

Welcome to the International Lottery EXPO 2002

August 2002

PublicGaming

I N T E R N A T I O N A L

A close-up portrait of David Griffin, a man with a goatee, wearing a dark suit, white shirt, and patterned tie. He is looking directly at the camera with a neutral expression.

**David Griffin: Lifting Florida
to New Heights**

**Show Me the Money: Lottery
Revenue Highlights**

Until now the best lottery terminals came from ILTS.



The ILTS Intelimark is built around the Epson IR 300

Now they come from the ILTS/Epson team!

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Overall, ILTS terminals achieve MTBF more than double the industry average.

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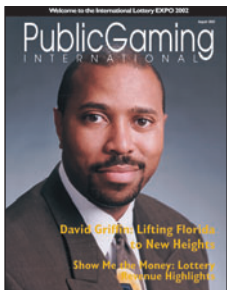
Now ILTS has teamed with Epson, the world's leading supplier of value-added POS solutions to introduce the Intelimark, a new on-line lottery terminal that integrates field-proven ILTS ticket-handling technology and its legendary performance with the latest point-of-sale technology.

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ILTS EPSON
The advantage of teamwork!



ON THE COVER:

David Griffin, Secretary,
Florida Lottery

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Play FLA USA; see page 14

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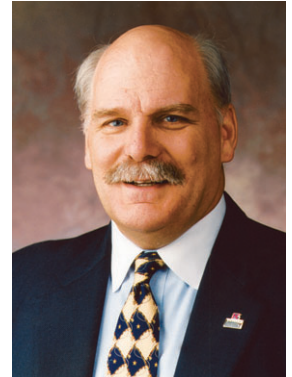
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Late last summer people in the North American lottery industry were anxious about what kind of year we would have. A softening economy and the events of September 11 gave us plenty of reason to worry. The uncertainty of the times made it difficult to predict what would happen to our sales and bottom lines.

But we all knew that we had a job to do. We had to focus and work harder than ever because our various jurisdictions and the good causes we fund were counting on us to come through in a time when our respective governments' budgets were tight or coming up short.

With the fiscal year now ended for most North American lotteries we can look back and know that we did come through! I expect the numbers will show a record sales year for the North American lottery industry when the final results are in. Early results indicate that sales are up in most NASPL jurisdictions. This is very welcome news in light of our anxieties late last summer and after suffering through several years of flat sales as an industry, particularly given the budget and revenue shortfalls expected in many states. Lotteries shine as one of the few bright lights in many state budgets.

I believe there are several reasons for the turnaround. First and foremost, we can credit the hard work of our lottery staffs, vendors, and retailers. Our industry has extremely talented people who are dedicated to their work, including lottery employees, the vendor community, and the storeowners, chains, and clerks who sell our products. We should all be grateful to them for their efforts.

Secondly, instant scratch-off ticket sales made a strong rebound in Fiscal Year 2002. The vendors and lotteries did a tremendous job working together to enhance scratch-off product line-ups by creating fun and exciting new games, developing new price points, and managing prize structures. Sales in my state of Kentucky grew by \$47 million, due in large part to scratch-off sales improvement. Several states, including Georgia, Idaho, New York (40%+), and West Virginia, reported double-digit scratch-off growth through the first three-quarters of FY '02.

Many states have reported significant sales growth for the full year. Among those I have seen are Missouri, where sales were up by \$77 million, and Ohio, where sales grew by \$68 million. And let's not forget Idaho where sales jumped from

about \$82 million a year ago to over \$93 million in FY '02. Additionally, sales grew in places like the Atlantic Lottery, Delaware, Oregon, Rhode Island, and West Virginia, among others, thanks, in large part, to their video lottery strategies.

But the biggest reason for the record year in the North American lottery industry was jackpot performance. Huge jackpots across the country created excitement and national media attention that drove sales skyward. POWERBALL® and The Big Game® both experienced jackpots in the \$300 million neighborhood. California's \$193 million jackpot set the record for the largest single state lottery jackpot in history. California then followed that whopper with a nifty \$87 million prize, while Texas had a jackpot reach \$70 million, both generating tremendous sales. While many might attribute such outstanding jackpot performance to just good luck, I've long believed that the lotteries that capitalize best on this good fortune are those who plan for it and respond.

Overall North American lottery sales will also get a boost from our newest member, the South Carolina Education Lottery. The SCEL generated \$320 million in sales from its start-up in January through the end of June! Our congratulations to our new friends in South Carolina on a great jump out of the gate!

Of course, we're in a "what have you done for me lately?" business. New fiscal years are underway and the challenge of meeting and surpassing our new records, both individually and collectively, will be difficult.

We must remain focused, continue to work hard, and be creative. We must reward our retailers for their efforts, and we must count on our vendors to provide us with innovative products and outstanding service. If we do these things, I'm confident that we'll be celebrating another outstanding North American lottery industry year this time next year!

THE ONE EVERYBODY
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track record –
19 instant
games,
100 million
tickets!

Millions
of happy
players!



Others that have been looking up to find *Wheel of Fortune* on top of the ratings for more than 70 consecutive sweeps periods: *Friends*, *Frasier*, *Seinfeld*, *Cosby*, *The Simpsons*, *Raymond*, *X-Files*, various *Star Treks*, *Andromeda*, *Cops*, *Judge Judy*, *Judge Joe Brown*, *Regis & Kathi*, *Oprah*, *Phil*, *Arsenio Hall*, *Rosie*, *Montel*, *ET*, *Inside Edition*, *Hard Copy*, *Access Hollywood*, *Tic Tac Dough*, *Price Is Right*, and *Family Feud*, just to name a few.

- 🎡 **British Columbia:** Sold out in under 10 weeks!
- 🎡 **New York:** Doubled initial ticket order!
- 🎡 **Florida:** Indexed at 155; re-launched version 2!
- 🎡 **Nebraska:** Best-selling non-crossword \$2 instant ever!
- 🎡 **Oregon:** Heavy demand prompted re-order!

Wheel of Fortune, the most successful game show in TV history, is also one of the most successful licensed lottery themes ever. As *Wheel* launches its unprecedented 20th Anniversary season this fall, give your players a reason to celebrate with a Special 20th Anniversary Edition *Wheel of Fortune* instant game. Call us toll-free, **1-800-572-7082**, to get the wheels in motion.



Brands that speak for themselves.

Industry News

Missouri Extends GTECH

GTECH entered into a two-year contract extension with the Missouri Lottery. As a result, the company will continue to provide online lottery products and services to the Lottery through June 30, 2005.

The Lottery also exercised an option in its existing contract with GTECH that includes the provision by GTECH of equipment and services for Club Keno®, an online keno game that debuted on May 28, 2002, at approximately 470 locations throughout the state. The number of keno locations is expected to grow to approximately 1,000 over time.

Under the terms of the contract extension, GTECH will provide the Missouri Lottery with a variety of ongoing services, including operation and maintenance of the central system hardware and software, field services, marketing support, and hotline operations. In addition, GTECH will provide the Missouri Lottery with equipment and services for the Club Keno game, including Club Keno terminals and displays, game software, retailer training, and marketing support. With respect to its contract with the Missouri Lottery, GTECH anticipates generating revenues of approximately \$18 - \$22 million for the extension and Club Keno.

Scientific Games Selected by Illinois and Delaware – Extended by Florida

Scientific Games has been chosen as the primary supplier for instant tickets by the Illinois Lottery. The contract is estimated to be worth \$21 million over the initial term of three years, contains two one-year options to renew and is subject to final negotiations.

The Delaware Lottery has also awarded Sci-Games a three-year extension on its instant ticket and cooperative services contract. The contract is valued at approximately \$7 million and includes additional services for a full back-office and instant validation system as well as ticket warehousing and distribution.

In other news, the Florida Lottery extended Scientific Games' contract for Cooperative Services and Instant Tickets by four years. The estimated value of the contract is \$65 million over the term of the agreement. Adding to the existing contract, this extends Scientific Games' relationship with the Florida Lottery until 2008.

Interlott Receives Orders from California and Hoosier Lotteries

Interlott received an order from the California Lottery for the purchase of 500 new 16-bin Expandable Dispensing System (EDS) Instant Ticket Vending Machine (ITVM) units. Delivery of these 500 ITVMs is expected to begin in August. This brings to 1,000 the total number of 16-bin EDS machines purchased by the state since January 2002. Interlott

anticipates generating total revenue of more than \$8 million from the two orders.

Interlott also received a purchase order from the Hoosier Lottery for 500 eight-game Pull-tab/break-open Ticket Vending Machines (PTVMs). In April 2002, Interlott had announced that it had been named the apparent successful bidder by the Hoosier Lottery for up to 500 PTVMs. Indiana presently leases approximately 651 Interlott Instant Ticket Vending Machines (ITVMs).

Spielo Unveils New Logo and New Headquarters

Spielo now has a new headquarters and a new logo. Previously known as "Spielo Gaming International", the company has shortened its name to "Spielo" and has adopted a sleeker look for its logo.

Spielo staff also moved into new headquarters during June. The company, which has been steadily growing in size and market share, consolidated all employees from the five locations it currently uses in the Moncton, New Brunswick area, to one newly renovated building. The new address is: Spielo; 328 Urquhart Avenue; Moncton, New Brunswick, Canada, E1H 2R6. Telephone, fax and email contact information remain the same.

Interlott Ranks in Top 100

Interlott has been named one of the 100 fastest-growing small businesses in the United States by FSB: FORTUNE Small Business. The award is based on earnings growth, revenue growth, and total stock return for the past three years.

Editors for FSB: FORTUNE Small Business, a publication of Fortune magazine, worked with Zack's Investment Research to rank companies trading on the major indexes with annual sales of less than \$200 million. Interlott enters the list ranked No. 94 nationally.

Intralot Placed Among The Best 100 European Stocks

Intralot is ranked as the best performing stock of the Greek Stock Exchange (between those included in the FTSE All Europe Index) as well as within the first 100 European stocks that demonstrated the best performance for the period between March 2001- March 2002, according to a Financial Times survey, which was released on July 2. This survey is produced in conjunction with the FTSE, the global equity index provider and is carried out every year measuring total shareholder return.

Intralot's shares increased 19.4 percent during this period, while the Greek stock market declined 25 percent. Also, it is worth mentioning that since March 2002, Intralot has increased another ten percent versus a two percent fall in the Greek Market. ■

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Around the World

Afghanistan

The Afghan Lottery is back up and running. Unfortunately, the first day of operations didn't go according to plan. Players who showed up at the National Stadium during the designated time were left bewildered when told that there would be a delay in revealing the winning numbers. Prizes for the Lottery include a Corolla car, a motorcycle, a Japanese TV, a Chinese bicycle and a top cash prize of \$30 – close to the average month's pay in Afghanistan.

Australia

South Australia VLTs– which have grown to number more than 14,600 – may be cut for the first time. The Independent Gambling Authority will start an inquiry into the gaming industry before a freeze on new machines ends in May, 2003. The government is considering a NDW system that allows machines to be traded between venues while reducing their overall number.

Tattersall's purchased the historically significant collection of artworks by ex-POW Jack Chalker. The Collection will be on permanent display at the Australian War Memorial in Canberra. Chalker's works are observations of life in Japanese WWII POW camps.

Over 11,000 disadvantaged Western Australians will stay warm this winter thanks to a \$176,000 Lottery grant to buy and distribute blankets to 112 charities throughout Western Australia. The Combined Charities Appeal will receive the grant to cover the cost of 11,300 blankets.

The Western Australia Lottery's June 29th Super Draw (jackpot at \$20 million) will be using a Kung Fu theme. Retailers will be going crazy with point-of-sale and dressing up their stores to reflect everything that is "Kung Fu".

Austria

The Austrian Lotteries have decided to use the latest generation of KEBA lottery terminals. In summer 2002, they will start equipping 4,500 sales points with the new KeWin mini. The new KEBA Lottery terminal will be used for processing instant tickets.

Brazil

OGT's Brazilian unit, Impressores de Segurança Associados Ltda. (ISA), has signed a contract extension for one more year with the Loteria do Estado de Minas Gerais, Brazil, for the production of its instant lottery tickets.

China

The Chinese government plans to tighten supervision over the country's lottery market in the next few months in order to maintain fair market order. Lotteries will be required to have their game's regulations and distribution method approved by the ministry and they will need to publish them. Lotteries will also be required to tell the

public when a game stops.

Beijing officials plan to use lotteries to catch businesses that don't pay their taxes. Authorities will hold a lottery for individual receipt numbers, and invite the holders of the receipts to collect prizes as high as 5,000 Yuan. The government is hoping this system will encourage people to ask for receipts when they buy things, which will make it easier for authorities to keep tabs on business transactions.

Greece

Greece's government is planning to divest a 19 percent stake in soccer pools and OPAP, a lottery operator. Last year the government divested 5 percent of the company.

India

The Indian government clarified that foreign investment and foreign technical collaboration in lottery business, gambling and betting is banned. Several parties had been seeking clarification on the law.

Ultra Entertainment Solutions has been given a five-year exclusive license by the Karnataka Government to market and operate the state's first online lottery. The company is part of the Essel Group, which is marketing Sikkim's online lottery. The online game is the Playwin lottery.

Israel

Israel's Mifal Hapayis has launched a scented ticket that gives off a floral scent when scratched. This is the "Hishgad-Scented", affording prizes of up to NIS 100,000. Players will enjoy the smell of roses coming from the card when it is scratched. Hishgad-Scented comes in a design of roses in four colors. The new ticket will be accompanied by an advertising campaign on radio and television.

Approximately three months after the introduction of the daily lottery game "Payis 777", Mifal Hapayis, reports revenues from this game have totaled 75.49 Million NIS. Revenues at present are 240% higher than the goal set for this period. The initial revenue estimates for this game, which was launched in March, was 55 million NIS for the first year.

Korea

Korea's Kookmin Bank will continue offering Jumbo Housing Lottery tickets, previously offered by the now defunct Housing and Commercial Bank. Kookmin is picking up where the Housing and Commercial Bank left off in order to set up a 1 trillion won fund to back the lottery.

Malaysia

Berjaya Sports Toto Bhd traded in its renounceable rights on the Kuala Lumpur Stock Exchange on June 24 and ceased on July 3.

Philippines

The Philippine Charity Sweepstakes Office (PCSO) launched the daily Suertes Lotto in an effort to squash a popular illegal numbers game called Masaio. Suertes has all the features of Masaio, but Suertes will allow players to watch the draws live on TV.

Poland

Polish lottery operators, Polski Monopol Loteryjny (PML) and Totalizator Sportow are waiting for the government to expand the range of legal gambling activities and are preparing to launch networks of VLTs, anticipating a leap in revenue. The only problem is that a government proposed 45% tax on revenue has some saying the venture can't succeed. Poland-based gaming services firm Polish Gaming Services plans to phase in 35,000 terminals at a cost of \$200 million, with the first phase aimed at delivering 7,500 terminals within 18 months. They are hoping the tax rate will drop to 30%. PGS estimates that each terminal will yield \$24,000 in annual revenue, generating more than \$500 million in total revenue after five years and contributing \$300 million to the budget.

Scotland

Player's in the Garioch area of Scotland had to live without Lotto for nearly a week, after technical difficulties shut down all eight machines offering the game. Apparently the problem was unusual, and Camelot had to fly a part in from the U.S. to fix the problem. Unfortunately, thousands in potential sales were lost.

Singapore

Singaporeans wagered over S\$200 million (\$113 million) on soccer's world cup after the government allowed betting on the tournament in a bid to crush illegal bookmakers. The actual figures aren't available, but some estimators claimed that the figure is closer to \$500 million – more than double what the Lottery expected.

In other news, GTECH signed three contract extensions with Singapore Pools. Under the extension agreements, which expire on April 30, 2005, GTECH will continue to provide the Lottery with ongoing software maintenance and consultancy, terminal and communications equipment services, and emergency services.

South Africa

Uthingo launched the Double Fortune ScratchCards Promotion, where players stand a chance of winning one of eight cash prizes of R10,000 and two new cars (both 1.6 Alfa Romeo 147s). The second chance game can be played by dropping off or mailing in any non-winning scratch ticket.

The community of Letlhabile will finally have a school of

its own, following a generous gesture by the Uthingo Trust. Uthingo yielded to the call by President Nelson Mandela to construct a school for the youth of the Osaletseng Primary School, to the tune of R2.5 million. Construction is expected to begin immediately and a project of this magnitude is expected to take nine months to complete.

Sweden

GTECH was named the preferred vendor to supply a new video lottery central system for AB Svenska Spel.

Upon successful negotiations, GTECH will replace the Lottery's existing video lottery central system with the company's Enterprise Video central system, which will monitor approximately 7,000 VLTs in the network.

The system is expected to be operational by summer 2003. GTECH anticipates generating revenues of approximately \$4 million in this endeavor.

Taiwan

Taipei Bank, operator of the Taiwan Lottery, saw pre-tax profits rise 5.7% in the first half, lifted by income from its rights to operate the Lottery. The bank's pre-tax earnings, based on preliminary estimates, rose to NT\$2.67 billion (US\$79.5 million) in the six months to June 30, from NT\$2.52 billion a year earlier.

Turkey

Scientific Games completed an agreement with the Turkey Jockey Club (TJK) to provide maintenance services for its network of 2500 MAX® 3000, STAN™ and Walkabout™ wagering terminals and its ECLIPSE™ central system. The contract is valued at approximately \$10 million over the term of ten years and is subject to certain terms and conditions.

UK

Camelot has once-again warned retailers that they will lose their terminals if they fail to sell enough Lotto tickets. Five-hundred retailers have been given 24 weeks to pick up business.

Tessa Jowell, UK's Secretary of State for Culture, is considering an overhaul of the rules governing the National Lottery. Possible changes include multiple companies being allowed to run games, the commission's powers to block new games could be weakened; or the game could be "nationalized" by giving control to the commission. At the same time, Jowell is under pressure from Camelot to increase the company's freedom to introduce new games.

Ukraine

The government of Ukraine endorsed measures to fight AIDS by holding a charity lottery. Funds from the Lottery will be used to fight the disease. ■



From the Publisher, The Biggest Plum, The Highest Branch

Video lottery remains out of reach for many lotteries, but worth trying for!

It is great to see the growth and success of many of the lotteries for the most recently completed fiscal year. And for many, the changes put in place late last year will begin paying-off this year. One of the really encouraging developments is the expansion of the multi-jurisdictional games in the US. Almost all states now have at least one such game in their lottery product offerings and these games are proving to be key to their growth. With the big states of New York, Ohio and Pennsylvania joining, can the other big states of California, Florida and Texas be far behind? We hope not.

Still, the main focus for my remarks this month is video lottery – the most profitable product the lotteries can have and yet the most difficult to get approved. And, there is the paradox. Even though video lottery machines are widely available in a majority of the states today, due to the proliferation of Indian Gaming, there is still the continuing reluctance on the part of conservative-minded legislators to approve this highly successful and proven game for the lot-

teries. In the years prior to the expansion of Indian Gaming there was some logic to the idea of not adding a game which seemed to open the door to casino type gaming. Today, however, the reality is that casino gaming is widespread and the only logical path for the legislatures is to adopt video lottery games as a strategy for increasing badly needed state revenues.

Video lottery is the most profitable and yet easiest to manage of all of the games available to lotteries today. Legislators will be doing their states and citizens a big favor by legalizing video lottery and giving their states a big boost in revenues.

Duane Burke
CEO and Publisher

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Show Me the Money!

What lotteries are doing to build up revenue and cut down the costs.

Lotteries have been created for one reason – to generate revenue. Of course, to do so they must constantly think of new ways to capture the public’s interest. At the same time, cost is always a major issue. There are several examples where a lottery’s sales have dropped while net revenue figures have risen. In fact, in some instances cutting costs may seem the only avenue to better net revenue figures. What follows are examples of what some lotteries are doing to increase revenue and decrease cost.

Arizona

Decreasing Cost: The Arizona Lottery may see FY03 costs decrease due to a new incentive policy that ensures retailers won't be able to cash in just because of a huge jackpot. The new policy only gives extra commissions if a store's annual sales increases by at least 5 percent above the average increase for all retailers.

The old system paid retailers a standard 7 percent commission on sales, but also gave an extra half-percent to stores where sales increase by at least 5 percent. The new system will disqualify stores that only see sales rise due to huge Powerball jackpots, or other circumstances out of retailer's controls, but should still reward those that put forth effort to increase sales.

Illinois

Increasing Revenue: The Illinois Lottery finished Fiscal Year 2002 with a 10 percent increase in total sales. The FY 02 sales leader in Illinois was the instant game category, with a total of \$643.7 million in sales and an increase of \$58 million above Fiscal Year 2001 sales. FY 02 produced the highest instant sales in six years and the second-highest instant sales in the history of the Illinois Lottery.

The Lottery is now selling two \$10 games, a \$5 Bingo, and is developing a \$3 category for extended play. In addition, the second version of the popular "Crossword" game was recently launched.

Kentucky

The Kentucky Lottery Corporation had a record year in FY '02, with sales of \$638.5 million. This was 5.9% over quota and 8.3% over last year's sales of \$589.4 million. This led to record dividends to the state of \$172.7 million, up from \$159.1 million last year and \$10.5 million more than the previous record of \$162.2 million in FY '00.

Increasing Revenue: Kentucky increased revenue by continuing to work on the segmentation of their instant scratch-off product line, introducing more \$5 and \$10 price points, along with assuring that they had the proper product mix on the street at any given time. The Lottery also worked very hard to create promotional partnerships and used its web site to promote new games and hold second chance drawings. The Lottery was also quick to admit that they got lucky with the \$300 million Powerball jackpot in August of 2001, the second month of FY '02. Sales during that jackpot run got them off to a great start!

In FY03 the Lottery will continue to introduce more \$5 and \$10 price point scratch-offs, and they'll launch their first \$20 scratch-off during the Holiday Season as part of an aggressive array of Holiday tickets. In addition, the Lottery will be looking to do some things with their on-line product line-up. They are looking for ideas from the vendor community.

Decreasing Cost: In FY02, mid-year, all Lottery departments were required to make five percent budget reductions. Kentucky has also been working on the prize payouts on scratch-offs.

Budgets for FY '03 were established at 5 percent below budget from the previous year. The Lottery will continue to look for ways to manage its operating budgets as well as its prize payouts.

Loto-Québec

Increasing Revenue: In order to attract more patrons from outside Québec, the Corporation intensified its partnership with the Convention and Tourism Bureau and Tourism Québec. This close collaboration promises to yield excellent results and has already generated a major advertising effort targeting the eastern U.S.

Louisiana

Increasing Revenue: Powerball was a big boost to Louisiana Lottery sales this year. Now, with the addition of Pennsylvania to the Powerball Group, jackpots may escalate more quickly than in the past. The Lottery is also looking closely at possible new games to boost sales.

Decreasing Cost: The Lottery managed to save nearly \$1 million in expenses during FY02. Officials budgeted \$16.9 million in administrative and general expenses for the year, but it looks like they will only spend approximately \$15.9 million.

Costs should reduce in FY03 as well. The Lottery's new \$6 million building in downtown Baton Rouge is completely paid off and will save the Lottery more than \$400,000 a month in rent.

Maryland

Increasing Revenue: The Lottery had success with many games in FY 2002. The decline experienced by the Pick 3 game in recent years was reversed in 2002 thanks to successful promotions. The instant or "scratch" category showed an increase of 13.3 percent over last year, resulting in total sales of \$299.2 million. The scratch category has nearly doubled its sales since FY 1998. Keno and Keno Bonus also contributed strongly, combining for an overall 11.4% increase in sales. The Big Game multi-state jackpot game, which was re-launched as "Mega Millions" in May, showed the biggest percentage increase, generating 63.7 percent more sales than in FY 2001.

Decreasing Cost: Reduced operating costs combined with strong sales for most Lottery games helped the Lottery to exceed their revenue goal to the State by 4.3%, resulting in surplus revenue collection of \$18 million. Lottery revenues are earmarked for the Maryland General Fund and the Stadium Authority, which will receive \$416.2 million and \$27.2 million respectively.

Mexican National Lottery

In their most recent estimate, the Mexican National Lottery is expecting an increase in sales of 280 million pesos from 2001 to 2002.

Increasing Revenue: In FY02, the Lottery developed a new product strategy, and conceptualized and developed an innovative new category of products. They've also developed a bid for advertising campaigns to promote their classic line of products, regionalized sales with local events for draws, began their early push for Christmas sales, and developed new distribution channels.

The push for more revenue will continue in FY03, as they launch a new Instant lottery, launch more games through their ATM network, and seek to diversify their commercializing through new channels.

Decreasing Cost: The Lottery has made moves to

reduce staff and control of benefits. They've also focused on savings in cost of raw materials and expenses in contracted services.

In FY03, the Lottery will look for additional savings by controlling electricity and other service consumptions, and continue the reduction of staff and the sale of unneeded properties.

Ohio

Increasing Revenue: The Ohio Lottery made several moves to increase revenue in FY02. First, the Lottery established a promotion department in October 2002 to assist various agency divisions with promotional opportunities. The Lottery has focused in part on pilot testing the promotional capabilities of the Altura terminal, the on-line gaming terminal supplied by GTECH Corporation. The Lottery ran a pilot promotion from March 17 to April 13, 2002, for Buckeye 5 players at the Discount Drug Mart store chain, then took the Buy \$5, get \$1 Buckeye 5 wager free promotion statewide for the month of May. The Lottery is currently testing the raffle ticket capability in a Super Lotto Plus promotion with Food Town Supermarkets, located in northwestern Ohio.

The Lottery was also an active supporter of removing the 30 percent rule, mandated by the Ohio State Legislature. That stricture was removed during the Fiscal Year 2002-2003 budget process. Once it was removed, the Lottery moved to increase instant game payouts. Instant game payouts averaged 65.5 percent in Fiscal Year 2002.

The Ohio Lottery's biggest news of the year was the debut of Mega Millions on May 15, 2002, to shore up the interest of lotto players with this jackpot driven game. The Ohio Lottery was given the OK to join a multi-state game with the passage of AM Sub. HB 405 through the State's General Assembly in Dec. 2001.

For FY03, the Lottery plans to continue to increase the value of its products to retailers and customers by offering various promotions and agent incentives.

Decreasing Cost: On Aug. 1, 2001, the Ohio Lottery began offering a retirement incentive program for employees. Eighteen employees are planning to take the retirement buyout option by Oct. 1, 2002. The Lottery has also kept tight controls on department and division budgets.

In FY03, the Lottery plans to maintain tight controls on budgets to gain the maximum amount of mileage out of its product offerings.

SA Lotteries – Australia

During FY02, SA Lotteries experienced an increase in sales over FY01 of just over 1%.

Increasing Revenue: The SAL ran a Powerball Maxi-



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Pick promotion where players received a free Powerball Maxi-Pick (25 games) with every Powerball Maxi-Pick purchased. The promotion ran on Wednesdays and Thursdays during June. This promotion coincided with a \$20M jackpot week, causing the Lottery to experience a 52.4 percent sales increase when compared to the previous \$20 million jackpot.

The Lottery also ran a Scratch, Match & Drive promotion during October where players received one free S, M & D Instant ticket with every \$5 worth of Instants purchased, or received three free S, M & D Instant tickets with every \$10 worth of Instants purchased. Players scratched the S, M & D ticket to reveal a car license plate number, and if it matched one of 10 license plate numbers on the in-house poster, they won a new car valued at \$20K. This promotion provided incremental returns of 25 percent when compared to the same period prior to promotion.

Finally, SAL introduced new Keno monitor draw graphics

and video compilations for in between draws. This provided a 14.4 percent increase in sales when compared to the same period prior to new draw graphics.

During FY03 SAL will run another Scratch, Match & Drive promotion, continue to provide Buy X, Get X or Buy X, Get Y offers with its on-line products, and introduce real-time winner's messages and audio for Keno monitors.

Decreasing Cost: In FY02 SAL implemented no significant change to the way it operates, but the Lottery did tightly manage cost by the actions that follow. They instituted ongoing reviews of costs to minimize expenditures, continued its policy of obtaining three quotes or going to tender for all goods and services required – to ensure that they always obtain competitive pricing. The Lottery also completed a cost benchmarking study with other Australian lottery jurisdictions in an effort to ascertain if SAL could reduce its operating costs.

FY03 looks to be promising for SAL in the area of cost reduction. The Lottery will implement a new business sys-

2002 Revenue Highlights

State governments may be in the red, but no one can fault any lottery's effort in FY02. With the close of the fiscal year merely a few days behind us, several lotteries are already reporting record years. Certainly, the multi-state jackpots had a lot to do with the success of many lotteries, but in no case is it the only reason behind the success. It's never just one thing. Here are some of the success stories that are already in.

The **Arizona** Lottery FY02 sales reached almost \$295 million, setting a record for the agency's 20-year history and resulting in a distribution of at least \$85 million from game proceeds for public programs and projects. It's the fifth consecutive year that sales have topped a quarter of a billion dollars.

The **Idaho** Lottery had a record year for sales in FY 2002 – \$93.3 million. Powerball jackpots and an 11 percent increase in Instant sales are the major factors for the record numbers. The dividend sent to education would have also been a record, but the Lottery had to hold \$3 million of the \$18 million for up to two months to meet daily operating expenses.

The **Kentucky** Lottery surpassed its previous annual sales record of \$590.8 million with a month left in the fiscal year. Total fiscal year 2002 sales were \$591.8 million at the end of May, and sales for FY02 are projected to be approximately \$638 million. The state's benefit is \$172.7 million – \$10.5 million more than any previous year.

Loto-Québec saw a 0.5 percent rise in revenue for FY02 (indicating an \$18 million boost) after \$3.661 billion was tallied. An even brighter note revealed a 3.2 percent rise in profits, as \$1.448 billion made its way into the coffers.

The **Louisiana** Lottery is expecting to finish FY02 with \$311.7 million in sales and \$110.9 million in beneficiary funds. In addition to this being one of the Lottery's best sales years ever, it has also saved nearly \$1 million in expenses.

For the fourth consecutive year, the **Maryland** Lottery has generated record-breaking sales and revenue for the State. Game revenue increased in most categories, as did the prizes awarded to players and the commissions earned by Maryland Lottery retailers. This year there was \$1.3 billion in sales, a 7.9 percent lift over last year. Total Lottery revenues rose 8.9 percent, netting the State \$443.4 million – an increase of over \$36 million from last year. Reduced operating costs combined with strong sales for most Lottery games helped the Lottery to exceed their revenue goal to the State by 4.3 percent.

With the final transfer to public education in FY02, **Missouri** Lottery proceeds topped the previous year's proceeds for the 10th year in a row. The last transfer, \$13,379,123, brought the total proceeds to education in FY02 to more than \$160 million. As is the case with several lotteries, Powerball was given much credit for this year's financial success.

For the sixth consecutive year, the **New Mexico** Lottery is expected to report record sales. According to

tem which is expected to improve productivity, effectiveness and efficiency. A complete review of all cost structures will be undertaken.

Virginia

Increasing Revenue: In the last fiscal year, both of the Virginia Lottery's jackpot games underwent major re-launches. Lotto South combined the sales of Georgia, Kentucky, and Virginia to provide players with better jackpots than Virginia could provide by itself with Lotto Virginia.

In May, The Big Game ushered in a new era when it became Mega Millions. The addition of New York and Ohio should provide faster climbing large jackpots.

All products in Virginia saw an increase in the past fiscal year. The Lottery has continued to closely manage the scratch product, and the introduction of the \$10 price point was a big boost last year.

Finally, new, more reliable terminals have helped the sales of Virginia's daily games.

A full year of Mega Millions should bring a nice boost to FY03 sales. Also, the Lottery is considering introducing a greater number of \$10 scratch tickets in the coming year.

Decreasing Cost: The Virginia Lottery has an ongoing dedication to operating efficiencies, and looks for ways to decrease costs every day. This past year, the Virginia Lottery implemented a market-driven approach to online terminal placement. Any qualifying retailer can have an online terminal, but must sell a minimum weekly average or pay administrative fees to offset Lottery costs. Also, new online terminals resulted in less required maintenance and reduced repair costs.

Plans for FY03 include the consolidation of field service for all Lottery equipment (online terminals, scratch ticket validators, instant ticket vending machines, etc.), and removing scratch ticket validation equipment from nearly 75% of all retail locations and instead utilizing the new online terminals to validate scratch tickets. ■

preliminary and un-audited data for the fiscal year that ended June 30, the Lottery will also set a third consecutive record for net profits. With a tip-of-the-hat to Powerball, the Lottery reported FY02 gross sales at more than \$133 million. Still, even without sales during the huge Powerball jackpot, records would have been set. Contributions to the Lottery Success Scholarship will be in the neighborhood of \$29 million.

The Ohio Lottery saw an estimated \$60 million sales increase over FY01 when they hit \$1.98 billion in sales on June 30. The Lottery transferred \$635.15 million from operating and non-operating sources to the Lottery Profits Education Fund (LPEF) in FY02. The Lottery transferred \$637 million to the LPEF in FY01.

The South Carolina Education Lottery has set a new goal for FY03. They are now expecting to generate \$179 million for education programs for the year. That number is more than twice the amount expected for the first six months, but with Powerball kicking in, the Lottery expects the numbers to grow. Sales for FY02 reached nearly \$320 million, beating projections of \$192 million.

June's estimated \$70 million Lotto Texas jackpot drove ticket sales up and set a new record for the Texas Lottery's June sales. June's \$297.3 million in sales broke the previous high of \$276.3 million set in June 1997. Total Lottery sales for all games for the week before the June 22nd drawing were \$99.7 million, the third highest week in the Lottery's history.

The Virginia Lottery had a sizeable boost in sales for FY02. The Lottery sold approximately \$1.108 billion, which

is an increase of \$105 million – a 10.5 percent increase.

At \$84.1 million, May was the second highest sales month in the West Virginia Lottery's history – only August 2001 sales were better. And, the news keeps getting better. With one month remaining in the Lottery's fiscal year, sales are up 42 percent over 2001.

Lottery success certainly wasn't confined to North America, as Svenska Spel saw a record sales increase. The increase is mainly due to the two VLT games, Jack Vegas and Miss Vegas, which have had gross sales of 2.7 billion SEK (approx. 300 million Euro) already this year, up 37.4 percent. Although betting on the World Cup did not fully meet the company's expectations, the Games of Skill still soared by 6.3 percent. The revamp of Lotto has also been successful, and the decrease in sales has been transformed into an increase of 3.3 percent. However, Keno is the fastest growing game in the Games of Chance segment, going up by 18.7 percent.

The Philippine Amusement & Gaming Corp. (PAGCOR) net income for the month of May reached P1.81 billion, the highest ever in the corporation's history. The record income is a jump of P170 million from April's showing of P1.64 billion. P1.12 billion or 61.86 percent of P1.81 billion has been earmarked for the government and its mandated beneficiaries. PAGCOR's income from January to May this year has already reached P8.10 billion, an increase of 19 percent from the same period in 2001.

For more on lottery fiscal numbers, be sure to check back with Public Gaming International. ■

David Griffin

Lifting Florida to New Heights

David Griffin, Secretary of the Florida Lottery, operates with a very businesslike, hands-on mentality. What else can you say about the head of a major corporation that makes a habit of personally returning calls to retailers who have concerns?

Griffin, who has headed the Florida Lottery since 1999, brought with him the goal of making a single-year transfer to education of \$1 billion within his first five years, and while he has yet to achieve that goal, he's certainly moving in the right direction. This year's transfer to education, \$925 million, shows that he is within striking distance.

Among the ways Griffin plans to reach the billion-dollar milestone is to run an efficient business. Under his command, the Lottery has been reorganized and the workforce reduced by 28 percent. That move helped cut the operating budget by 12 percent – saving approximately \$12 million.

Griffin also demonstrated early on that his knack for fiscal efficiency was matched by an ability to generate revenue. In his first full fiscal year, he orchestrated a change to Florida's flagship game, Lotto. Significant moves, including changing the number of weekly draws from one to two, resulted in a near 28 percent jump in sales, adding \$188 million to the game's total sales.

Success seems to be business as usual with Griffin at the helm. He inherited a position featuring Lottery revenues on the decline, but since his appointment, lottery revenues have increased every year.

Public Gaming International recently spoke with Secretary Griffin, and discussed several topics, including a recent audit of the Lottery, a new bill that allows the Lottery to increase payouts, the general direction of the Florida Lottery, and more.

Public Gaming International (PGI): *I recently read that an auditor came in and made some suggestions that might lead to added revenue. One of the suggestions was a new mega-jackpot game. That really surprised me, given your recent success with revamping your Lotto game. What suggestions of the auditor do you see coming into fruition?*

David Griffin (DG): Well, first of all, the auditing group that came in mentioned increasing our prize payout, which we've done. The legislature, last session, gave us authority to use our discretion to set our prize payout. They really



took a huge constraint off of us there, so we're happy about that. That's probably the biggest suggestion that will be implemented this year. While the mega-jackpot games have done well, they are not necessarily a panacea. I believe any business needs to maximize its ability to operate based on its core competencies first before it looks outside, and I still think there's room for the Florida Lottery to improve before we look to something like a multi-state game. Clearly, our ability to set higher

payouts on our Instant ticket product is going to provide a good boost for us.

PGI: *What kind of a timeline do you think you're looking at before Florida even considers a multi-state game?*

DG: I don't know. We'll keep our eye on the continued success of our Lotto game. Some states are seeing their Lotto games decline. Ours is still growing. We're still profitable, we're still strong, so until the game starts to show some indication of going downward, I don't believe going to a multi-state game is the best thing to do. Lotto's performance will dictate when we look at a multi-state game. I'm not suggesting we wait until we're in trouble, or the game is dead or dying, but timing is important.

PGI: *Do you consider your Lotto game to be your Lottery's most important game?*

DG: Yes, obviously. Historically, Florida Lotto has carried the day. I think we will start to see that change as the Instant ticket product continues to get stronger. But, we also want to keep a very strong Lotto game as well.

PGI: *Speaking of Instant, the Florida Lottery implemented a very innovative concept this year with Play FLA USA. Is that game still being offered?*

DG: Play FLA USA is still on sale. It certainly helped us bring a lot of attention to in-state tourism. People come from all over the world to enjoy Florida, and often people who live here don't enjoy it as much. It gave us an opportunity to remind Floridians that we live in a great state, and we need to get out and enjoy it. It was also an opportunity for us to work with a wide variety of great companies. We had 300-400 companies that got on board specifically for this promotion. So, we were happy to be able to

be a contributor and help kick-start tourism in Florida. I think everyone has been pleased with the results, and we got to shed a lot of light on some of the other great businesses in our state – which was really the overall goal. Obviously, we wanted a good product, and I think it sold fairly well, but beyond that we wanted to get people excited about living in Florida – excited enough to get out and drive a few hours and enjoy some of the attractions. I think we saw that happen.

PGI: *Did the Lottery have to get an "okay" from the Legislature to offer some of the perks of Play FLA USA?*

DG: No, we didn't. Our enabling statute is fairly broad. The legislature envisioned the Lottery being able to function somewhat independently. They know what we're doing, and we certainly make sure we get their support, but we didn't have to get explicit approval for what we did. We certainly let them know what our plan was, and the Governor was supportive of our efforts to work with other businesses in the state..

PGI: *Was Play FLA USA an idea that came from the Lottery, or was it an instance of an outside agency approaching you?*

DG: This was ours. Assistant Secretary for Marketing Waymond King and I worked this game out with our major partners, Universal, Miami Seaquarium, Carnival Cruise Lines, the Kennedy Space Center, Emerald Coast, and Seaworld. The marketing concept was developed between the Lottery and our advertising agency, Cooper and Hayes. We knew what we wanted to accomplish, which was to leverage the buying power of the Lottery's customers in a promotion to get them to frequent other businesses. It's not rocket science. We can drive some of our customer base to other businesses with deals. I think our partners have seen that over the past three years. They have come back year after year saying, "Let's do something else." It's been win-win, and that's the only type of deal we're interested in – one where everybody benefits; the customers and the business entities involved.

PGI: *Do you have any hard data on how effective the game was at building business in some of the participating merchants?*

DG: Yes, we do. We're tracking that in our marketing and research area. That's the most important part in all this. A great idea is only as great as what you can quantify at the end. You've got to be able to develop a mechanism for your partner to be able to say, 'We know for a fact you drove these numbers to us.' That's been something we have worked at very hard over the past three years, and it remains an effort.

PGI: *I wanted to talk a little bit more about the bill that passed which allows the Florida Lottery to set its own prize payout level. Does the bill only affect Instant-game payouts,*

or does it work for everything?

DG: Just Instants.

PGI: *What kind of a sales response are you expecting?*

DG: We are expecting a very strong sales response. This past year we achieved our best sales in Instant tickets ever, and that's without having the ability to get the higher payout levels and sustain them. So, with the ability to increase our payouts across the board, we're projecting that it will be well-received by the people who play.

PGI: *What do you think this bill will do for the Lottery's overall net?*

DG: Conservatively, we're expecting a \$30 million increase. We had an outstanding year this year, which could be a problem. We set the bar rather high, but I think we'll be able to do well.

PGI: *Florida has a different population mix than most Lottery jurisdictions due to its large Latino population. What do you do with regard to marketing to that Latino population?*

DG: In terms of message, we speak directly to the Hispanic player base, to their concerns and issues. We want to ensure they are informed about the products, and that the advertising is in keeping with their tastes. Hispanics represent approximately one quarter of Florida's population, so they're a very important market. We make sure we work closely with their community and keep a presence there. I've spent time with the Hispanic media, both radio and television, to let them know that their community is an important part of our success formula. We have a Hispanic advertising agency we work closely with, and that we rely on to give us advice and feedback, and we keep it simple. That's the message I've shared with the people who work at the Florida Lottery – let's keep the message simple. Let's be straightforward and talk to people about what we do.

PGI: *Do you advertise in Spanish?*

DG: Yes we do. We actually have a full complement of advertising that's all in Spanish. We advertise in Spanish



Florida's Lotto game has taken off under Griffen's leadership.

media, billboards are in Spanish, and print media is in Spanish. We actually produce and market commercials that are all in Spanish and are actually aimed at appealing to the Hispanic market in terms of varying tastes and humor.

PGI: *How much of your marketing budget is devoted to the Hispanic population?*

DG: That's a separate contract. It's between \$5-\$7 million.

PGI: *I'm sure our readers are interested in how you deal with retailers. Do you have any particular retailer programs that have proven to be successful?*

DG: No set programs. What we try to do is give proper weight to retailer concerns before we make changes. I like to get on the phone and call some of our retailers, and I try to hit all levels – the mid-tier retailers as well as our outstanding retailers – to run ideas and concepts by them. Currently, we are in the process of formalizing some incentive programs for them, because that is a separate line item in our budget. That's one of the fronts we are going to turn our sights to this fiscal year to try to come up with some creative ways to get them involved. More than the people who buy our products, I view our retailers as our customers. They actually interface with the buying public, so one of the themes I've stressed to my staff is, if we turn our attention toward our retailers, we can see huge volumes of sales growth through serving them better. That's going to be among our primary focuses this fiscal year.

PGI: *Did I hear you right? You actually get on the phone yourself and talk to the retailers?*

DG: Yes. I do it all the time. It surprises them when I do it. They'll call thinking, 'I know he's not going to call me back, but I can talk to somebody ...' and I'll get on the phone and talk to them personally. Whether they're irate or happy, we're here to serve them. They're my customers. I have to be willing to talk to my customers at all times. If they have a problem, I have a problem, so I communicate with them personally.

PGI: *What are your revenue projections for this fiscal year?*

DG: We are still finalizing those numbers now, but I said when I arrived here three years ago that my goal was to transfer \$1 billion to education. We've never done that. The year before I came in we transferred \$807 million. We were actually declining. We've managed to transfer \$908 million, \$907 million, and this year \$925 million. I'm not sure what our final goal will be this year, because we're still working on it, but my goal to transfer \$1 billion within five years is still my target.

PGI: *A lot of states are having problems with their budgets. Do you know the financial situation for the state of Florida?*

DG: It's strong. As a matter of fact, the Governor increased our education budget this year, which was unexpected.

Obviously, it's been challenging, but the Governor is fiscally conservative, and I think the legislature and the executive branch have done a great job of being mindful of our resources and expenses. We've not seen the level of budgetary problems that other states have had. States can always use additional money, but Florida is in a pretty strong position right now.

PGI: *Is the Governor looking to the Lottery for additional revenue?*

DG: No, the Governor is not a proponent of gambling. While I believe he's pleased with the Lottery's overall performance, he does not favor expansion.

PGI: *I understand that Florida Lottery tickets are being marketed by illegal operators in Latin America. What sort of feedback do you get on this, if any?*

DG: I have had brief conversations with some of the Latin American countries about the problem. It's certainly something we keep our eye on; however, it's often tough to get your arms around the problem. What we've done to date is to reiterate our policy as a state and as an agency that Florida Lottery games are to be purchased and sold only in the state of Florida. If you sell a Lottery product, you ought to be a Lottery retailer. If you're not, then you're breaking the law. If you're a contracted retailer and you're involved in that type of activity, you jeopardize your contract with the state of Florida and the Florida Lottery. Obviously, we follow-up on any substantiated leads we get. Our law enforcement team follows-up and works very closely with local law enforcement in the various jurisdictions to ensure that our retailers are abiding by the laws of our state.

PGI: *Do you have any other new products in the works?*

DG: No, we're still improving our current line-up of products. We're looking into revamping our Mega Money game – we have some thoughts about how to do that – but no new products. We're looking to execute as well as we can, and to keep running a good business. We'll explore opportunities, but the main thing I stress is for us to keep our eye on the ball and execute well. We have a very strong Lottery, and we'll continue to tweak things here and there. ■

Secretary Griffin has brought the Florida Lottery both public- and private-sector business knowledge, as well as lottery administrative experience gained at the Ohio Lottery, where he served from 1996 to 1999 as Assistant Executive Director. Secretary Griffin also serves as state agency Chairman of the Governor's Mentoring Initiative.

Secretary Griffin received a bachelor's degree in community development from Penn State University, a master's degree in business administration from Lake Erie College, and a law degree from Cleveland Marshall College of Law.

Secretary Griffin and his wife, Debbie, have two sons.



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Modern Ticket Dispensing:

How do lotteries accommodate the varying size of modern Instant?

Instant tickets used to be easy. Yes, those were the good old days – when Instant tickets came in uniformed sizes. Of course, those good old days were also responsible for those same old revenue figures that, in most cases, lotteries don't want to see return.

As the price points of Instant grew, so did their size, and some retailers are having a hard time displaying all of the products. Fortunately, companies like Take-A-Ticket and Schafer are always willing to customize dispensers to accommodate retailer needs, but there isn't always the cash-flow available to custom-order the most appropriate option.

Public Gaming International recently discussed the problem of dispensing over-sized tickets with several lotteries. The following is the result of that discussion.

PGI: *What impact has the trend to over-sized tickets had on your dispensing strategy?*

Kansas (KS): To date, all tickets of varying sizes will dispense from our existing equipment, which includes both countertop and in-counter dispensers.

Kentucky (KY): With the trend of higher price scratch off tickets we have had to adjust to the over-sized tickets in a variety of ways. The larger on-counter dispensers, which were previously used for the Bingo ticket, have now become the standard size at our retailers. We have also moved into providing our retailers with a variety of dispenser sizes. The KLC has offered ITVM's to qualifying retailers since 1990. New units and upgrades to older units have been made to allow the retailer to set tickets lengths which allow them to sell the new over-sized tickets.

Michigan (MI): The Michigan Lottery has developed tickets with our supplier's/retailer's existing dispenser mix in mind to ensure tickets will dispense properly and will not require any new or revised dispensing units.

Minnesota (MN): In Minnesota, the trend to over-sized tickets has not had a huge impact on our everyday dispensing requirements, as long as the tickets fit in the in-

counter dispensers. However, because our \$2 ticket sales continue to rise, we have reduced the pack size of our \$1 tickets to keep both pack costs consistent.

New York (NY): With the scaling of ticket size by retail price point (e.g. 4" x 2" for \$1, 4" x 4" for \$2, 4" x 5" or 6" for \$5, etc.), larger tickets have required us to make a presentation with more impact for retail displays. We have gone to a combination of conventional and oversized dispensers, such as a dual modular dispenser that displays two oversized tickets and can sit alone or on top of a multiple game unit (4-game or 24-game). This arrangement allows the retailer to showcase the higher-priced tickets within the entire instant game display.

Ohio (OH): We use a wide variety of instant ticket dispensers that are capable of handling all sizes of instant tickets that we sell. We use on-counter, in-counter, stackables and wall mounts to effectively display our tickets.

Oregon (OR): The inability to dispense package games, pouch games, and CD games in our current dispensers and ITVMs has dampened our plans to offer these types of games.

South Dakota (SD): Just a minor impact.

Virginia (VA): The oversized tickets we have are our higher price point games. All of these were designed to fit into our current dispensing equipment.

PGI: How does your lottery plan to take advantage of dispensers and other lottery materials to maximize your presence at the very competitive point-of-purchase?

KS: We have developed more in-counter and dispenser-specific point-of-sale pieces to try to keep our messages fresh and to draw attention to the tickets. New colored (orange) dispensers have also been very popular for our instant pull tab and/or "featured" games. In addition, we are making our equipment contract more flexible to be able to purchase a variety of equipment to accommodate more placement requests to optimize our visibility and maximize our sales. Pole mount dispenser displays are also very popular at our retailer locations and offer a variety of point-of-sale opportunities as well. A piece of point-of-sale featuring a current game and/or promotion that was originally designed for the in-counter dispensers can also be used on a pole mount dispenser by using a couple of monitor clips and a little creativity. Other pieces that we try to place as close to the point-of-purchase as possible are a 10-pocket holder with play slips and game information including our Kansas Winners! Publication, penny trays, jackpot boards, register toppers, wobblers and winner's banners.

KY: In addition to the individual on-counter dispensers we have had success placing the single multi-game units, called Promoters, which are supplied by Schafer Systems Inc. These units take up less room on the retailer's counters and still allow us to market a high number of games. Retailers can also receive in-counter dispensers free of charge if requested. Play responsibly and new game stickers are placed on dispensers. We have also created point of sale pieces such as Lane Closed Signs with lottery advertising which has been high successful at the point of purchase.

MI: We utilize in-counter, over-the-counter and free-standing mountable dispensers to bring tickets as close to the consumer as possible at the point of check-out.

MN: We continually try to make our game material and tickets more noticeable around the point of purchase. Techniques that we are using include the creation of a



Photo by Stan Pannone, CT Lottery.

The Connecticut Lottery – Tickets Keep Growing

In late February 2001, the Connecticut Lottery launched one of the first \$30 tickets in U.S. Lottery history. The game is loaded with mid-tier prizes, and offers a top prize of \$300,000. The \$30 ticket was planned to coordinate with the Lottery's celebration of its first thirty years in business. While management has decided to not include the \$30 price point as a regular one in the instant game mix, all \$20 scratch tickets are now printed using the larger format.

Tickets that measure 5.5" high x 8.25" wide require a special dispenser to showcase the product. Take-A-Ticket and Schafer Systems created a stand-alone case measuring 8.75" wide x 13.75" high. Dispensers can also be stacked for additional ticket display.

The oversized dispensers, created by Take-A-Ticket, showcase the oversized tickets handsomely. Dispensers have "add-on" abilities, and can either be stacked or held up on a metal base. The Connecticut Lottery also had a POS holder attached to the top of the dispenser to highlight the next oversized game that consumers can purchase. The majority of retailers who sell the \$20 and \$30 tickets have at least two of the oversized dispensers.

To maximize the value of the dispensers, the Lottery inserts a "Coming Soon" sign into one of the dispenser faces prior to the launch of the next game. Because the dispensers have a stand, they do not take up as much counter space as other units may. Tickets are dispensed from the back side of the dispenser, which helps to reduce the opportunity for theft in the retail location. The consumer sees the full front of the ticket, which is a selling plus for the games.

Dennis Chapman, Vice President of Sales and Marketing for the Connecticut Lottery noted the new ticket size and dispenser system were calculated elements, critical to the game's success. "We focused our efforts on the value of presentation. We created a ticket that would be noticed, purchased, and played. The card design grabs attention, the dispenser is functional and easy to display, and there's maximum play value on each card. The whole package just 'pops' wherever it's placed in a retailer location," Chapman said. "The oversized ticket format also will be applied to upcoming \$20 games to maximize play value and differentiate future \$20 tickets from the traditionally sized tickets," he added.

colorful acrylic dispenser for unique specialty games that sit on the retail counter, testing new in-counter dispensers that allows each entire ticket to be viewed by the player, negotiating multiple in-counter dispenser locations in as many retailer stores as possible, utilizing a counter-motion rocker that can prominently feature any ticket we prioritize, use of simulated in-counter dispenser mats to display void tickets where in-counter dispensers cannot be installed, aggressive selling of our suggested ticket plan-o-gram, and continued use of jackpot awareness snipes in the corners of our in-counter dispensers.

NY: We have taken three steps. First, we provide more flexibility to retailers with far-ranging different needs in New York by offering a variety of instant game display options from on-counter and in-counter configurations to ticket clips for hanging tickets in strips (the "waterfall" effect), which is visually impressive and convenient for retail staff to quickly sell tickets. Secondly, we encourage compact Instant game presentation with larger on-counter 24-game displays for easier player selection and greater variety of game stocking. In fact, we are currently implementing a 32-game promoter in addition to the 24. Lastly, we continue to provide mini-decals of each games logo, price point and distinguishing benefit with initial shipments of new games for retailers to use on the face of the dispensers or on menu boards in the store to aid player shopping.

OH: The use of these wide-ranging styles of dispensers has enabled us to get our tickets at premium locations on the front counter or in prime locations near the point of purchase. We're competing for that impulse sales with a lot of other items in the store, and if we can effectively display our product to encourage an impulse buy, sales will increase. We use other POP like jackpot awareness signs (starlets) that attach to our terminals – located usually at the point of sale – as well as "take a penny" trays, winning number flipcharts and counter mats, posters etc.

OR: We have taken several approaches. We have offered in-counter dispensers that will display more games within the same space. We have also moved from 8 to 16-game ITVMs using the same foot print. Last year, we began offering an overhead dispenser, so retailers with limited counter-space could install dispensers overhead.

SD: We attempt to place in the best location possible, and offer retailer incentives for optimum placement.

VA: We developed special POS pieces such as wraps, clip ons, and static clings for our incounter and counter top dispensers. The ITVMs are flashy by design but we enhance them with Beta Brite signs that allow us to scroll messages.

WV: We are having very good results with the new "Promoters" from Schafer Systems. ■

Displaying the Games and Listening to the Retailers!

By Calvin K. Tigner, President, Take-A-Ticket, Inc.

How do you get the best exposure for your tickets while competing for retail space with thousands of current products and hundreds of new ones each year?

What do you do when an individual store or a large chain wants a lottery dispenser that your lottery does not provide?

How do you highlight specialty, branded or higher price point games?

When you have all the answers to the above questions, please give us a call!

The past five years have seen increased input from retailers on the types of dispensers they want in their locations. In fact, some stores will purchase their own dispensers to get what they want.

In one lottery state, word of mouth and the practice of aggressive retailers visiting other stores has resulted in the sale of approximately 5,000 in-counter dispensers. Many of those dispensers were 24-game units.

John-Paul Candler of Sci-Games pointed out in his article The Elements of a Successful Instant Game Program that lotteries should "...make it easy for your retailers to do business with you – remember lotteries don't sell tickets, retailers do!" Give your stores a choice of dispensers.

Here at Take-A-Ticket, Inc. we are always looking for ways to separate lottery tickets from the visual clutter in convenience stores. Here are some suggestions:

1. TAT is pleased to be introducing a new and exciting way to draw more attention to in-counter dispensers and lottery tickets. All in-counters are now available with a wider and/or colored frame (powdercoating) to draw attention! Use your lottery's main colors or coordinate with large chains to use their desired colors. Another option includes the use of bright, eye-catching fluorescent colors for a great splash of color!

2. Spotlight specialty, branded and high price point games when they are introduced. Make those games familiar before placing in dispensers with the other games. As an example, the Connecticut Lottery uses a special, single game dispenser to sell their high-price point games, therefore making sure those tickets get extra exposure.

In the end Lotteries should not be afraid to experiment with different styles of dispensers and to really LISTEN to their retailers; they know their store and their customers better than anyone else!

Computer Animated Draws: Lotteries Give Their Views

Draw programs have been changing - there are more options out there. One option that has appeared in the last few years is computer generated draws. Some lotteries are turning to this method because of the potential to save money - in some instances a reported several hundreds of thousands of dollars.

Still, some lotteries are hesitant to utilize this method due to other considerations. Lottery players are used to the mechanical drawing, and some players associate the physical drawing balls with Lotto-style games. Another consideration is trust. Players are betting against the Lottery, and even the slightest of fears that a computer generated draw is not truly random could grow with every rollover.

The jury is still out on computer animated draws. Some lotteries are finding success with the new technology, some lotteries have tried and turned away from it, and others, under pressure to generate a bigger net profit, are looking into them as an option.

What the Lotteries Have to Say

Public Gaming International (PGI) recently discussed the draw issue with several state lotteries. Here is what they have to say about the issue.

PGI: *Has your lottery implemented a computer generated drawing program? If so, what were the reasons for doing so?*

California (CA): Yes, we conduct computer generated draws for our three daily games, Daily 3, Fantasy 5, and Daily Derby. We started on July 1, 1998. We did a great deal of research and decided to go with the British Columbia Lottery Corporation system called F.R.E.D. The reasons for changing to automated draws were: we had a huge reduction in draw staff, we wanted to get away from the ping pong ball draws and wanted to reduce costs and time spent on testing and the maintenance of the mechanical equipment.

Connecticut (CT): We have not done so for any of our on-line game draws. We have in the past, and do now conduct computer generated Retailer incentive promotion drawings. These have nothing to do with our Mid-Day or Nighttime TV drawings.

Kansas (KS): Yes. The Kansas Lottery first began using a random number generator for winning numbers when its Club Keno game started on October 29, 1992. It was simply not feasible to draw 214 times a day at five-minute intervals using a ball machine. Shortly thereafter the Lottery determined it would be economically feasible to expand the random number generator to its Pick 3 game and began using it on November 22, 1993. The last online game to convert from the ball machine method

to a random number generator was the "Kansas Cash" game. The Lottery discontinued televising the Kansas Cash game in March 1996, before using the random number generator for this game for the first time on October 14, 1996.

On June 2, 2002, the Kansas and Nebraska lotteries launched "2by2," a joint online game. The game is administered by the Multi-State Lottery Association (MUSL) and is drawn in Des Moines, Iowa, by the MUSL staff using a random number generator.

Kentucky: We have not implemented it, but we are looking at it. The biggest issue for us is cost savings. We believe we could possibly save somewhere in the neighborhood of \$500,000 to \$600,000 per year by going to an automated drawing system. However, we must also consider the perception of our players. Will they believe in the integrity of the process? We'll want to conduct some player research before we move forward.

Michigan (MI): Not at this time.

Minnesota (MN): We did have a computerized drawing several years ago for the DATO game where players picked a month, day, and two digit year. That game had to use a computerized drawing because you could not pick a non-existent date like February 31. The game did not sell very well and was dropped after a couple years.

Montana (MT): The Montana Lottery has not implemented a computer generated drawing program.

New York (NY): We don't really have a computer generated program other than our keno-type game. For that game type it is the only feasible way to run the games - not an option. All of our other draws are conducted using standard ball machines.

Ohio (OH): We have not implemented a computer generated drawing program. We still use a mechanical drawings system. We have, however, started using random number generators (RNG) for special promotional drawings for agents and players.

Oregon (OR): All of our draw games are drawn by RNG. We have found this method to be even more secure than the traditional ball machine as well as the RNG being more cost effective.

South Dakota (SD): Our Dakota Cash game has been computer generated.

Virginia (VA): No

West Virginia (WV): No

PGI: *Has there been any impact on sales?*

CA: We did not see any negative impact on the sales of the daily games. We were not broadcasting the daily draws live. We would animate the draw results and send the results to the TV stations.

CT: Too early to tell.

KS: There has been no impact on sales.

MN: DATO was always drawn by computer so there was no way to gauge impact on sales.

OR: No, we have not seen any impact on sales.

PGI: *Do you use the same testing protocols on your computer generated results as you previously used on mechanical draw results?*

CA: Yes we use the same testing and selection process as we use with the mechanical equipment. Currently we select via capsule draw, one of two PCs to be used for the draw. We then conduct a capsule selection to determine which randomization method will be used to conduct the draws. The PCs conduct a test before each draw. We have not had any problems with the equipment at all since we installed in June of 1998. All tests and draw results are reviewed by our contract statistician, who has not seen a problem with the randomization of any of the draws or tests.

KS: The same testing procedures are used.

MN: We had the random number generator certified by Gaming Laboratories International. We only did one test draw just to make sure the equipment was working. We did no post draws.

NY: No, when relying on a random number generator to select winning number sets we send the coding itself to an independent gaming test lab for testing and statistical analysis of the test data. Once it has passed acceptance testing, the coding is kept secured and under auditor seal by the Lottery.

OH: No. We test the RNG four times to change the random number seed. Again, RNG's are used for promotional drawings only.

OR: The RNG is independently certified.

PGI: *If your lottery is not using a computer generated drawing program, is it something you are considering for the future and if so, what are the key issues you are evaluating?*

CA: We changed our Lotto game in June 2000. We bought new draw machines and ball sets. We broadcast our SuperLOTTO Plus live over our contracted TV stations. We are not looking at changing to automated draws for this game at this time.

CT: We are always looking at ways to improve our drawings

and, of course, to improve sales. We have been given presentations by random generation providers/vendors. We do not have any plans to implement random generation. If we do get to that point, we would have to weigh all the costs against what we might gain or lose in sales, due to such a change. As a "mature" lottery, we know our players have been accustomed to seeing the live drawings. They are comfortable with the presentation and trust the integrity of the live, human drawings.

MI: The Michigan Lottery is planning to implement a computer generated drawing program in the future. The key issues affecting this decision were talent and media costs. The drawing length will be shortened, and only one talent will be required for the drawings as opposed to the two we currently use. The implementation of a computer generated drawing program will save hundreds of thousands of dollars in media and talent costs.

MN: We have contracted with TeleCom to produce a new computerized drawing which will replace our mechanical equipment for the Daily 3 and Gopher 5 drawings. We expect to have it operational by the end of the year. We are doing this as a cost saving measure.

MT: We are not considering using a computer draw system. The system we are using works well for us, and we have had several questions from legislators about using computer draw programs. Their questioning has led us to believe it would not be a positive move for the Montana Lottery.

OH: Presently we are not considering using computer generated drawings.

VA: We are not considering the use of computer-generated numbers at this time.

WV: Not at this time.

PGI: *Is automated ball number recognition a consideration for your lottery's drawing program? If so, what benefits of this technology are most important?*

CA: Yes the automated ball number recognition is important to us. Our current draws have nice graphics, a ball machine and balls mixing before the numbers are selected. The numbers selected look like balls. All of our draws are opened to the public and we have found that the public likes the look of the automated draws.

CT: Not at this time. The benefits might be a change of pace and variety for the viewers. At this point in time, and with us not having all the information we need, I cannot say that cost savings would occur. However, further study of the technology will be important.

MN: No - It is going to be computer animation.

NY: No, this is not on the horizon in New York.

VA: No

WV: No ■

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Oregon Gives New Look to Web Site

The Oregon Lottery's new web site has taken on a whole new look. With the launch of the new Playtime branding campaign, the time was right to update the Lottery's web site.

"We wanted to have a consistent look and feel with our Playtime brand," said Marketing Support Manager Scott Merrell. "Our web site is a part of that campaign and we see this as an opportunity to further communicate our Playtime message that the Lottery is an entertainment company."

From the latest winners to learning more about where Lottery profits go, the new design offers additional content. A quick tour through the site will allow visitors to experience the new, consistent navigational scheme, making it easier to maneuver from page to page.

"The site is still evolving," Merrell points out. "The first stage is to establish the same look and feel. Visitors to the web site will see that in the new Video Lottery section. We'll soon be developing a new Promotions section that will be linked to the products we're promoting."

Betandwin.com Beefs-Up Online Options

Customers of the Austrian online gambling service, www.betandwin.com, were presented with a new live betting feature during the recent World Cup games. Over 4,000 players used the new flash technology, which updates odds in real time, making it unnecessary to refresh the page, and allows users to place their bets instantly. Pertinent information like the score, elapsed time, yellow and red cards, etc., is also made available on the screen.

An SMS betting service is also offered on the site. Introduced at the beginning of June, the SMS service is the first of its kind worldwide to be used for real money bets. The system allows players to utilize the companies entire range of bets over mobile devices.

Update on Internet Gambling Legislation

Two bills to ban Internet gambling are on the House floor, but chances are none will be voted on this year, due to congressional focus on issues surrounding beefing up the U.S. defenses against terrorism.

Goodlatte's bill, updating the Wire Act, narrowly passed the House Judiciary Committee, and offers exemptions to all legalized forms of gambling. Jim Leach's bill, which would make credit card and bank card Internet gambling transactions illegal is also on the House floor. Leach's bill was initially met with opposition from credit card companies last year, but since that time several companies have taken it upon themselves to not allow Internet gambling transactions on their cards.

Senator Kyl's bill to ban Internet gambling was not introduced this year.

Credit Card Companies Make it Harder for Internet Gambling

Illegal offshore Internet gambling operators will have to work harder to make a profit. Citibank has agreed to block all online gaming transactions that use its credit cards. This move is expected to significantly reduce illegal Internet gambling in the U.S. Other U.S. Banks that have made similar announcements include Bank of America, MBNA and the Chase Manhattan Bank.

This credit card trend isn't confined to North America. The Reserve Bank of India has also stated that international credit cards can't be used to purchase illegal items on the Internet, including sweepstakes or lotteries.

Malaysia Cripples Internet Gambling

Malaysia has joined in the assault on Internet gambling by passing a law similar to the Leach bill, which is currently on the floor of the U.S. House of Representatives. Under the new law, banks that honor payments to Internet gambling sites on their credit cards can be charged with criminal offense of abetting Internet gambling operations. They can also be found in offense of the Anti-Money Laundering Act of 2001 if they fail to report such a transaction to the proper authorities.

Creator Capital's China Lotto Site Nearing Completion

Creator Capital Limited invited its shareholders to preview the long awaited China Lotto betting online location. CCL's site is unique in that it is the only portal that enables international bettors to access play in the China Soccer Betting Lottery.

Mobile Lottery to Launch in Britain

One of Britain's former dotcom millionaires, who at the age of 15 created Sojewish.com, which was once valued at £5 million, is planning on launching a free online lottery with prizes of up to £100,000.

Benjamin Cohen, now 20, is now launching Numbermatch.com, which allows users to enter their mobile phone number for a chance at winning £100,000. Users must agree to receive text messages and emails from CyberBritain (another of Cohen's companies) and other third parties.

The site, which is believed to be the first ever mobile number lottery to take place, will feature several lower-tier prizes, including CDs, DVDs, videos, music festival tickets and CyberBritain.com's old kitchen sink. ■

North Carolina Looking for its Share

A North Carolina Senate bill filed in June would promise that the state would not develop a lottery for at least five years. The catch is that Georgia, Virginia and South Carolina would calculate the amount of gross ticket sales bought by North Carolinians, and then give the state an amount equal to 70 percent of the net proceeds of those sales.

It's estimated that North Carolinians spend more than \$200 million per year in the three Lottery states that makeup the border their home state.

In other news, The North Carolina House Rules Committee narrowly endorsed a November 5 advisory referendum on a state lottery, but House Speaker Jim Black pulled the issue from the legislative calendar due to fears that there aren't enough votes to pass the lottery.

Loto-Québec Honored

Loto-Québec was recently honored by being chosen to receive an award of excellence in the "Large Organization" category during the 2002 edition of the Prix Arts-Affaires de Montréal.

The tribute is also shared by the coordinators of Loto-Québec's extensive sponsorship program, which for 20 years now has focused its attention with equal ardour on the cultural milieu. The Gala des masques recognizing local theatrical talent, the free Concerts in the Park series presented by the Montréal Symphony Orchestra, and the Just for Laughs Festival offering 2,000 free shows in the streets of Montréal each summer are but a few of the initiatives reflecting the Corporation's dedication to enhancing the population's cultural life.

Wisconsin's Megabucks Celebrates Milestone

Wisconsin's Very Own Megabucks is celebrating its ten year anniversary. The good news is that players are celebrating by responding with a resurgence in sales.

With two weeks remaining in the current fiscal year, Megabucks has produced \$30 million in sales, compared to last fiscal year's total sales of \$22.9 million. Sales for the game have increased every year since 1998.

Powerball in Pennsylvania.

Approximately 6,000 Pennsylvania Lottery vendors began selling Powerball tickets on June 27. The state's first drawing was Saturday, June 29.

The Lottery expects to sell \$60 million to \$100 million in Powerball tickets this year. Of that, about \$35 million would go toward senior citizens programs.

Pennsylvania is the 23rd (and largest) U.S. jurisdiction to join the Powerball group, comprising 15 percent of the Powerball population. The average Powerball jackpot is expected to rise from \$33 million to \$38 million.

Delaware to Look at Sports Gambling

The Delaware House of Representatives is reviewing a resolution that would create a task force to research the potential for introducing sports gambling at the state's three race tracks. The state once allowed wagering on pro football, so the federal government's ban on sports betting would permit sports gambling in Delaware due to a grandfather clause within the ban. Nevada and Oregon are the other two states that benefit from the grandfather clause.

Arizona Inks Deal with Coyotes

The Arizona Lottery signed a naming-rights deal with local hockey team the Phoenix Coyotes. Players who win on the instant tickets may win hockey tickets, Zamboni ice sweeper rides and autographed team merchandise. The Instant game is set to launch in October, in time for the team's season opener. In exchange, the Coyotes get exclusive naming rights to the Lottery's Pick Three drawing.

Massachusetts Replaces Vehicles

The Massachusetts Lottery bought a new Ford Expedition to replace one of the vehicles seized and auctioned to pay for Clean Elections. Two 2001 Ford Expeditions had been seized in April and sold for a combined \$35,900.

The group that seized the vehicles claimed the Lottery didn't need the SUVs, but the Lottery actually does need a rugged vehicle to reach six data-relay towers in remote locations. If the towers break down and the Lottery can't reach them, it could cost the state millions.

Michigan Lottery Tests New Lotto Game Concepts

Michigan Millions is only a year old, but it didn't live up to expectations. So, the Michigan Lottery is testing to replace the game. The lottery hopes to have a new game in place by the start of the year.

One possible scenario has the jackpot number staying put while the lower-tier prizes roll-over.

Massachusetts Revisits Payout Cut

Facing a \$400 million to \$600 million spending gap, some Massachusetts Democrats that originally scoffed at the idea of decreasing the Lottery's payout are giving the idea new consideration.

The plan from acting Governor Jane Swift, which called for axing the payout from 71 percent down to 63 percent, reasoned that the cut would earn the state \$274 million. Of course, opponents countered that such a cut would cause sales to drop, making the extra \$274 million an unreasonable expectation.

Now, some Democrats are mulling a smaller percentage cut that might not impact sales too greatly, while saving the state \$50-\$100 million. ■

Arizona

The Arizona Lottery announced the winner of its first "Design Your Own Scratchers" contest. Brent Naughton's entry, Fiesta Funds, was selected by a panel of judges from more than 3,000 entries. Naughton walked away with a \$5,000 top prize. Prizes of \$4,000, \$3,000, \$2,000, and \$1,000 were also awarded.

The contest is part of the Lottery's on-going efforts to actively involve players in the decision-making process. Arizona has appointed players to committees, conducted regular player focus groups and tracking survey research, and invited them to select the official logo for the agency.

Atlantic

In August, the ALC is launching its second sports game, Over/Under. Players must decide if the total score of the two teams playing will be over or under the projected score provided by ALC. The projected score will be referred to as the "Line." Players choose two to ten games from the game list and mark the number of games they wish to play on a selection slip. Players may select games from more than one sport, and can wager from \$2 to \$25.

Connecticut

Channel 3, WFSB-TV, the #1 local news station in Connecticut will enter into a two-year news-integrated marketing partnership with the Connecticut Lottery. Each morning and evening, Monday through Friday, the program will reach tens of thousands of morning commuters who turn to Channel 3's TimeSaver Traffic Reports to see what's in store for their daily commute.

Each week, some 55 TimeSaver Traffic announcements are broadcast on WFSB during key morning and evening commute periods. Viewers will see the Lottery logo as part of WFSB's TimeSaver Traffic backdrop, and will be able to learn the current Classic Lotto or Powerball jackpots! Rachel Lutzker, TimeSaver Traffic Reporter, will mention the upcoming jackpot level in each broadcast, for further promotional benefit. Also, all "Traffic Cam" shots will feature the Lottery logo.

D.C.

The D.C. Lottery picked Rocky, a 2-year-old midnight black Lab/Border Collie mix, as its mascot. A contest to find the mascot was held at the Marriott Wardman Park Hotel in Woodley Park. Rocky was competing with 22 other dogs for the honors; all dogs were adopted from the Washington Humane Society. Rocky's owners walked away with a \$1,500 prize. Second prize won \$750 and third prize won \$250.

Delaware

Recently, the Delaware Lottery teamed up with the Delaware State Fair in a partnership to deliver excitement to Lottery players, as well as visitors, to this year's State Fair.

Visitors at the Fair enjoyed the latest hits from country music stars Brad Paisley and Blake Shelton during the Lottery-sponsored grandstand concert on July 25. A variety of Delaware Lottery merchandise, as well as information regarding the games and activities, was distributed to anyone who visited the Lottery booth. In addition, visitors could sign up for the new Player's Club and receive a free gift, and purchase Delaware Lottery Game tickets during the 10-day Fair.

Illinois

The Illinois Lottery recently awarded a two-year contract to advertising firm DDB Chicago, so look for an extension of the popular "Players Have More Fun" branding campaign in coming months.

Kentucky

The Kentucky Lottery is currently offering a Fun Card that offers four coupons: three Buy One, Get One Free for Scratch-Off, Pick 4, and Lotto South tickets; and one free Kentucky Cash Ball play. Once the players use all four coupons there is an entry form for a chance at a Grand Prize trip to the Grand Caymans. The second prize is \$500.

In another promotion, players who buy \$5 in Lotto South tickets at Speedway will receive one free Powerball play.

The Lottery is letting players speak out on how they pick their numbers. Players send in a non-winning Pick 3/Pick 4 ticket with an entry form telling how they pick their numbers, or they can enter online. Weekly drawings will award winners a year's free Pick 3/Pick 4 plays. They will also be featured in radio ads in their part of the state.

Kentucky has implemented a promotion targeting Western Kentucky. Lotto Bucks allows players in Western Kentucky to receive an entry making them eligible to win \$250 when they buy \$3 in Lotto South plays.

Bass Bucks is a second chance promotion that begins in August. Players can send in non-winning Bass Bucks tickets for a chance at a 2003 Ranger 175 SVS Bass Boat. The Grand Prize drawing will take place in October. The other finalist will receive \$500 and a Ranger jacket.

Loto-Québec

Again this year, Loto-Québec is proud to offer fans of the Loto-Québec Just for Laughs Festival a multitude of street performers who will show off their impressive talents through hilarious, moving and magical acts.

Les arts forains Loto-Québec is sponsoring 1800 free shows. Festival-goers will be able to witness performance art including the likes of Florent Veilleux's automatons, the shenanigans of the Mentalo Brothers, who will guess your deepest secrets, and Gino the Fakir, who thinks nothing of being rolled around in a barrel of glass shards or of hammering a nail into his nose!

There is also a "comic strip event" taking place every

evening on the square in front of the Bibliothèque Nationale. Well-known comic strip artist Fred, creator of Philémon, along with Florence Cestac and Serge Gaboury, will put their respective hands together to sketch out an improvised history of comic strips right before your eyes.

Maine

The Maine State Lottery used three unclaimed Volkswagens from a game that ended in January 2001 as prizes in three different second-chance campaigns. One campaign gave purchasers of Cash Lotto tickets an application to enter the drawing for a car, another included an application in all \$5 Megabucks purchases. The Beetles, which have been started and serviced periodically over the two years they've been sitting, are in tip-top shape.

Massachusetts

This summer the Massachusetts State Lottery wrapped up its 2nd Clean Fun Sweepstakes anti-litter promotion. The program, which allows players to submit \$10 in non-winning instant tickets for the chance to win up to \$100,000, resulted in the recycling of 76 tons of instant tickets. Approximately 8 million Clean Fun entries were submitted, estimated to contain 40 million instant tickets. The grand prize winner this year took home \$25,000, while nine other finalists pocketed \$5,000 each. More than 1,200 prizes ranging from \$100 to \$2,500 were also awarded throughout the 10-week program.

Michigan

Beginning September 2, more than 500 McDonald's restaurants in Michigan will offer a free \$1 instant ticket coupon (also good for \$1 off any higher-priced instant ticket) with the purchase of a Bacon Ranch Crispy Chicken Sandwich extra value meal during the "Lucky Days at McDonald's!" promotion.

The Daily 3 Red Ball Double Draw promotion will run September 2-21, 2002. The promotion offers Daily 3 players a second chance to win on their regular Daily 3 evening wager. After each evening drawing during the promotion, the Lottery will conduct a second drawing from a separate machine that contains five white balls and one Red Ball. When the Red Ball is drawn, the Lottery will draw a second set of Daily 3 numbers, giving players a second chance to win on the same ticket.

Missouri

Missouri Lottery-made millionaires and their families were in the Lake of the Ozarks at the end of June, taking part in a 'Luckytown Wacky Fishing Challenge' during the Missouri Lottery's 16th Annual Millionaires Reunion at the Lodge of the Four Seasons, State Road HH in Lake Ozark. The 26 winners represented a combined net worth of more than \$116 million. The lottery organizes the event, and the millionaires are responsible for paying their own way.

In addition to participating in a fishing competition, the lottery-made millionaires also listened to seminars on finance and personal wellness.

New Jersey

The New Jersey Lottery teamed-up with Tropicana Casino & Resort on an exciting new wheel promotion called Gazillions. Running June 21 through September 8, the Tropicana will give its customers the chance to win up to 15,000 New Jersey Lottery Mega Millions tickets, five times each day. Diamond Club members choose four numbers from 1-21 at the Gazillions kiosk, and four numbers will be selected by spinning the giant Gazillions wheel. Players who match the numbers produced by the wheel in exact order win the top prize. Secondary prizes include two to 100 free Mega Millions tickets.

The Lottery recently launched Tabasco® Hot Cash™, featuring imagery associated with Tabasco brand pepper sauce. The game gives lottery players the opportunity to win cash prizes of up to \$30,000, and ten Second Chance bonus drawings which players can enter to win a Red Hot Kitchen Makeover Grand Prize valued at \$25,000, ten Backyard Barbeque First Prizes, and 3,000 Tabasco merchandise gift pack prizes.

In early fall, the Lottery will be launching the first-ever Lionel-themed lottery game featuring "North American Rail Dream Trips," nostalgic and collectable Lionel Train sets, merchandise prize packages, cash prizes and even a series of second chance bonus drawings. A special Internet platform will add fun for the players and provide a convenient way to enter the Lottery Bonus Zone second chance drawings.

New Mexico

The New Mexico Lottery will enhance its "Pick 3" game in the fall to include a two number win. This change will allow matched numbers for the front or back pairs.

In other news, New Mexico's first "Slingo" game was so popular that two new versions will be introduced during the fall and Christmas holiday.

New York

The New York Lottery has offered a one-time-only \$50,000 bonus to the first New York-based New York Lottery retailer to sell a Jackpot winning Mega Millions ticket. If more than one jackpot-winning ticket is sold in New York, the date and time of the ticket sale will determine which retailer will collect the \$50,000 bonus. Other retailer(s) selling a top-prize Mega Millions ticket for the same drawing or subsequent drawings will receive a \$25,000 bonus as per the terms of the Lottery's on-going retailer incentive program.

Oregon

The Oregon Lottery's first Video Lottery POP package recently went on display in retail locations. The main message of the POP pieces communicated to customers was that the

State of Oregon has received significant positive benefit via profits from Video Lottery sales. The POP illustrates how much players have received in prizes playing Video Lottery, and how much in Video Lottery profits contribute to important state programs. Video Lottery profits represent about 80 percent of total Lottery profits. A secondary purpose of this campaign was to create a brand image for the Video Lottery product. In an effort to accomplish this, a Video Lottery logo has been designed and incorporated into this POP campaign.

The Lottery's Sports Action game kicked off its 14th season on July 31. This year will have an added twist. Visitors to the Oregon Lottery's web site will have a chance to win a trip to the Super Big Game by playing a promotional game. The exciting web promotion gives players a chance to win a trip for two to the 2003 Super Big Game in San Diego.

Pennsylvania

The Pennsylvania Lottery launched Pink Panther™, featuring logos and other imagery associated with the classic animated character. The Pink Panther™ game has cash prizes of up to \$12,000 and over 220,000 Bonus Box Prizes.

Rhode Island

The Rhode Island Lottery will be hosting its ninth annual "Hat Night" with the Pawtucket Red Sox at McCoy Stadium in late July. This popular event includes a pre-game barbecue and game tickets given to various youth groups, compliments of the Rhode Island Lottery. In addition, more than 4,000 Pawtucket Red Sox baseball "hats", that include the Rhode Island Lottery logo, will be given to patrons entering the ballpark.

Also this summer, for the second consecutive year, the Rhode Island Lottery will be a major sponsor of the "Latino Multicultural Festival". This local event promises to be a success, with performances planned by renowned Latino artists.

South Carolina

On June 24, the South Carolina Education Lottery awarded its first Carolina 5 \$100,000, taxes paid. On Friday, June 21, 2002, the SCEL took in over \$711,000 in ticket sales. According to SGI, the lottery's on-line vendor, more than 7,000 people won over \$200,000 in cash prizes. In addition to the top prize winner, there were 213 \$100 winners and 6,880 \$5 winners.

Virginia

Virginians have won three Lotto South jackpots since that game was introduced in September 2001. All three winners have received a \$1 million bonus in addition to the jackpot. The bonuses have been funded with money left over from the last Lotto Virginia jackpot, which was never won. There is one million-dollar bonus remaining.

West Virginia

When it's summertime in West Virginia its promotion sea-

son at the Lottery. Each year the Lottery visits fairs, festivals and special events all over the mountain state. At each venue Lottery staff assists in selling tickets with participating retailers. Lottery personnel also have the awesome task of manning the ever popular "Spin to Win" wheels, in which Lottery players can win free instant tickets and Lottery premium items with a \$5 purchase! To see where the West Virginia Lottery will be this summer check out the "Summer Fun Tour" link on their website at www.wvlottery.com.

After much anticipation the West Virginia Lottery's first promotional only ticket is born! The new "promo" ticket has a quick and easy play style, it is redeemable at any lottery retailer-but is not for sale! The lower top-prize amount will allow more prizes to be awarded within the game. Thus giving more players a winning experience! The promotions ticket was designed for retailer based promotional use and to use at Lottery sponsored events across the state. In some cases current instant tickets may still be used for promotions with radio or television for game promotion only!

Wisconsin

The Wisconsin Lottery is teaming up with the "King of Rock 'N Roll" this summer for big fun and exciting events. In support of the new \$3 Elvis" instant scratch ticket, "Elvis"" made appearances at several popular Wisconsin events.

"The King" took pictures with fans, handed out his famous scarves and talked to players about the new game at Summerfest, a huge waterfront music festival in Milwaukee that attracts one million visitors each year. Tickets were on sale throughout the two-week event and two Milwaukee radio stations did live remotes from the Lottery display.

At the end of June, "Elvis" helped the Lottery give away merchandise at Rhythm & Booms, a festival that includes the Midwest's largest fireworks display. The Lottery joined a local oldies radio station at their music stage and "The King" treated people to a brief performance. To help beat the heat, the Lottery handed out cardboard fans with "The King's" likeness.

"Elvis" will also join the Lottery at the Wisconsin Grocers Association Summer Retreat.

Life size cardboard cut outs of "The King" have been showing up at Lottery retailers. The Lottery is awarding these materials to retailers for making exceptional Elvis ticket orders.

Elvis excitement has been growing with the help of these events and the game is selling very well, about twice as well as a typical \$3 ticket.

The Wisconsin Lottery launches four new instant tickets in August. The \$1 "1st Down Doubler" is a football-themed ticket, which should do very well in the football-friendly state. Two \$2 tickets launch as well—"Wizard of Odds" and the 7/11/21-themed "Triple Your Luck." The \$1 "Big Moola Party", featuring the beloved Moola Sisters cow mascots, offers players a 68% prize payout to celebrate the Lottery's anniversary this fall. ■

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