient, especially for new and lapsed players. Even if your lottery has no plans to sell games online, you can immediately engage mobile consumers with a convenience app, second chance promotions, play for fun games, and/or traditional lottery games with mobile components.

## MAKE THE MOST OF MOBILE WITH A LOTTERY CONVENIENCE APP

New data (as of March 2014) from app analytics provider Flurry found that users spend a whopping 2 hours and 42 minutes per day on mobile devices, and that all but 23 minutes of that time is spent on mobile app (as opposed to web) usage. This suggests that consumers are opting for the ease of use, security, and focus that apps provide over larger, diffused websites. Developing a mobile app and promoting it among your players can be vital to furthering your business.

A convenience app gives your customers an abundance of lottery information – including
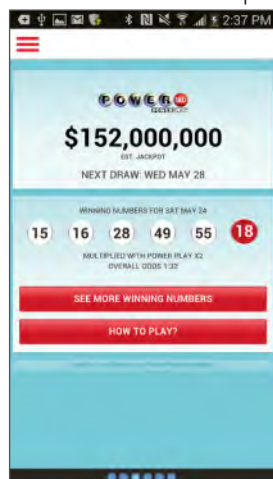
**62% OF SMARTPHONE USERS – AND 83% OF PAST-MONTH LOTTERY PLAYERS – FIND THE IDEA OF A LOTTERY APP "VERY APPEALING" OR "SOMEWHAT APPEALING"**

where to find their nearest Lottery retailer – right at their fingertips. Valuable mobile app features include:

› Jackpot amounts and alerts
› Winning numbers
› Lottery retailer locator
› Digital playslip
› Games to Go
› Mobile ticket checker
› How to play guides
› Responsible Gaming information

## ADD INTERACTIVITY TO SECOND CHANCE DRAWINGS

Mobile devices and apps provide an excellent channel for second chance drawings. For the New York Lottery's Bejeweled promotion, players simply use the Lottery's mobile app to scan the QR code on the back of their Bejeweled ticket (a QR reader is embedded in the app) to be taken to a responsive second chance site. The New York promotion also

includes a Bejeweled play for fun game that can be played on any device and on any platform.

## MOBILE GAMES & COMPONENTS

Mobile games on smartphones and tablets have clearly reshaped customer expectation for the lottery. The Leger study has provided GTECH with many insights into mobile device users' and lottery players' gaming experience and their attitudes about online lottery games (play for fun and for sale), including which mobile game genres appeal to lottery players and some of the brand affinity and brands that might resonate with these players. Of particular note is the finding that as many as 40% of U.S. adults, nearly half of all past-month lottery players, and 60% of past-week players surveyed say they are interested in playing an online scratch game via mobile device.



Of course, you can also have a powerful mobile strategy without actually offering mobile games. Evolving your draw games portfolio to incorporate a mobile reveal, such as has been incorporated in the new Bingo To Go game (launching later in 2014), will draw consumers to your lottery's app and website and keep them coming back. Results can be seen via an animated drawing on the Lottery app; when the player scans the QR code on his or her ticket, numbers will automatically populate the player's bingo board as they are drawn!

Pundits used to speak of the mobile channel as the future of the Internet, but clearly, that future has arrived. Whatever your intentions or legislative restrictions, having an effective mobile strategy in place is one of the keys to maintaining and growing your customer base in today's mobile age.

# Pulse of the Industry

These news stories comprise a small fraction of the gaming and lottery news stories posted every day to **www.PublicGaming.com**. Too, these stories are the short versions. You can visit our news website and go to the "search" field at **www.PublicGaming.com** to pull up the complete story. Sign up for our free e-newsletter by just sending your e-mail address to **sjason@publicgaming.com**.

### Gavin Isaacs Named CEO at Scientific Games Corporation

Scientific Games Corporation appointed Gavin Isaacs as President and Chief Executive Officer of Scientific Games, succeeding David L. Kennedy effective immediately. Mr. Kennedy will continue to serve as Executive Vice Chairman of the Board.

Mr. Isaacs is an accomplished gaming industry executive with more than 15 years of industry leadership experience. Most recently, he served as Chief Executive Officer of SHFL entertainment, Inc. from April 2011 through November 2013 when the company was acquired by Bally Technologies, Inc. Previously, Mr. Isaacs served as Executive Vice President and Chief Operating Officer of Bally Technologies from May 2006 through March 2011. Prior to joining Bally Technologies, he held senior roles at Aristocrat Leisure Limited, including Head of Global Marketing and Business Development, Managing Director of Aristocrat's London-based European subsidiary and President of Aristocrat Technologies, Inc., Aristocrat's Las Vegas-based subsidiary focused on North and South America. Mr. Isaacs is also a Trustee and former President of the International Association of Gaming Advisors.

*"Gavin is a very talented and seasoned gaming industry executive with the necessary skills to lead our Company to the next level of growth and performance,"* said Ronald O. Perelman, Chairman of the Board of Scientific Games. *"He has an impressive track record of success and is recognized for his dynamic leadership. We believe his focus on customer relationships, strategic thinking and expertise in growing innovation-focused businesses make him the ideal choice to lead our efforts to achieve greater profitability and increased cash flow."*

Mr. Perelman continued, *"We extend our thanks and appreciation to David for stepping up to lead the Company during the last six months and work with the Board to facilitate the CEO succession. We were fortunate to have a leader of David's stature and experience at such an important time, and we are pleased that he will continue to serve the Company and our stockholders as Executive Vice Chairman."*

Mr. Isaacs commented, *"I am tremendously enthused to join the Company at this exciting and challenging time and lead the business to the next level. Scientific Games has a skilled worldwide organization that is focused on improving performance and growth. In collaboration with the entire Scientific Games team, I look forward to working together as we concentrate on creating and distributing innovative products and services to our customers, completing the integration of WMS and enhancing stockholder value."*

### Kambi Sport Solutions Ratified as Associate Member to the European State Lotteries Association (EL)

The EL is the European umbrella organization of national lotteries operating games of chance for the public benefit. EL has 80 members from 46 European countries including all 28 EU Member States. The association's EU members contribute more than 20 billion EUR p.a. to the state budgets and the funding of sport, culture, social projects, research and other causes of general interest.

### GTECH's Margin Maker™ Platform Selected by Betfred to Support Australian Sports Betting Launch

*"GTECH is very excited to extend our partnership with Betfred into the Australian market. This is the first such foreign venture we have worked on together, and we hope it is the first of many,"* said GTECH International Senior Vice President and Chief Operating Officer EMEA Declan Harkin.

### Florida Lottery Announces a New Partnership with Wawa, Inc.

The Florida Lottery announces a new partnership with Wawa, Inc. to provide Lottery players with even more convenient locations to purchase tickets for their favorite Florida Lottery games. Beginning today, Lottery officials plan to install eight Lottery machines weekly in Wawa stores in both the Orlando and Tampa markets. An estimated 63 Wawa stores will become Florida Lottery retailers during calendar year 2014, joining the more than 13,000 retailer network that already carry Lottery

products. *"The Florida Lottery welcomes Wawa as the newest partner in our retailer network,"* said Florida Lottery Secretary Cynthia O'Connell. *"With the broad array of products available at Wawa stores, adding Florida Lottery ticket sales provides customers with a convenient one-stop shopping experience while helping raise more money for Florida students and schools."*

**It is being reported, but not officially confirmed, that the owners of lottery operator and systems supplier GTECH have authorised management to make an all-cash 4-billion euro offer for Las Vegas slot machine maker International Game Technology (IGT).**

**The UK Gambling Commission has Issued a New Report Regarding the State of the Gambling Market in the Country**

According to the report, the gambling industry generated a total gross gambling yield of £6.7 billion between October 2012 and September 2013. This was a growth of £252 million from the previous period. The report showed a comparison between remote and non-remote gambling, and indicated that non-remote betting retained its market dominance as the most popular form of gambling in the UK. Non remote betting generated £3.3 billion in gross gambling yield and claimed a 48% GGY total. The non-remote casino sector followed betting with £1.1 billion in GGY—16% of the market. Remote betting matched non-remote casino with a 16% market share, also with a GGY of £1.1 billion. There was also a significant growth in revenue from remote gambling companies in Great Britain, according to the Commission. GGY from these operators climbed by £127 million compared to the previous period. Also, GGY from remote operators doubled from the 2009-2010 period to £632.2 million. According to the report, there were two areas in the UK gambling industry which saw a decline in GGY compared to the previous period—non-remote bingo and non-remote arcades. The

Gambling Commission will implement the new Gambling Act on October 1st, 2014. All operators who provide gambling services in the UK and want to continue doing so need to submit an application for a continuation license by the middle of September. **http://www.gamblingkingz.com/news/2014/07/01/commission-british-gambling-figures-increase.asp**

**The Maryland Lottery and Gaming Control Agency Joins the Multi-State Lottery Association**

*"The MUSL model provides the best foundation for pursuing new opportunities and innovation,"* said Maryland Lottery and Gaming Control Agency Director Stephen Martino. *"I am confident that Maryland will benefit because of the infrastructure and support of the MUSL team and member lotteries."*

*"We are extremely pleased to have the Maryland Lottery as a member of the association,"* said MUSL Executive Director Chuck Strutt. *"The strength and experience of the Maryland Lottery staff will benefit all member lotteries as we reshape our business operations and the joint games for the future."*

Iowa-based MUSL facilitates the operation of multi-jurisdictional jackpot games and provides benefits to its members for enhancing traditional lottery and casino revenue. This affiliation comes just months before the MLGCA introduces the newest national premium game in its profile; the MUSL-run Monopoly Millionaires' Club is due to debut in October.

MUSL, which was formed in 1987, is a member-owned-and-governed non-profit association consisting of 34 lotteries. The group's staff of 12 provides services that include game research and development, drawings production, IT & security standards, multi-jurisdictional marketing and advertising pieces. The group offers a variety of games, including Powerball (which Maryland began selling in 2010) and regional games 2by2, Hot Lotto, All or Nothing and Wild Card 2. MUSL—in partnership with International Gaming Technologies—also provides MegaHits, a multi-state, wide-area progressive slot machine game.

**Austrian Ministry of Finance has Granted the Concession to Novomatic, AG for Two Casinos Casino/Racino**

NOVOMATIC AG, Europe's largest gaming integrated group, announces that it was granted the concession for two casinos that will create hundreds of new jobs in Austria. Building on the group's long-term know-how and expertise as an operator of 30 international casinos—among them Germany's largest casino, Spielbank Berlin—NOVOMATIC will build two state-of-the-art flagship casino operations, one at the Vienna Prater and second one in Bruck an der Leitha, Lower Austria. NOVOMATIC CEO Dr Franz Wohlfahrt: *"The allocation of these licences now allows us to prove our international casino competencies in our home market, Austria. Apart from that it enables us to guarantee the sustained growth at the NOVOMATIC headquarters in Gumpoldskirchen whilst creating jobs for 500 new employees."*

**The N.C. Education Lottery earned more than half a billion dollars for education programs in fiscal year 2014, a 4.6% increase over 2013 and the most money ever in a single year.**

**New Jersey Lottery has Implemented Hudson Alley Software's OnePlace, its iPad and Web-Based Lottery Sales Force Automation Solution**

*"The lottery sales team, managed by Northstar New Jersey, provides field-service to over 6500 lottery retail locations. The OnePlace tool equips them with insights and actionable reporting that enables them to provide great service,"* said Carole Hedinger, Executive Director, New Jersey Lottery. *"We are delighted to work with the New Jersey Lottery,"* said Adam Perlow, Hudson Alley's CEO, *"they are among the top performing lotteries and they have ambitious goals. We're glad that they selected our software to help them achieve those goals."* OnePlace offers two user experiences; a native iPad app that is fast, incredibly usable, beautiful, and that uses locally cached data for users in the field, and a web app that has all of the features of the iPad app and more—optimized for users in the office or those using tradi-

tional PCs. *"Our goal with OnePlace is to offer a state of the art and budget friendly lottery sales solution on the best mobile platform available,"* said Perlow. *"One-Place is subscription-based and doesn't require a large up-front investment. We believe that lottery sales force automation is now within the reach of all jurisdictions."*

### New Jersey Lottery Expands Television Coverage with New Broadcasting Partners

The daily drawing will air on stations in New York and Philadelphia, expanding the broadcasting coverage to reach New Jersey residents across the state. The live evening drawings will air every night at approximately 7:58 pm ET. The live midday daily drawings will continue to be available exclusively on the Lottery website and Facebook pages at approximately 12:57 pm ET.

### IGT Partners with bwin.party Digital Entertainment to Launch many of IGT's Top-Performing Interactive Games on the bwin Platform

IGT is supplying its content to bwin.party, which has recently launched online poker and casino offerings in New Jersey under the license of Borgata Hotel Casino and Spa (a long-term IGT land-based casino customer), for distribution in New Jersey at nj.partypoker.com and internationally at partypoker.com, bwin.com, as well as at other bwin.party brands in nationally regulated European markets. With market-leading positions in its product verticals, bwin.party gains access to IGT's complete game library via a one-time, simple integration to the IGT rgs (remote game server) solution.

### Association of Gaming Equipment Manufacturers (AGEM) Releases June 2014 Index

After reporting month-to-month declines for three consecutive months, the AGEM Index reported a gain in June of 2014 when compared to May 2014. The composite index ended the month 3.6% from the prior period. Compared to a year ago, the AGEM Index has increased by 16.8%. The broader stock markets also reported positive performances in June 2014.

### The Responsible Gaming Council has Launched RG Check

The Responsible Gaming Council has launched RG Check—Internet, an international accreditation programme that enables gambling websites to have their gambling safeguards assessed against independent and evidence-based standards. The standards for RG Check—Internet were created by RGC, which will deliver the programme in Canada. Internationally, the accreditation programme will be administered by PricewaterhouseCoopers LLP (PwC Canada) and member firms of the PwC. Final accreditation decisions will remain with RGC.

### Casino Estoril Names JCM Global Preferred Bill Acceptor Supplier

*"JCM's award-winning iVIZION® continues to impress operators around the world, and we are very happy to welcome Casino Estoril to the iVIZION family of customers. iVIZION has set a new global standard for acceptance and security, and as the foundation of intelligent validation, iVIZION is a product casinos can buy with confidence,"* said JCM EMEA General Manager Payam Zadeh.

### The Maryland Lottery and Gaming Control Agency Announce May 2014 Revenue Numbers

In a year-to-year comparison, May 2014 casino revenue increased from May 2013 by $6,651,889, or 9.6%. The Maryland Lottery and Gaming Control Agency (MLGCA) is responsible for all matters relating to regulation of the state's casinos.

### New York State Gaming Commission: Traditional Lottery and Video Lottery Sales Increased in FY2014

The New York State Gaming Commission stated that the traditional lottery sales and video lottery net yield for fiscal year 2013-2014 was $9.23 billion, with a profit of $3.17 billion. This is a 4.2 percent increase over the last year. This is also the 14th year in a row of revenue growth. New York has the most profitable lottery in North America. *"We are proud of the significant contribution the Lottery makes to support New York's schools and we are very pleased to have set yet another sales*

record for the past fiscal year,"* said Robert Williams, Acting Executive Director of the New York State Gaming Commission. *"We look forward to continuing this record of success in the future."* Total sales and net win were up $292.2 million (3.3 percent). Profits were up $127.2 million. Much of this is due to the Mega Millions game's continued popularity. There was also growth in Quick Draw sales. *"All Lottery profits go to funding K-12 education in New York State. The Lottery's fiscal year 2013-2014 profit of $3.17 billion represents approximately 15% of total state aid to local school districts."*

### An Post Reports Strong 2013 Revenue Growth and National Lottery License Win

An Post Group turnover for 2013 was €811.7m, an increase of €807.3m. The An Post Group worked in partnership with the Ontario Teachers' Pension Plan, the owner of the Camelot Group, which includes Camelot UK Lotteries Ltd and Camelot Global, who provide consulting and management services to lotteries internationally. An Post and the Camelot Group have excellent records of increasing sales in Ireland and the UK. Adam Sherman, Air Business group managing director, comments: *"An Post gives us the freedom to operate independently while supporting us as part of their strategic growth strategy. The 20 year commitment to the Irish National Lottery is an encouraging investment supported by the strong Group performance."*

### Caesars Helps Write Federal Anti-Online Gambling Bill

A new poker-only Internet gaming bill is being considered on Capitol Hill. This bills supports a federal law that would allow online poker to be legalized at the federal level but would prohibit other forms of Internet gaming. *"Other exceptions under this proposed bill would include horse racing and lotteries. The document does not address fantasy sports, but one would speculate that it would not apply, given the NFL's ability to lobby hard for fantasy sports and against real-money wagering on its games online. It is interesting to note that the horse racing and lottery exceptions*

*would immediately impact Delaware, one of the three states that offers such activities."*

### Former Rep. Connie Mack (R-Fla.) Lobbying for Sheldon Adelson to Ban Online Gambling

Former Rep. Connie Mack (R-Fla.) is lobbying for Las Vegas casino magnate Sheldon Adelson in support of legislation that would ban online gaming, a sector of the industry that competes directly with Adelson's casino holdings. Also, a few weeks ago, Adelson's company hired the lobbying firm, The Keelen Group, to work on the issue. *"The bill to ban online gambling from Rep. Jason Chaffetz (R-Utah) and Sen. Lindsey Graham (R-S.C.) would overturn a 2011 Justice Department decision allowing states to legalize the games within their borders."*

### Online Gaming vs. Casinos: Research Finds a Casino Advantage

Studies indicate that Internet gamblers exhibit a remarkable amount of restraint in their gambling habits. *"From these studies, a prominent, unifying theme emerged: In each gambling category, the vast majority of players gambled infrequently and in moderation, while a small subset of players (between 1 percent and 5 percent) exhibited intense gambling behavior that far exceeded that of the rest of the sample."*

### New Kentucky lotto game exceeds profit expectations

The Kentucky Lottery's new keno game hasn't attracted as many retailers as projected, but sales have exceeded expectations. *"Kentucky Lottery Chief Financial Officer Howard Kline told The State Journal (http://bit.ly/1xym6t7) that the bingo-style game, which has drawings every five minutes, sold $28.5 million in wagers as of June 21. He says that's about $500,000 more than estimated."* They had 272 Keno-only retailers sign on to offer the game by the end of May. *"Lottery officials initially had anticipated having 400 Keno-only retailers by the end of June."* The

lottery had reached out to less traditional venues such as bars and restaurants, hoping to play towards keno's strength as a more social form of gaming.

### European Court of Justice: Schleswig-Holstein Gaming Law does not Affect Other States

Gibraltar-licensed online gaming firm Digibet suffered a blow when the European Court of Justice (ECJ) ruled that the more liberal gaming policy adopted by the German state of Schleswig-Holstein does not obviate federal German regulation. *"The ruling was issued in response to a request from Germany's Federal Court for clarification on whether Schleswig-Holstein's liberal gambling policy may affect the prohibition on games of chance in the other German states, as they relate to European Commission rules on the freedom to provide services. The German Federal Court case involves Digibet and state lottery operator Westdeutsche Lotterie (WestLotto), which had secured a court ruling ordering Digibet and its managing director Gert Albers to cease offering games of chance via the internet to players in Germany."*

### Iowa Lottery CEO: Mobile Gaming has More Potential than Internet Gaming

Iowa Lottery CEO, Terry Rich says *"I'm not as interested in internet gambling as mobile gaming — being able to utilize a cellphone on a one-time purchase … Our big thing is, it needs to be kept within state borders and controlled by our state legislators — not by somebody nationally or somebody in Las Vegas controlling whether we do or don't do it."*

*"We've done a lot of research, we are ready … when the demand is there. And I think the demand comes from the 25 to 31-year-old demographic."*

### European Commission Calls for Online Gambling Addiction Warning Labels

These messages would be similar to those displayed on cigarette packets and would be placed on advertisements for gaming products. Similar initiatives are already taking place in many countries.

In France a help line number and health warning message are present on all igaming websites and advertising.

### Supreme Court Passes on New Jersey Sports Betting Case

According to 1992's Professional and Amateur Sports Protection Act, sports betting is legal in four states: Nevada, Oregon, Montana, and Delaware. The state of New Jersey has long lobbied for sports betting to be allowed in its Atlantic City casinos. Lawmaker Raymond Lesniak has introduced legislation that would remove gaming restrictions from New Jersey books, in defiance of federal law. Lesniak compares such a move to marijuana-legalization laws recently enacted in Washington and Colorado—laws which the federal government has chosen to ignore for the time being. A financially beleaguered Atlantic City is eager to utilize legalized sports betting. *"It is estimated that over $500 billion is wagered on sports illegally in the United States each year. Las Vegas casinos have had sports betting since the 1970's. As more and more states surrounding New Jersey legalize table gaming, Atlantic City and New Jersey's racetracks are beginning to feel the pinch."*

### Aristocrat Acquires Video Gaming Technologies

Gaming machine and casino management systems firm Aristocrat has will purchase US competitor Video Gaming Technologies (VGT) for under $1.3 billion (€941.8 million). This deal will increase the Australian firm's share of the US industry from 5% to about 31%. VGT makes slot machines for Native American casinos as its main source of business. Aristocrat has also acquired Paltronics, an Illinois-based supplier of gaming products and systems. *"Paltronics provides a range of value-added applications for in-game media windows and bonus applications for electronic gaming machines, video poker and table games."*

### 43% of Spain's Online Poker Players Play on Illegal Websites

This is according to research from Spain's CODERE Foundation and the Institute of Policy and Governance of

Madrid's Charles III University. The report, Social Perception on Gambling in Spain in 2014, relates that *"Spain is still home to a very large community of online gamblers … However, the financial crisis led people to play less often than before and to invest the money on [online] games … The results of the research indicate that that online gaming seems to have reached a degree of maturity."*

### Taiwan Sports Lottery May Earn NT$500 Million more than expected from World Cup

The lottery also attributed the increase in revenue to a new diversity of betting offerings, from NBA basketball games and Major League Baseball games in North America, to ATP tennis games in Taiwan. Live betting has also been an important new offering.

*"Taiwan Sports Lottery Co president Ted Lin said that its sales revenue last month topped NT$2.57 billion, adding that the company made NT$1.06 billion within 18 days after the World Cup began."*

### Macau is Now the World's Fourth-Richest Territorial Entity

Recently released World Bank statistics show that the former Portuguese colony has overtaken Switzerland in gross domestic product per capita, at £53,000. Luxembourg, Norway and Qatar are in the top three slots. Tourists and gamblers from mainland China have helped drive this increase in GDP. The region is benefiting from the newly flush middle class of China. Macau is the only place in China where gambling is legal. Casino bosses in Macau are actively investing in resorts, shopping malls, and elaborate stage shows as the region is trying to re-position itself as a family-friendly tourist spot. The average bet is estimated to be £60. Macau has over 30 casinos, including the world's largest, the Venetian Macau.

### New Mexico Lottery CEO Seeks Change in Scholarship Funding

The head of New Mexico's lottery system, David Barden, wants the state Legislature to cut the 30 percent minimum it is required to provide in revenues to the college scholarship program, arguing that

such a move could increase lottery sales and create a larger revenue stream. The Legislative Lottery Scholarship program provides tuition money at state-funded institutions. The New Mexico lottery system says it has raised more than $610 million for education. The Santa Fe think tank, Think New Mexico, argues that the lottery could increase its sales by reducing overheard, but lottery officials reply that they have nowhere left to cut.

### Singapore to Cease Issuing $10,000 Banknote in Money Laundering Prevention Move

High denomination notes are popular with criminals as they are a lighter, more efficient way of transporting large amounts of cash. Ong Chong Tee, a deputy managing director of the Monetary Authority of Singapore (MAS), said that ending the $10,000 note was unlikely to cause any major issues: *"The development of more advanced and secured electronic payment systems has reduced the need for large value cash-based transactions,"* he said at a recent financial crime seminar. This speaks to the fact of just how big a problem that money-laundering has become. Casinos are being required to strengthen their systems for monitoring transactions in order to prevent money-laundering.

### Casino Revenues Down: Moody's Reports Declining Outlook for U.S. Gaming; Effect on Connecticut

Gaming revenues are down at casinos across the U.S., including Connecticut. *"We now estimate that total US gaming revenues reported by state gaming authorities will decrease between 3.0% and 5.0% during the next 12 to 18 months, causing overall industry [earnings before interest and tax] to decline between 4.5% and 7.5%,"* Moody's analyst and Senior Vice President Keith Foley wrote. Connecticut was among the states with the biggest percentage decline. *"In Connecticut, total gaming revenue was down 10.9 percent in March to $96.5 million; down 11 percent in April to $86.5 million; down 7.6 percent in May to $95.4 million."*

Moody's report argues that the market has becoming *"diluted with new and expanded gaming facilities in the Northeast*

*and elsewhere."*

*"Connecticut had the second biggest drop in gaming revenue for March after Indiana, and the largest drop in April. Many other states also had declines in gaming revenue for at least two of the three months that Moody's looked at: Colorado, Delaware, New Jersey, Illinois, Kansas, Indiana, Iowa, Michigan, Louisiana, New York, Missouri and Pennsylvania, for example."*

### Iowa Lottery: Strong Results this Year

The Iowa Lottery will have solid results this year, CEO Terry Rich stated, *"but the brutal winter definitely had an impact on the sale of many consumer products, including lottery tickets … Repeated blizzards and frigid temperatures often made it impossible for folks to get out and about this winter in Iowa, and when people aren't in their normal routines, they often don't make their usual purchases, including lottery tickets,"* he said. The Iowa Lottery reported that it had $174.2 million in lottery sales, down from $186.6 million the previous year.

### Hoosier Lottery's New Private Operator Attains Record Sales —Over $1B

The Hoosier Lottery's new private operator GTECH Corp, brought in record sales revenue of more than $1 billion. However state lottery officials also reported that they will likely fall short of the $256 million promised to the state when it won the contract to operate the state lottery in October of 2012. *"The state's contract requires the company to make up the difference if it falls short of its income commitment."*

### Delaware House Passes $9.9 Million Casino Relief Bill

**Dover**—Delaware's three casinos will get $9.9 million taxpayer dollars in a casino relief proposal passed by the state House. Senate Bill 220 was passed by a vote of 27-10. *"SB 220 was contingent upon a companion bill's passage, that reauthorizes unused funds for the first year. The bill mandates that $3.2 million in funding earmarked for the Kent County Sports Complex and $1.1 million in unspent new jobs infrastructure fund as well*

as $5.6 million left over from last year's bond bill allocation can be used for the $9.9 million this year."

### Tatts Group Wins AUS $450 Million Compensation from State of Victoria

Australian gaming group Tatts will be awarded more than $451m (£249.6m) in compensation, arising from the expiration of its gaming operator's licence. The provider has also reached an agreement with the Queensland Government and Racing Queensland (RQ) to establish a new regulatory framework for the operation of race and sports wagering. The new deal will extend Tatts' sports wagering licence by 61 years and bring into line the race wagering licence, both terminating on 30 June 2098. *"Retail exclusivity has been secured for a further 30 years under each licence, until 30 June 2044 … Tatts will pay the State $150m (£83m) as a license fee, to be paid in four equal instalments in July 2014, 2016, 2020 and 2023. In addition, RQ and Tatts have agreed to form joint ventures in the future on a number of initiatives that will generate potential additional revenue for the racing industry."*

### KKCG, Emma Capital and GTECH Seek Turkish Lottery License

A consortium of Czech investment firms KKCG and Emma Capital, and the Italian gaming company GTECH, have filed for a license to operate Turkey's national lottery, Milli Piyango. The consortium stated in May that it intended to make a bid and may include a Turkish partner in the deal. *"KKCG and Emma Capital, part of the Emma Group owned by Czech investor Jiri Smejc, joined together with other investors last year to buy a controlling stake in Greek betting monopoly OPAP , the first major privatization under that country's international bailout plan."*

### Cambodia to Change Gaming Laws to Attract Major Casinos

Cambodian regulators are considering opening up the casino market to new operators. Online gambling could also be included. Gaming is highly popular all across Asia, and thus the country has great potential, particularly because of its lower tax rates. *"Last year, Cambodia was visited by 4.2 million tourists, according to information released by the state's Ministry of Tourism. More than 20% of these came from the neighboring country of Vietnam. China is the second largest source of tourists, accounting for 11% of the number of annual visitors … So far, the Economy and Finance Ministry has awarded 56 casino licenses for 7,660 slot machines and 2,568 gaming tables across the country. In 2013, the state earned US$22 million from gambling-related activities, which means the local market has a significant potential."*

### Proposed UK Gaming Laws Challenged by Gibraltar Betting and Gaming Association

The GBGA argues that introducing laws that require all operators to apply for a license from the UK Gambling Commission is a breach of European law. *"The likely impact of this legislation will be to drive UK consumers towards unregulated or poorly regulated operators, leaving them exposed to unnecessary risks,"* said Peter Howitt, the chief executive of GBGA. Gibraltar's government is encouraging the challenge, concerned that the 15% tax and new regulations could encourage UK bookies to relocate back to Britain. PGRI Comment: Operators based in tax havens like Gibraltar and Malta are constantly complaining about anything and everything the member states do to regulate and tax i-gaming. Their mission appears to be to convince the EU Commission to force all EU member states to de-regulate the industry with the result that all i-gaming revenues will flow out of the nations that have a tax rate higher than these remote operators deem to be acceptable, which is about 1%.

### Trinidad & Tobago Gaming Commission to Assist Racing Industry

The regulation of the racing industry, along with private betting shops, is expected to change by the New Year, in an effort to revive the industry. *"In the past, licensing of betting shops was handled by the chief magistrate and the BLB collected the taxes, but in future it will be under the umbrella of the Commission. The legislation will also be expanded to provide for the licensing of corporations as bookmakers, which the existing legislation does not provide. In such cases, due diligence will be extended to board members, related companies and interlocking directorships."*

### USA Today Article: Online Gaming Revenue Less Than Expected

Payment processing has been a problem for the emergent gaming sector. Some players have run into problems when banks that issue credit cards have blocked attempts to gamble online. Some credit card companies have declined to allow their cards to be used for online gaming. *"A research report released by Morgan Stanley in March estimated that about 60 percent of online gaming transactions in New Jersey were rejected and that about half of those users did not make other attempts to fund their accounts."*

**PGRI Note:** This is a most informative article on the state of the U.S. internet gambling industry. The revenues in all three states that regulate i-gaming (New Jersey, Delaware, Nevada) are far short of projections. And they are actually declining.

### GTECH, Loto-Québec, British Columbia Lottery to Launch Multi-Jurisdictional Bingo

GTECH S.p.A. has announced that its subsidiary GTECH Sweden Interactive AB (GTECH) has entered into an agreement with the Societé des Lotteries du Québec (Loto-Québec) and the British Columbia Lottery Corporation (BCLC) to provide interactive bingo software, games, and related services to these Canadian lotteries through June 2018. The contract represents North America's first government-regulated interactive bingo network. GTECH will host from its Montreal, Canada Data Center, while associated live chat and call center services are based at its National Operations Center in Toronto, Canada. On May 14, 2014, BCLC updated and launched new interactive bingo games on its PlayNow.com site. Through a separate agreement between BCLC and Manitoba Liquor & Lotteries, PlayNow.com and its

content are also available to Manitoba residents. Loto-Québec's Espacejeux.com site, available in both French and English, has been providing interactive bingo games to Quebec residents since June 12. *"GTECH is proud to launch another industry first with Loto-Québec and BCLC in the government-sponsored interactive space in North America,"* said Jaymin B. Patel, President and CEO, GTECH Americas. *"The Canadian Bingo Network will ensure that players have a legal, safe and fun experience, and that proceeds from interactive bingo in these Canadian provinces will remain in their communities."* GTECH's games provided through this agreement, including the Canadian debut of PopCap Games' Plants vs. Zombies® Bingo, are only available to adult residents of British Columbia, Manitoba and Québec. The network offers a full range of responsible gaming control and prevention measures.

### Mobile Gaming in China's Internet Economy

Since the Chinese market is huge, online games can potentially be highly profitable, particularly in the mobile sector. But the market is highly crowded, with over a hundred games being released a day. Working effectively with app stores and social media is key. China one of the largest markets in the world with over 490 million users and worth RMB 83 billion ($13.7 billion) in revenues. China's mobile games market is expected to double in size this year to RMB 17.85 billion ($2.8 billion). It's quickly stealing market share from traditional PCs as users shift to smart phones and tablets to discover new and engaging content. Nearly 460 million people are going online through mobile devices instead of desktop computers.

### Bovada (Bodog) No Longer to Serve Nevada And Delaware

After withdrawing from Washington, Maryland, New York, and New Jersey, US-facing online poker site Bovada has now added Nevada And Delaware to its list of excluded US states. *"It is believed Bovada's exit from six US states represents an attempt by the company to head off potential litigation from authorities further on down the line … and not fall prey to the fate of companies like Poker-Stars which, though chomping at the bit to enter the legal and regulated US online market now, have so far been prevented from doing so in the three legal states due to its 'bad actor' designation for post-Unlawful Internet Gambling Enforcement Act (UIGEA) behavior."*

### National Association of Convenience Store supports proposed online gaming ban

*"The National Association of Convenience Stores (NACS) will back a major public affairs campaign aimed at encouraging Congress and association members to support a proposed online lottery and gaming ban, reported Politico."* Lyle Beckwith, NACS senior vice president of government relations says that *"Lottery tickets should not be sold interstate on the Internet. Those sales risk letting kids buy them, letting people gamble in states that don't want gambling, and pulling money and sales out of some states into others. … If Congress does not act to pass this legislation, states will open the floodgates to Internet gambling and it will become difficult or impossible to turn it back."*

**PGRI Note:** Of course, NACS needs to resort to these ridiculous assertions and scare tactics. Notice that the claims they make are not true, that these are social issues that NACS members are not actually concerned about anyway, and that the actual concern of NACS members is not even stated here. NACS just wants to protect their distribution monopoly over lottery products. Of course, they can't say that because the U.S. Congress is not supposed to take legislative action to protect monopolies. The U.S. Congress is not tasked with the job of denying consumer rights to choose, the rights of consumers to buy online. Congress not supposed to take legislative action to require that a product be made available only in retail stores because store-owners want to protect their distribution monopoly—The notion that NACS' actual agenda is to pressure the U.S. Congress to intervene to prevent the natural disruptions in a dynamic marketplace by protecting their monopoly and denying consumers the right to choose is not a political platform and legal strategy that would work.

### Amaya to acquire Rational Group (Owner of PokerStars and Full Tilt Poker)

PokerStars, the world's biggest online poker company, will sell itself for $4.9 billion to Amaya Gaming, a Canadian supplier of gaming equipment. PokerStars had major problems with law enforcement authorities in the US. *"In 2012, PokerStars struck a $731 million settlement with federal prosecutors that also saw the company acquire the assets of Full Tilt. The company did not admit any wrongdoing. [Its founder, Isai] Scheinberg remained under indictment and has not come to the U.S. to face the charges."* PokerStars however dominated online poker in the rest of the world. *"The company posted revenues of $1.1 billion last year and earnings before interest, taxes, depreciation and amortization of $420 million."* But when it comes to the US, other companies have been able to enter the limited market space for online poker ahead of them, and thus the owners of PokerStars best option was to sell. Amaya said it believes the *"transaction will expedite the entry of PokerStars and Full Tilt Poker into regulated markets in which Amaya already holds a footprint, particularly the U.S.A."*

### Loto-Québec to License, Regulate, and Tax Online Poker

The lottery corporation now plans to offer a license to sites such as Poker Stars, in return for what is expected to be quite rich income. *"Montreal-based Amaya Gaming Group, which bought Poker Stars and Full Tilt Poker last week to $ 4.9 billion, could be the first company to receive such a license. The company is already a supplier of Loto-Québec for devices in casinos."*

### NC Lottery Official: Budget Writers Knew Restrictions on Ads Would Reduce Income

**PGRI Note:** Classic case of politicians' unwillingness to support Lottery colliding with their dependence on lottery funding to make the budget work. And the lottery director being caught in the middle with the unenviable job of explaining the facts to politicians who prefer not to accept reality. The interesting thing about this story is that it is being played out on the public stage.

### Swiss Government Drafts Online Gambling Bill

Switzerland is working towards finding the right balance for casino operators and residents who want to gamble online. The government has now published a draft of the newly

### California Indian Tribes Reach Consensus On Online Poker Bill

At issue were the number of licenses to be granted and whether operators which continued to offer i-gambling in violation of the UIGEA.

### American Gaming Association (AGA) Drops Support for Online Gambling

The fight to regulate online poker and gambling in the U.S. lost a major player as the American Gaming Association (AGA) has announced that it will no longer be supporting the cause. Citing divisiveness among the casinos it represents, AGA CEO Geoff Freeman stated that the organization will cease lobbying efforts regarding online gambling, referring to the matter as *"an issue that the association cannot lead on,"* the Wall Street Journal reported.

PGRI Note: This is a must-read for anyone interested in the politics of regulating i-gaming, and the in-fighting among the biggest casino operators, in the U.S.

### Social Gaming Market could be Worth $17.4 Billion by 2019

The growth (estimated be compound annual rate of 16%) is driven by the rapid adoption of smart phones, tablets and mobile devices. Watch for operators to merge the extraordinary popularity of social gaming with real-money games. Another driver of the rise in social gaming is the application of "gamification" principles and tactics as a marketing tool by main-stream companies who sell non-gaming products and services. Food and Bev and retail industry are among the first to pursue this new method of engaging consumers.

### Republicans Sponsor a Bill to Ban

### Online Gambling

Hopefully, state attorney generals, legislators, and governors will step up to defend the rights of states to regulate and tax the gambling industry, including internet gambling. To do otherwise would set a dangerous precedent of transfer of all manner of trade and commerce legislation over to the federal government. The "Restoration of America's Wire Act" would rewrite the Federal Wire Act of 1961 to criminalise all "wire" communications related to gambling. *"Not only does the proposal trample states' rights, it will fail to eliminate illegal online gambling while making consumers less safe online, eliminating millions of dollars in tax revenue for states, and favoring a special interest. It is also based on a blatant misrepresentation of existing law."*

### Arizona Court Rejects Appeal of Plaintiff Who Tries to Sue the Operators of an Off-Shore Internet Gaming Site for the $800,000 He Lost

The judge stated that state racketeering laws do not protect gamblers, even when they play on illegal off-shore gambling sites. *"Gambling is a voluntary activity and therefore does not qualify as an injury to person."*

### INTRALOT Signs Amendment to Extend its Contract with the New Hampshire Lottery

Commission Charlie McIntyre, the Lottery's Executive Director, commented: *"New Hampshire was the first U.S. state to start a lottery in modern times (1964). We are now celebrating 50 years of successful operations. Since INTRALOT converted our systems, lottery sales have increased by more than 20% and we very much look forward to continuing that trend during our partnership through 2020. Over the past four years, INTRALOT has provided excellent service and created tremendous value for New Hampshire citizens and for the New Hampshire Education Trust Fund."*

### Supreme Court Rejects Gov. Christie's Appeal to Legalize Sports Gambling in New Jersey

PGRI Note: This is not a legal opinion that ends all debate on this issue. News

articles are sometimes failing to make the point that the Supreme Court declined to hear the case as opposed to ruling that states are in violation of federal law if they legalize sports-betting. The distinction could be quite material, as it appears that NJ is proceeding with regulating and legalizing sports betting without a ruling from the Supreme Court. That's when the U.S. Dept of Justice will need to decide whether to sue the state of NJ to force them to prohibit sports-betting. If that happens, then this case may be referred back up to the U.S. Supreme Court to settle this question once and for all. At issue is whether PASPA, the federal law that prohibits sports-betting in all but four states, is constitutional and would be upheld in a court of law, with the ultimate court being the U.S. Supreme Court.

### New UK Gaming Regulation to be Challenged in Court

*"The Gibraltar Betting and Gaming Association (GBGA), which represents companies such as 32Red and Victor Chandler, is to take legal action against the UK government over new licensing and tax rules due to come into force later this year."* The association argues that the new rules violate European law and could expose British players to "unscrupulous operators." *"From December 1st all online bets placed in Britain will be subject to a 15% 'point of consumption tax' which is expected to bring in around £300 million each year to the Treasury."*

The Chief Executive of the GBGA, Peter Howitt, said, *"The likely impact of this legislation will be to drive UK consumers towards unregulated or poorly regulated operators, leaving them exposed to unnecessary risks."*

PGRI Note: Disingenuous in the extreme to claim that the only way to protect consumers is to lower the tax rates. Everyone, from NACS (see story above) to remote i-gaming operators, tries to cloak their own transparently self-serving financial agenda with this concern for the safety of the consumers. Presumably, legislators across the world see through this ruse.

### Report: Mobile Gaming To Be $28.9 Billion Market By 2016

Mobile game revenue will grow by 38 per cent over the next two years as gaming firms adjust their strategy to take advantage of new opportunities. The figures are from a Juniper Research report "Mobile & Handheld Games: Discover, Monetise, Advertise 2014-2019." *"Tablet users are set to spend more on in-game purchases and generate more revenue per device than smart phone owners due to the enhanced performance and graphical capabilities the larger devices have. This means that consumers using traditional portable gaming devices are being persuaded to move over to tablets at a faster rate than before."* Rising disposable income combined with smart phone adoption will result in increased in-game purchasing in Latin America, Eastern Europe and Southeast Asia. App stores remain the primary content discovery location. ◆

## The New Customer Journey …

nificantly increases revenue for your beneficiaries.

### Create winners' awareness

What better way to showcase your support to the local community than by posting on your site about the prizes people win every single day. Add videos and pictures of winners sharing their experience. Share them on your social media pages. Put emphasis on the fact that they are ordinary people like you.

### Put your customer at the center

Losing sight of the customer and separating yourself from what is happening outside is one of the primary reasons corporations stumble in the first place. You need to create an open dialogue and really know the good, the bad and the ugly. Then work with your team to talk to the customer, fix the problem and make sure it doesn't happen again.

Last but not least, don't forget to be agile. The recent financial crisis, the new available technologies are just some examples of changes happening in our environment that affect our customers' purchase decisions. A prerequisite to being agile is to be willing to change.

At INTRALOT, we are seeking innovation and change all the time. Our technologies, products and services are evolving to embrace new opportunities exploring the new customer journey model. Our newest Lottery Mobile solutions as well as our newest interactive DreamTouch terminals are examples of innovative products that have been built with this new model in mind. Our vision is to keep on changing traditional lotteries by following new player behaviors and offering them the best entertainment experiences. ◆