

# Public Gaming

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

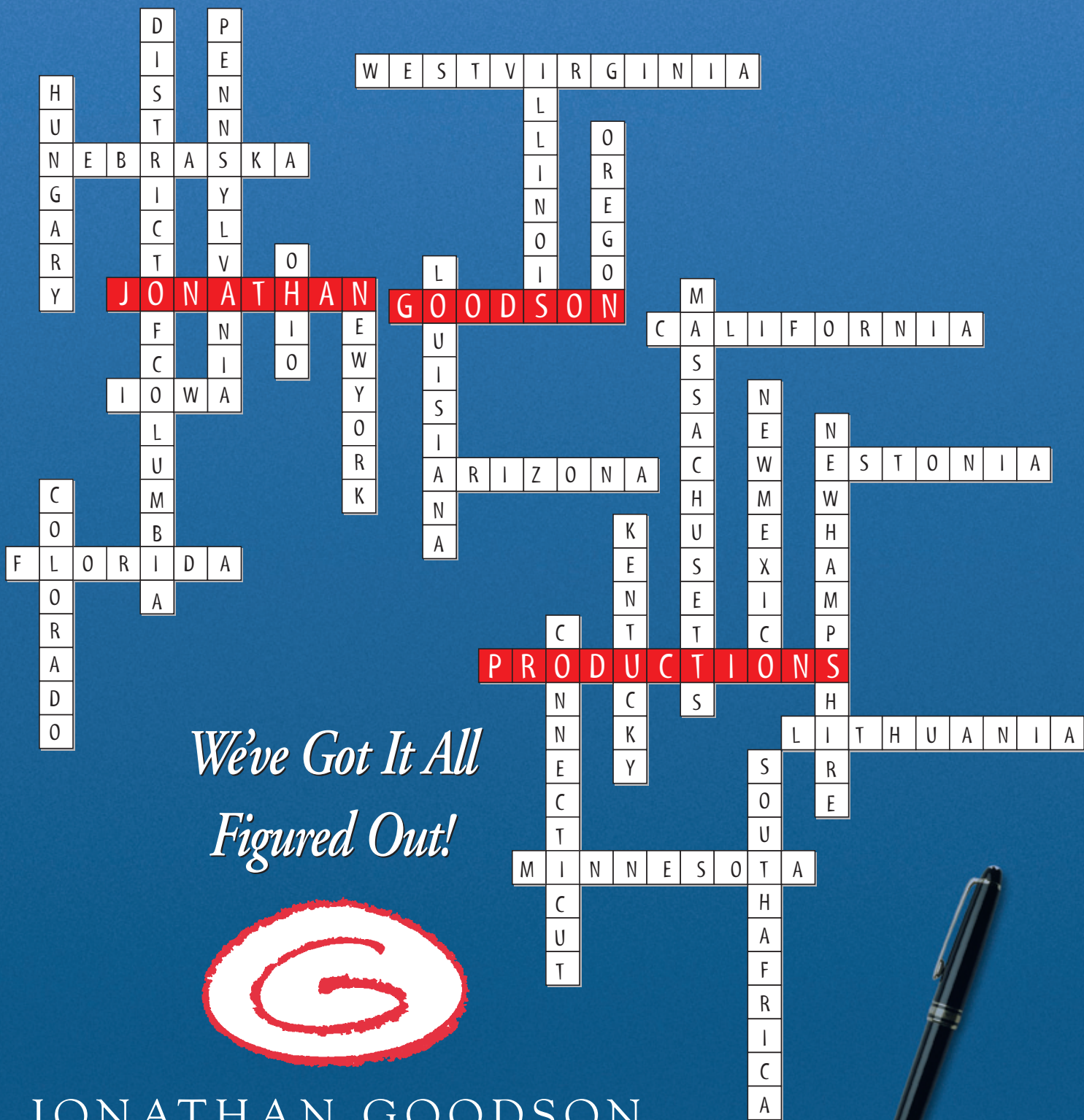


## The Georgia Model

GLC President and CEO, Rebecca Paul



# Puzzled When It Comes To Your Lottery Game Show?



*We've Got It All  
Figured Out!*



**JONATHAN GOODSON**  
P R O D U C T I O N S

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# PublicGaming

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Rebecca Paul, president and CEO of the Georgia Lottery Corporation

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*After spending several days in Australia attending the World Lottery Association Congress 2002, I have come to the realization that no matter what part of the world you are from, whether it's North America, Europe, Asia or somewhere in between, we are facing similar issues.*



Before I continue, I would like to applaud the WLA and congratulate the South Australian Lottery Corporation for all the hard work and preparation they went through in putting this event together. The programs, speakers, and ceremonies were all top notch and I think I would be remiss if I didn't say that all those who attended the congress went home with a greater knowledge and understanding of the lottery industry as a whole.

The theme of the Congress was, "The Knowledge to Lead. A Vision to Prosper." As I have stated since becoming president of NASPL, "now is the time for each of us to embrace the future and develop a plan to ensure the success of our industry." During the congress, a number of speakers addressed this topic with creative and provocative insight.

Futurist Hamish McRae shared his "Vision to Prosper." Hamish took an in-depth look at several current issues that will have major effects on the future. He pointed out the fact that overall, the world's population is getting older and we will have to develop new business practices to attract younger generations to our products.

Another speaker, social commentator Richard Neville, spoke to us about emerging consumer trends and how the future is upon us. He shared his ideas on how to spot trends before they occur and in short, how to embrace the future.

Each of these presentations helped to enforce the fact that, while we should be proud of our accomplishments, there is so much more we can do to help our industry

grow in the future. This is something that will take time and the cooperation and sharing of ideas from everyone involved, lotteries and vendors alike. By doing this, we will help to generate more revenue for our proceeds recipients and for some, help our local governments supplement depleted budgets.

Looking ahead to the future is not a new concept. I can remember when lotteries used to sell one scratch game at a time, didn't have the quick-pick option for on-line games or couldn't imagine joining forces to create one big jackpot. Today we are continuing into the future by creating more visually stimulating scratch games, becoming retailer friendly by reducing the size of on-line terminals and making great strides in customer relations by offering more information over the Internet and at retail locations.

As prolific American Historian Henry Steele Commager said, "change does not necessarily assure progress, but progress implacably requires change." There is no doubt it would be nice if we could continue down the same successful course we have traveled in the past, but just like any voyage, new obstacles will arise and a new path will need to be taken to assure safe passage. As was pointed out during the WLA congress, we are the current explorers in the lottery world and it is up to us to discover the route that will take us successfully into the future.

*Mark Zamarripa*

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## Contract Award to Intralot from Narodna Lutrija

Intralot was awarded a 10-year contract with option for renewal from Narodna Lutrija, the State Lottery Organization in Serbia for the organization and management of fixed odds betting games. The company has undertaken the installation of a new on-line system, as well as provision of all the necessary services such as risk management odds compilation, marketing support and training to the lottery.

The game is expected to launch within the first half of 2003 throughout the national network of Narodna Lutrija and it will be supported by an extended advertising campaign.

Game's operation will be handled by Yugolot, Intralot's subsidiary in Yugoslavia, which has undertaken the implementation of the Lottery's on-line system. Furthermore, Betting Company SA, the specialized company of Intralot Group, will provide all relevant services for the operation of the game. The remuneration of Intralot Group is based on percentage of sales.

"Our decision to select Intralot was based on the technology offered and the valuable experience and know how of Intralot Group. The fact that Betting Company SA manages the largest book worldwide, is an asset to our lottery", said Mr Goran Sljapic, General Director of Narodna Lutrija

## e-Success Signs with BCLC

e-Success Incorporated has entered into an agreement with the British Columbia Lottery to assist in development of visual display technology for Keno and other point-of-sale game information. The visual display technology has the potential to be extended to other retail locations and applications for BCLC.

e-Success's WebShow is one component of the visual display technology. The WebShow software supports the capability for displaying a variety of rich multimedia information (video, animations, graphics, dynamic text messaging, and audio) as shows that can be composed and distributed for display on television or computer monitors driven from PC's. Such displays can be programmed to display different content at different times, and customized for specific locations. WebShow leverages off of industry-standard content and production tools used in the graphics and multimedia industries.

## MDI Signs Exclusive Lottery Licensing Deal With the Palms Casino Resort

MDI will offer lottery promotions featuring VIP trips packed with amenities to the red hot Palms Casino Resort in Las Vegas as part of an exclusive three year contract it has just signed with The Palms.

"Our strategy for the Palms promotion is twofold," said MDI President and CEO Steven Saferin. "First, to offer lotteries a casino property that not only appeals to their core players but also to a younger demographic. And, second, to offer top-shelf VIP trip experiences loaded with special features unlike anything seen previously in the lottery industry. Our Palms promotion is not just another airline ticket and a room prize. It is a full blown platinum level experience."

Each three-night Palms VIP vacation package for two will include in addition to airfare: Limousine service to and from McCarran Airport; VIP check-in; a grand suite; a \$500 gaming credit; a \$250 food credit; 3 days use of a private poolside cabana; Spa passes for two 50 minutes massages; Movie passes and movie money for refreshments at the on-site Multiplex; Line passes and cover charges for two at the Ghostbar; and Line passes and cover charges for two at the Rain Nightclub. Other exciting packages will also be available as lottery prizes.

## Scientific Games Signs Licensing Agreement with Mandalay Resorts

Scientific Games signed a licensing agreement with Mandalay Resort Group permitting Scientific Games to promote new instant ticket games using Mandalay logos, designs and visual representations. The new games allow players to win luxurious Las Vegas vacations at one of the five Mandalay resorts in Las Vegas.

Lorne Weil, Chairman and CEO of Scientific Games Corporation said, "For some time now, we have recognized that the excitement generated by licensed games can increase lottery sales. The Mandalay agreement will enable us to offer lotteries a series of unique and attractive new games with highly recognizable brand names like Circus Circus, Luxor, Monte Carlo, Mandalay Bay and Excalibur. Although prize fulfillment is a new arena for us, we believe this program will be very popular because we will be working directly with Mandalay's experienced marketing and travel personnel, ensuring that winners experience dream vacations."

## Spielo Named One of Canada's 50 Best Managed Companies.

For the second year in a row, Spielo has been awarded the distinction of being one of Canada's 50 Best Managed Companies. This award recognizes companies that are excelling in the global marketplace, growing rapidly, and embracing new technology.

In addition, Spielo was recently honored at the Canadian Manufacturers and Exporters annual conference with the 2002 Canada Export Award with special recognition in the Job Creation category. The award recognizes Canadian companies who further economic and social development in their community, and create new jobs and business opportunities by competing and succeeding in the Global marketplace. ■



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# Around the World

## Australia

The Tasmanian Gaming commission reported \$1.9 billion in sales last year. The gambling in pubs and clubs rose by more than \$100 million over the previous year. The Tasmanian Government received \$66.1 million from gambling in casinos, pubs and clubs and lotteries.

The Lotteries Commission of WA is working on changing its corporate brand name to Lotterywest. If all goes as planned, the change will take place in the first half of 2003. WA officials have stated that the Lottery wants to differentiate itself from other government departments. Of course, changes of this magnitude tend to be costly, as all POS and promotional material will need to be replaced to reflect the change.

## China

The Chinese government will reduce the sets of numbers in its bimonthly Unified Invoice Lottery. There will still be a set of numbers for the NT\$2 million grand prize, but the current number of winners for prizes one through six will be cut to from four to three. The changes are necessary to ensure the Lottery will have sufficient funds to cover the winnings. Officials will re-evaluate the situation later in the year.

## Czech Republic

SAZKA has selected EssNet to supply an Internet and Mobile gaming system for the Lottery. SAZKA has become Essnet's seventh e-commerce customer.

## France

Milestone Entertainment recently signed a multi-year agreement with La Française des Jeux for the development and marketing of television and multimedia games for internet, mobile phone and interactive television applications.

## Germany

The first bingo hall in Germany opened in Berlin in early December. Until now, such halls were banned because of strict German gambling laws. The City is hoping to get an additional two million euro per year in gambling taxes from the bingo hall.

## Greece

OPAP unveiled two new betting games, Extra 5 and Super 3, to boost revenues and offset an expected slowdown in earnings from fixed-odds betting game Stoichima in the last quarter of the year.

## Hong Kong

The Hong Kong Jockey Club has been granted a five-year local operator's license for betting on soccer games. The license is subject to a bill legalizing soccer betting that is due to pass through the Legislative Council in early 2003.

## Hungary

Hungary's biggest lottery jackpot ever was up for grabs in December. In one week nearly 15 million lottery tickets were sold with 15-20% estimated to be foreigners entering the country simply to buy a ticket.

## Philippines

The Philippine Amusement and Gaming Corp. is getting ready to build a proposed world-class, multi-themed amusement and entertainment complex. The site, deemed the Bagong Nayon Pilipino Tourism Estate will be located on 120 hectares, will be a self-sustaining city featuring first-class theme hotels, educational and cultural complexes, shopping malls, sports stadium, restaurants, convention centers, a state-of-the-art monorail system and other facilities, and is expected to create 270,000 new jobs.

## South Korea

South Korea launched Lotto on December 2. The game is being sold at 5,000 branches of Kookmin Bank, convenience stores and supermarkets. There is no ceiling to the prize money, and as the sales figure increase, the size of the prizes from first place to fourth will also rise. The average daily sales over the first three days amounted to W1 billion, accounting for 50% of the total lottery market.

In a move to reorganize and simplify the country's lottery market, The Korean government is expected ask the 49 lotteries that return profits of less than 5 percent to stop issuing tickets.

## Sweden

Boss Media has been chosen by Svenska Spel to develop digital scratch cards, lotteries and other quick games - primarily for the Internet, but the cooperation may be extended to include other digital channels such as mobile telephones and digital TV. Boss Media already built Svenska Spel's Internet casino.

## U.K.

Sainsbury's, a U.K. supermarket group, is competing with Camelot. The group recently launched its own scratchcards. Sportech PLC announced a deal with J Sainsbury PLC to deliver a series of Sainsbury's branded tickets offering prizes of up to £75,000.

Camelot has signed a deal with Sky Active to launch an iTV service via digital satellite platform in 2003. The two entities will work together to develop an interactive version of the popular charity-funding draw.

## Virgin Islands

Powerball tickets went on sale at 110 outlets in the Virgin Islands, after the Multi-State Lottery Association voted to grant membership to the territory. ■



# 2002 Legislative Review

*At a glance, the November elections seem very favorable toward lottery interests. Two lottery referendums (North Dakota and Tennessee) passed, the Arizona Lottery was extended for ten more years, and pro-lottery candidates and candidates in favor of lottery expansion won in several jurisdictions. While these all constitute excellent news for the lottery industry there was one factor to this year's elections that has the potential to make a lottery director feel uncomfortable – governor turnover.*

*Of the 36 races for governor held in 2002, 22 gave birth to a new administration, and 17 resulted in a party change at the state's top seat. Of these 22 new administrations, 20 reside in lottery states. Of course, there is always the possibility that a new governor will want to appoint someone else lottery director, which can make the election of a new governor stressful for some lotteries.*

## 2002 – Budget Crisis Worsens

In late 2002, the National Governors Association (NGA) declared that the states are facing their worst fiscal crisis since World War II, as combined budget shortfalls have reached \$67 billion. Generally, this has put added stress on lotteries to increase revenue – something that isn't easy in a recession.

In response to this reality, many legislators across the country are trying to create legislation that would decrease lottery restrictions and create new revenue opportunities.

### Ohio – VLTs and the Internet

Ohio Senate President Richard Finan, R-Cincinnati placed a bill in the agriculture committee that, through an emergency clause, would bypass a popular vote and place VLTs at state racetracks. The bulk of the opposition from other senators seems to stem from the emergency clause, and those that support the idea of using VLTs to gain much needed revenue for the state are working on removing the clause. The bill has been met with opposition from Gov. Bob Taft, who has threatened to veto it.

It's been estimated that 2,000 VLTs could generate \$500 million per year for the state. Of that, tracks would receive 47.5 percent of the gross proceeds, counties and townships where tracks are located split another half percent, and the remainder would go to primary and secondary education.

While the debate rages on over VLTs, another bill has surfaced in the Ohio Senate that would give the Ohio Lottery Commission the ability to develop rules and conduct games online.

Whereas the VLT bill was created to generate revenue, this bill is being touted as a way to help Lottery customers that can't get to a store to play. This bill has several items

## New Governors

The 2002 state elections produced several new governors. Of the 36 races for governor, 22 gave birth to a new administration, and 17 resulted in a party change.

State	New Governor	Replaces
Alabama	Bob Riley (Rep)	Don Siegelman (Dem)
Arizona	Janet Napolitano (Dem)	Jane Hull (Rep)
Georgia	Sonny Perdue (Rep)	Roy Barnes (Dem)
Illinois	Rod Blagojevich (Dem)	George Ryan (Rep)
Kansas	Kathleen Sebellus (Dem)	Bill Graves (Rep)
Maine	Jong E. Baldacci (Dem)	Angus King Jr. (Ind)
Maryland	Robert Ehrlich, Jr. (Rep)	Parris Glendening (Dem)
Massachusetts	Mitt Romney (Rep)	Jane Swift (Rep)
Michigan	Jennifer Granholm (Dem)	John Engler (Rep)
Minnesota	Tim Pawlenty (Rep)	Jesse Ventura (Ind)
New Hampshire	Craig Benson (Rep)	Jeanne Shaheen (Dem)
New Mexico	Bill Richardson (Dem)	Gary Johnson (Dem)
Oklahoma	Brad Henry (Dem)	Frank Keating (Rep)
Oregon	Ted Kulongoski (Dem)	John Kitzhaber, M.D. (Dem)
Pennsylvania	Ed Rendell (Dem)	Mark Schweiker (Rep)
Rhode Island	Donald L. Carcieri (Rep)	Lincoln Almond (Rep)
South Carolina	Mark Sanford (Rep)	Jim Hodges (Dem)
South Dakota	Mike Rounds (Rep)	William Janklow (Rep)
Tennessee	Phil Bredesen (Dem)	Don Sundquist (Rep)
Vermont	Jim Douglas (Dem)	Howard Dean, M.D. (Rep)
Wisconsin	Jim Doyle (Dem)	Scott McCallum (Rep)
Wyoming	Dave Freudenthal (Dem)	Jim Geringer (Rep) ■

standing in the way, including: the current understanding that gaming sales over the Internet are not legal in the U.S.; Ohio retailers, who oppose the bill because they want customers to buy from their stores; and Gov. Bob Taft.

#### Florida, Nebraska and Massachusetts – Casino Gambling

Florida Rep. David Murzin, R-Pensacola, believes that expanded gambling will get some serious discussion by Florida lawmakers, despite Governor Bush's consistent stance against more gambling.

The Governor also opposes more taxes and cutbacks in social services, and some expensive constitutional amendments were passed in November. Voters approved reduction in class sizes (estimated \$28 billion over eight years) and pre-kindergarten for 4-year-olds (estimated \$500 million per year); amendments that accompany the restructuring of the court system (estimated as high as \$1 billion per year) and a high-speed train connecting five metropolitan areas (estimated \$21 billion). The money will have to appear somewhere.

Despite his anti-expansion stance, Bush has said he won't rule out expanding legal gambling to allow VLTs at tracks. Estimates for the amount VLTs would raise range between \$600 million to \$1.5 billion a year.

Nebraska's largest chamber of commerce, the Greater Omaha Chamber of Commerce, is warming up to the idea of expanded gambling. Despite past efforts to shoot down casino gambling, a recent poll of chamber members saw 68.3 percent respond that the state should allow casino gambling. It is expected that the chamber's executive committee will adopt a pro-expansion position before the Legislature convenes on January 8, 2003.

Massachusetts lawmakers are discussing the possibility of casino gambling and VLTs as a way of cutting part of a \$945 million budget gap in FY03. Senator Steven Panagiotakos went so far as to publicly state that the Legislature has no choice but to consider expanded gaming proposals, and Gov. Mitt Romney and House Speaker Thomas Finneran have said new tax hikes aren't an option.

#### Vermont – Multi-state

Vermont Gov.-elect James Douglas is speaking out in favor of Powerball. Not only has he suggested the game as a new source of revenue, he apparently has bipartisan support for the idea. It's estimated that the game could raise \$2 million to \$10 million annually for the state.

## Two New Lotteries

Of course, one of the biggest November coups for the lottery industry was the induction of two new states into the lottery market: Tennessee and North Dakota.

#### Tennessee

Tennessee voters overwhelmingly approved a state lottery referendum in November 2002, leaving only two states (Hawaii and Utah) without some form of legalized gambling.

With 893,646 in favor to 658,543 against, the referendum captured a nearly 58 percent vote in favor of creating a lottery. The champion of the referendum, Senator Steve Cohen, quickly began work on turning that election day victory into a state Lottery. In Cohen's estimation, December 2003 is a reasonable target date for the lottery launch.

One week after the election, 16 Tennessee education leaders were named to a task force, chaired by Richard Rhoda, executive director of the Tennessee Higher Education Commission, that studied other states' lotteries.

Of course, the passage of the lottery referendum didn't actually create a lottery, but it did clear the way for legislators to develop one. It is expected that a bill will be introduced in January, 2003, to design the mechanics of operating the lottery. Preliminary plans have the Tennessee Lottery being based on the Georgia model, funding scholarships first, then K-12 construction and technology projects and early-learning and after-school programs. It's been estimated that the Tennessee Lottery could gross up to \$900 million a year, leaving approximately \$300 million for education.

With the passage of the lottery referendum, authority was also given to lawmakers to permit charity groups, with two-thirds approval of the General Assembly, to hold annual fundraising events utilizing lottery-styled games.

#### North Dakota

North Dakota's lottery referendum passed by an even wider margin than Tennessee's, as 64 percent of voters were in favor of a lottery. Now that the referendum is passed, the North Dakota legislature's job of setting up a lottery doesn't look to be as complicated as Tennessee's.

North Dakota voters weren't voting for a lottery that would feature several games. They were voting for one game – Powerball. While the state's induction into the Powerball group is not a sure thing, legislators are patiently wading through the approval process. Seven lawmakers have been appointed to work with Attorney General Wayne Stenehjem on legal and regulatory questions.

Issues that need resolving include standards for ticket sales, deciding how the game will be administered, and the meeting of security and computer system standards of MUSL. The state will also have to sign a lottery agreement and obey MUSL's constitution and bylaws.

While gathering information about Powerball, officials from South Dakota and New Hampshire took part in meetings with North Dakota's Lottery Task Force. The Task Force also planned a trip to Pierre, South Dakota to inspect South Dakota Lottery operations. In the meantime, Rep. Andy Maragos has been drafting a comprehensive lottery bill to introduce in the 2003 session.

It is possible that Stenehjem's office will handle lottery regulation, but another agency will be in charge of promoting the game.



## Lotteries in the Works

### Oklahoma

It appears that the lottery factor was very influential in the race for Governor of Oklahoma. An October poll conducted by Consumer Logic found that, out of 750 respondents, 62 percent were in favor of a state lottery in Oklahoma, while 30 percent were against it. Later, a post-election poll with four-hundred respondents (conducted by the Oklahoma Opinion Quarterly) found that 50 percent of those surveyed claimed that the issue of a state lottery influenced their votes. With statistics like these, it's easy to see why a pro-lottery candidate, Brad Henry, will be taking the Governor's seat in January.

Gov. Henry ran on a platform that proposed a lottery as the answer to the state's looming \$291 million budget shortfall. By his projections, a lottery could bring in as much as \$300 million per year.

Of course, the lottery movement is being met with opposition. The state's largest religion denomination, the Baptist General Convention of Oklahoma, announced their formal opposition one week after Henry, a Southern Baptist himself, won on his lottery platform.

### North Carolina

In mid-2002, a North Carolina vote on a lottery referendum

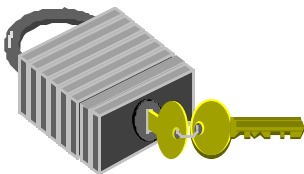
definitely seemed to be in the works. Unfortunately, it didn't work out that way. Even while facing a \$1.5 billion dollar gap in their two-year budget, state legislators still managed to keep a lottery referendum from reaching the polls. Even with polls reporting that as many as 58 percent of the voters supported the idea of a North Carolina lottery, nearly 58 percent of legislators (69-50) voted against the lottery referendum.

The odd thing about this vote is that it seemed legislation was lining up to make a Lottery possible. In June, the state Senate voted 44-5 to ban Video poker machines. Such legislation would ease fears that a lottery passage would set the stage for Lottery operated VLTs.

### Arkansas

Arkansas Governor Mike Huckabee's announcement of a \$142 million cut from the state budget has opened the minds of many state legislators. In fact, State Senator John Brown (who did not seek reelection and is leaving the Senate at the end of December) has gone on record to say that a statewide vote on an Arkansas state lottery could come as soon as next year.

While getting the state to vote on a lottery referendum in Arkansas is one thing, passing the referendum is definitely another. Voters have previously rejected all proposals for a state lottery. ■



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# The GLC Model

## 10 Years and Going Strong

**A**labama just hung-up; sending Tennessee in on line one; South Carolina is holding on line two and Mexico is waiting in the lobby. It is not even noon on a typical workday and this is what you hear coming from the offices of Rebecca Paul at Georgia Lottery Corporation ("GLC") headquarters in downtown Atlanta, Georgia.

"Some days, my phone log reads like an SEC score card and others more like the United Nations," says Rebecca Paul, president and Chief Executive Officer of the GLC, as she leads one of the most successful lotteries in the world. To illustrate this, Rebecca recalls "one day was particularly confusing for my assistants as I was taking calls from both the governors of North and South Carolina. I was told the governor of South Carolina was on the phone so I answered 'Hello Governor, how is Columbia?' there was a pause and then the response of 'don't you mean Raleigh, I'm calling from North Carolina.'" It seems the governor of North Carolina was on the phone instead of South Carolina. The Georgia Lottery has become an international model from which to create a

new lottery or redesign an older one. As such, "it comes with the territory fielding calls and visitors from all over the country and world at the GLC," said Rebecca.

The most recent state to discuss modeling its lottery after Georgia is Tennessee. In Oklahoma, one of the gubernatorial candidates ran his election on creating a lottery just like Georgia's. The people of South Carolina wanted the Georgia model and those in North Carolina discuss a lottery every legislative session with hopes one day of having the Georgia model. In Alabama, if the voters had approved a lottery it was to be like Georgia's. On the international scene, Rebecca Paul has presented the Georgia model to audiences in Mexico, China, the Dominican Republic, and the United Kingdom to name a few. If imitation is the greatest form of flattery, then the GLC is certainly blushing.

Great lotteries and great success don't just happen over night – it takes the proper foundation, focus and commitment to achieve the success the GLC has in just ten short



*GLC President Rebecca Paul celebrates \$5 billion transferred to education*

years. Rebecca will tell you there are many factors that have contributed to the GLC's success, but she always goes back to the one defining force – the foundation of the Georgia Lottery – its enabling legislation. "I've been in the lottery industry for more years than I care to share and I can tell you in all my experience, the Georgia Lottery's enabling legislation is the best I've seen." Having traveled the country and world consulting to other lotteries, this is high praise to Georgia's then Governor Zell Miller and legislature.

### The GLC Foundation

The GLC is a unique organization by lottery industry standards. The GLC was created by the Georgia General Assembly in 1992 as a public corporation.

The legislation which created the lottery was part of the Governor's legislative package that session and had been carefully developed by his staff. In determining how best to structure the organization, the Governor's office took a comprehensive look at every lottery in the country. They were interested primarily in isolating problems and pitfalls, which other lotteries had suffered and were determined not to repeat those in Georgia. Recognizing that the lottery was unlike any other service associated with state government, the Governor's Office developed a set of goals. These included allowing the lottery to operate in an entrepreneurial fashion, keeping the lottery, as far away from political influence as possible, and ensuring that lottery profits would benefit exclusively education.

They accomplished these goals by crafting legislation to create the lottery as a public corporation, not a state agency. The legislation clearly specifies that the GLC would receive no state money for any part of its operation, not



even during the start-up period. "This required us to secure a line of credit from a financial institution as our first order of business," said Paul. "The only collateral I had was my name and promise we would pay them back." The GLC paid back the \$4.15 million it borrowed from its \$15 million line of credit in just 11 days after sales began. Therefore, from the very beginning the GLC was not treated as a part of state government. This separation not only served to establish the position of the Lottery as a corporation, but it assured that the lottery would not be competing with other state agencies for funding.

The Governor further assured the entrepreneurial nature of the lottery by appointing a Board which had clearly defined private sector experience. It was important to him that the Board provide the direction for the lottery in a way which utilized a private sector approach to management and marketing. The seven member Board of Directors contains a mix of professional business people, and no politicians. They serve staggered terms so that, except for the initial appointments, no one governor can appoint a majority of members until he or she has been in office several years.

One of the responsibilities of the Board is to select and appoint the President of the lottery. This serves to insulate the staff from the winds of political change and provides for continuity in management and direction of the lottery. In addition to this responsibility, the Board has the authority to adopt and amend operating policies and procedures and budgets without oversight or intervention from the executive or legislative branches. This allows the GLC the flexibility to respond to changes in technology or market conditions at any time during the fiscal year instead of waiting until the next legislative session for budget amendments or legislative mandates. For an industry which is driven by technological innovation and market demands, this is crucial.

The legislation also exempts the GLC from state purchasing or personnel requirements and allows it the flexibility to operate competitively in a consumer market environment. The intention was to make sure that procurement decisions

were based on what makes the best business sense, just like any other corporation. The Georgia Lottery has the flexibility to recruit a workforce on its own and to reward them based on systems developed internally. Salaries are competitive with private sector marketing companies because that is their competition. The Georgia Lottery has the ability to offer incentive compensation and the versatility to reward employees based on performance. Such policies and procedures do not fit into the traditional state merit system of personnel administration.

The legislation also created the educational programs, which would receive lottery profits and specified that lottery funds would supplement, not supplant, existing education appropriations. Because of this provision, the only discretion the General Assembly has over spending lottery profits is how to allocate them among the programs created in the enabling legislation. This has also served to give a clear corporate identity to the lottery. "The programs are so popular with the public and so readily identified as lottery funded that we see a large number of people who don't mind as much if they win or lose the lottery because they are helping education," said Paul.

The programs which benefit from the lottery are: 1) the HOPE Scholarship Program which allows all Georgia high school graduates with a B average to receive full tuition, book allowance, and fees to any Georgia state college or technical college, 2) a voluntary pre-kindergarten program for 4-year-olds, and 3) special capital outlay projects that are not included in the general education budget. These programs are so widespread that almost everyone in the state either benefits from them directly or knows someone who does.

To further cement the relationship between the Georgia Lottery and its beneficiary programs, in 1998, Georgia voters approved a referendum to prioritize the order of spending of the programs. The Georgia General Assembly astutely realized that the relationship between the lottery and the programs was vital to the success of both. This action ensured that every student who earned a HOPE Scholarship received it and that every four-year-old who wanted to attend a lottery funded pre-kindergarten program would.

The Georgia Lottery as a "public" corporation is subject to some of the same scrutiny as any public agency, such as open records and open meetings laws. It is also subject to



Many opportunities would result from Rebecca Paul's reign as Miss Indiana in 1972



Dancing with money at the ripe age of seven would be telling of Repecca Paul's future as a fundraiser for many worthy causes

the mandates of the enabling legislation regarding finances and returns to players, the state, and the retailers. In addition, the GLC has a Legislative Oversight Committee, which monitors its operations and progress and provides the crucial element of public accountability. Even so, the Georgia Lottery enjoys an environment where it can focus on its goal of funding specific educational programs without undue bureaucratic entanglement.

### The GLC's Success

The people of Georgia approved the lottery in a 1992 referendum by barely 51%. One year later, the Georgia Lottery Corporation exceeded all expectations, with \$1.13 billion in total sales and \$362 million returned to the state for education. The Georgia Lottery set a new per capita sales record of \$164.81 for first-year lotteries, shattering the previous record of \$128 set in Florida by Rebecca Paul in 1988. Under Rebecca's leadership, the Georgia Lottery is a huge success experiencing steady increases in sales culminating last fiscal year with record sales of \$2.449 billion. The Georgia Lottery's sales have grown at an average annual rate of 11% over a nine-year period. This success is due to a number of factors, not the least of which are the hard work and dedication of the staff and good marketing decisions. As Rebecca would add, "I would submit to you that a great deal of our success is because of the foresight of the framers of our legislation. We truly do operate in an entrepreneurial manner and have the flexibility to make good business decisions in the way we deal with our staff, our retailers and our vendors." These business decisions are based on three tenets preached and practiced by Rebecca: know your competition, know your product and know your customer.

Rebecca understands very well that lottery products compete for every disposable dollar spent by consumers. She positions Georgia Lottery products in way to attract consumers to spend their leftover dollars and change on a lottery ticket instead of a pack of chips or a candy bar. While players purchase tickets from retailer locations, the real customer of lottery products is the lottery retailer. In Rebecca's vast experience, she knows that a lottery's success depends in great part on the relationship between the lottery and its retailer. According to Rebecca the lottery/retailer connection is, "a true partnership and much like a marriage it must be tended to daily." Lastly, the

Georgia Lottery sells more than a consumer product – it sells integrity. The Georgia Lottery takes very seriously its mission to responsibly maximize dollars for education. To do this, the GLC operates under the highest level of integrity

and security to ensure that every person with every lottery ticket purchase knows they have the same opportunity to win a prize. Ask any Georgia Lottery employee about its competition, its customer and its product and they will recite what you've just read. That, along with its model framework, makes for a winning combination at the Georgia Lottery Corporation.

To relate the Georgia Lottery's success in fiscal year 2002 with sales of \$2.449 billion and a return to education of more than \$726 million, if the GLC were a private com-

pany, it would rank on the Fortune 500 list:

- #1 most profitable company, with 32.9% profit as a percentage of revenue
- #6 in revenues per employee, at over \$8.4 million
- #36 in total profits

### Small Town to World Stage

Rebecca grew up in the Midwest in a working class family, with three older sisters and while she did not have pre-kindergarten, HOPE or computers, she was told that with work, resolve and a desire to succeed she could be anything she wanted. Said Rebecca, "my parents knew the value of an education and a strong will to succeed would take their children far in life." For so many, education begins at home and her parents were always her mentors. One of Rebecca's fondest memories, which she has shared through the years, is how she learned state capitals. Having four girls in the household, her mother knew where the girls would spend a lot of time – the bathroom. Located in the bathroom was a map taped to the back of the door with each state's capital city listed. According to Rebecca, "it didn't take me long to learn our nation's capital cities."

Most people described Rebecca as tomboy because she liked sports and was a gymnast. She admits that she was a little nerdy as she loved school and her favorite subject was math. "I loved statistics and still do," which is a great talent if you're in the lottery industry.

Rebecca's first job was coaching gymnastics at her alma mater, Butler University. While there, she was recruited to participate in The Miss America pageant by someone who



*Rebecca with husband Terry.*



happened to see her perform. "I laughed. Me in beauty pageants? I was a jock and a nerd, not a prom queen," quipped Rebecca. As talent was a huge part of pageants and that most of the prizes were scholarships, Rebecca thought, she could use her talent for gymnastics to work for her to help finish her graduate degree. According to Rebecca, "I've never been one to shy away from a challenge, so I thought why not." Participating in pageants was a great learning experience for her. Rebecca learned that she enjoyed the competition and preparation and was able to do one thing she loved and was good at doing, which was gymnastics. During this process she learned something new about herself - that she was comfortable speaking in front of crowds. Had she not taken the risk to do something different and seized upon the opportunity to participate, she may not have discovered a hidden talent. The experience of these early events helped guide her into her next career - television.

Rebecca will quickly add that, "the notoriety I gained as Miss Indiana and as a finalist in Miss America opened many doors for me. This, combined with my comfort speaking and addressing large groups carried over into television where I was given new opportunities for growth." During her tenure at a NBC affiliate she learned marketing and advertising and, again, discovered she enjoyed it and was good at it.

Rebecca could have never imagined or predicted the next turn in her career path. She received a call from the Governor of Illinois who asked her to come and run the lottery. Her response was, "but Governor, I don't know anything about the lottery industry." He did not care. He already had people with lottery experience; he needed someone with marketing expertise and she had it. And this is where the story begins about Rebecca Graham Paul in the lottery industry.

Unlike some previous experiences, this position was not one typically occupied by females and was definitely not entry level. She was one of a few women in a male dominated industry. She started at the top and was charged with raising revenues in an organization that she knew nothing about. The governor made the correct bet on Rebecca Paul as the Illinois Lottery's sales grew to a record \$1.34 billion -- an 11 percent share of the national market for lottery products. She left Illinois for Florida, where as inaugural secretary for the Florida Lottery, the organization experienced unprecedented success in a lottery launch by establishing a national record of \$95 million in first-week sales and eventually doubling the record for first year per capita sales -- a record that stood until Georgia's first-year sales broke it. Under Rebecca's direction, Florida gained notoriety as the first lottery to achieve \$2.3 billion in sales in the second year of operation. During her last year in Florida, the lottery achieved the highest sales in the nation. As a result of political changes, Rebecca's career changed too. She left the Florida Lottery to set out on a career in lottery consulting.



Rebecca Paul holds the first two instants launched at the Florida Lottery in 1988.

Rebecca truly has gone from humble beginnings to the world's stage. Throughout this journey the traditional family values instilled from her parents have remained constant. She proved her parents right that with hardwork you can be anything you want. From her days as gymnastics coach to directing and consulting for national and international lotteries, Rebecca has always treated everyone along the way with dignity and respect. This remains her guiding philosophy in conducting business and in her personal life.

After falling prey to political changes in Florida, she vowed never to return to a lottery where her position would again be subject to political influences. So much for never saying never. After being heavily recruited to start Georgia's lottery, she accepted on the promise that Georgia's lottery was different from the rest. After reviewing the legislation, she knew Georgia was different - and it is.

During her successful tenure in the lottery industry Rebecca Paul has chiseled away at the glass ceiling, set some records and even broken some of them, and most importantly raised necessary funds for amazing programs like HOPE, PREK and computer technology. "I've had lifelong learning experiences, grown from many mentors and made lifelong friends," said Rebecca. This all from a tomboy who loved math and tumbling and was a little nerdy... ■

# Forecast 2003

Public Gaming International asked several key lottery individuals and vendors to look into their crystal balls and pull out predictions for 2003. Here's what they came up with...

## **Robert Ayotte, President, Operations – Loteries, Loto-Québec**

Stabilization instead of growth is definitely the key objective. The Quebec Government has already indicated its intention not to increase the gaming offer in the province!

The focus for the lottery division of our operations will be: first, in conjunction with the other Canadian provinces, to agree on a "big lotto strategy", specifically addressing our lotto 6/49 and Super 7 games; to rejuvenate our instant games portfolio and to develop new TV game-shows.

Fun, pleasure, excitement... with a touch of dream will continue to guide us in our way to go to market!

## **Arch Gleason, Director, Kentucky Lottery**

Technology will play a huge role in the industry in 2003, from the increasing use of the Internet as a marketing tool to more states seriously looking at expanding gaming with video lottery terminals. Our lottery is already experimenting with Web-based coupons, emailing unique barcoded coupons to the members of our Web site's Player's Fun Club. We plan to push these out every four to six weeks.

Many states are facing significant budget shortfalls. Because of this, the political climate has changed in many jurisdictions as policymakers are confronted with raising taxes or cutting services. Since neither is a pleasant outcome, many states will give video lottery a serious look as an alternative.

In early 2003, the Kentucky Lottery will launch the instant on-line game Extra Cash as a feature to Pick 3 and Pick 4 games. We'll also continue to enhance our line-up of instant scratch-off products, working to ensure we have the proper product mix, price points, and prize structures.

## **Carole Hedinger, Acting Director, New Jersey Lottery**

First, a Happy and Lucky New Year from New Jersey Lottery!

My crystal ball says that there will be more use of the Internet to communicate with players and form loyalties. More lotteries will utilize frequent players clubs, like our VIP Club, that reward players for their loyal play. In the cards, I see retailers benefiting as lotteries put more sales and financial information on the internet, in secure, private sites accessed by retailers to get individualized information on instant ticket inventory and sales.

Finally, I see State Lotteries being asked to contribute more revenues as states struggle with shortfalls and economic downturns, forcing every lottery, especially mature ones, to be more creative and work harder to stimulate sales.

## **Jeanette A. Michael, Executive Director, D.C. Lottery**

Our fiscal year began on October 1, 2002, just a few days prior to the introduction of the new POWERBALL matrix, which is resulting in higher jackpots. We also launched EXTRA and are planning to introduce KENO.

In addition, we are implementing marketing strategies to attract and cultivate new players, while retaining our current player base. This includes making dynamic changes to our website, and identifying new agents in unique locations to increase our visibility.

We are also studying the feasibility of adding video lottery terminals to our product line, as well as participating in an international lottery game.

## **Jerry LaChere, Director, Montana Lottery**

I believe that the increased participation in multi-lottery games will have the most significant impact on lottery business in the next few years. In addition to on-line games, there may be scratch games offered through a multi-lottery consortium. Powerball, the Game Show, is a good example of states combining their efforts. With new lottery states, multi-lottery games will be an important component to their product offerings early in their histories. It will be interesting to see the development of the lottery in North Dakota, which will offer only multi-lottery games.

In Montana, our most significant change will be the implementation of a Virtual Private Network (VPN), internet-based data transmission, through which our on-line terminals will communicate with our central system. In conjunction with this, we will also install approximately 175 additional full-service retailers, because the cost of servicing our retailers will be significantly less using the VPN. We believe this will increase our Lotto sales by 8 percent in fiscal year 2003. Additionally, the VPN and additional full-service retailers will position the Montana Lottery to take advantage of more cost efficiencies when we begin developing our on-line RFP, in 2006.

## **Jim Quinn, Director, Nebraska Lottery**

Over the past year, the Nebraska Lottery has initiated a new direct mail program. Periodic coupon offers and other correspondence about new games and promotions are mailed directly to players who have expressed interest in receiving material from the Nebraska Lottery.

Response to our direct mail relationship marketing campaigns has been very positive. Over the next several months, we plan to create a web-based relationship marketing effort through a Players/VIP Club. The web-based program will supplement the existing relationship marketing program.

Strengthening customer relationships will not only help the Nebraska Lottery improve its product offerings and cus-



tomer service, it will contribute to the strength of our bottom line. As we celebrate our tenth year in 2003, this emphasis on building customer relationships is especially fitting.

#### **Tony Molica, Director, Washington Lottery**

In this fast-paced, information-packed era, the marketplace is in a state of continuous change. Consumer purchasing patterns change frequently, today's technology is obsolete tomorrow, and competition for retailer and consumer attention is immense. How can lotteries meet the needs of their primary customers—the retailers—so retailers can meet the needs of lottery players?

Lotteries will need to make changes in the way they do business—from a fundamental change in corporate culture to exploring and embracing new methods for product delivery and information delivery to retailers.

At the Washington Lottery these transitions are already beginning to take place, with the introduction of InfoDist and the use of laptop computers by Lottery Sales staff in the field to provide better service and the most current information to their retailers. The new "PRO SHIP" delivery service proposed for spring 2003 will benefit all Scratch ticket retailers through a streamlined, proactive distribution system.

Recognizing the retailer as the primary Lottery customer means finding ways to enhance communication and encourage input on key business strategies from retailers and retail trade associations. Leveraging technology to help reduce retailer costs of selling Lottery products and enhance efficiency is key. Providing fun, entertaining, and exciting products is a must—and the Washington Lottery will continue in 2003 to support and enhance its game mix, particularly the new Mega Millions game and the instant Scratch product.

#### **Penny Kyle, Director, Virginia Lottery**

I believe the Internet is going to become even more integrated into our industry. Lotteries are going to continue to increase their presence on the Internet and we may even see some go so far as to offer limited products for sale in the near future.

As with all State Agencies in the Commonwealth, the Virginia Lottery is faced with tightening its belt. While we believe we have made very efficient decisions regarding budget cuts, further reductions could jeopardize our ability to turn over comparable revenues to past years.

We are also exploring the possibility of a new online game in the near future or perhaps an enhanced feature to our current online mix.

#### **John C. Musgrave, Director, West Virginia Lottery**

A sluggish national economy will continue to present state governments with revenue challenges in the new calendar year. With the erosion of business, personal and sales tax revenues, most lottery jurisdictions will place heightened fiscal demands upon the revenues generated by their lotteries.

For those of us in the industry, it may be "the best of times and the worst of times."

At best, there may be greater freedoms for gaming throughout the nation. Those jurisdictions without lotteries may entertain a lottery as a viable source of revenue. The lottery jurisdictions that have product restrictions may see legislation enabling them to explore new sources of revenue from games such as quick-draw keno, video lottery and, possibly, Internet lottery sales.

At worst, government demands upon lotteries to produce ever-increasing revenues may pose the greatest fiscal challenge known to lotteries. Imagine what would happen if weak lottery revenues would result in the closure of schools or in a lack of health care or other critical services provided by a state

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– simply because a lottery game failed to produce high jackpots and high sales.

Lottery directors, and those in the lottery industry who project revenue estimates, must maintain a balanced and realistic vision for 2003. The year may present unique opportunities that will thrust us into the technological future that we have visualized. Yet, 2003 may present challenges and demands that equal or far exceed the benefits of any opportunity.

### Scientific Games International

State budget shortfalls will place more pressure on lotteries to increase revenues. In 2003, government will recognize the need to change the lottery procurement process from a cost-centric to a profit-centric business model.

Lotteries will place value on creating additional revenues from sales rather than additional revenues from savings. Cooperative business development will emerge as a win/win model for new growth.

At least one U.S. lottery will give its players the opportunity to play electronic scratch games on the Internet.

Our integrated approach to business – which includes our systems technology, our commitment to the entire life cycle of the instant product, and our latest, pending acquisition of MDI – positions Scientific Games as the one supplier most suited to provide this new and exciting category of games.

In addition, at least two jurisdictions will legalize video gaming in 2003. This will most likely be limited to racetracks (Racinos), and will be administered by, and under the broad oversight of, the lottery jurisdictions involved.

Extending our AEGIS system to include a Video Lottery Control System (VLCS) – and combining this with our market dominance in both lottery and pari-mutuel racing – will ensure that Scientific Games plays a leading role in what will be the next important, and very significant wave of lottery growth.

### MDI

- The Palms Casino license will emerge as the best casino license of all time
- Another professional sports league will enter the lottery licensing world
- Several large and well-known consumer product chains will enter the lottery licensing arena
- More Harley Davidson tickets will be sold in 2003 than any of the previous 5 years
- More lotteries will introduce more licensed games than in any previous year
- More lotteries will offer players the convenient alternative of entering second chance drawings via the Internet
- The Cleveland Indians will have the best young team in baseball
- MDI and Scientific games will complete their merger

### Spielo

With governments asking their lotteries to do more with

less and the continuous increase in competition, 2003 and beyond will see creative solutions coming from strong partnerships between lotteries and suppliers who understand their business.

VLTs will be another big topic in 2003 with outstanding legislation in many US states.

Product & service solutions such as Spielo's participation operating model will be popular choices for lotteries with aggressive mandates for growth.

Keeping the ever-demanding lottery player interested and satisfied is key in Spielo's game strategy. Lotteries will need entertaining and high performance games for both the VLT and Lotto product platforms.

Retailer training and incentives will continue to be a focus as lotteries try to squeeze every additional sale out of the traditional distribution channel.

As consumers continue to adopt new technology devices to simplify their lives, their buying patterns will evolve. This will require expansion in the type of lottery distribution channels and online terminals and applications that fit those channels. The discount chains and mega-stores will grow in popularity and technology solutions such as Spielo's Verimax™ terminal will be able to deliver lottery in these channels.

### PTI

- As a result of the economic turndown, many States' budgets are in the red. We see some softening of the anti-gambling stance in many States. US lotteries should have an opportunity to introduce new games/products to increase revenue and provide relief. Lotteries will take a closer look at VLTs, Keno and Break-Open tickets.
- US lotteries will be asked to take a harder look at the way they do business and to identify 'fat' to trim from their budgets. Once again lotteries will be asked to do more, with less.
- Lotteries will offer more added-value promotions for their customers to keep the lottery as a 'top of mind' form of entertainment.
- Lotteries will develop stronger ties with their retail partners.
- Retailers will look to the lotteries for promotional assistance, thereby providing the perfect opportunity for lotteries to 'rediscover' the value of their retail network.
- Multi-jurisdictional games will continue to proliferate beyond the US borders. Look for some US lotteries to test the International market by joining with other countries to offer new and exciting games. As always, it's a matter of timing. It's long overdue and the time is right.
- US lottery Directors will look beyond the States for new ideas. There are plenty out there.

### Cirsa Interactive

In the year 2003 the lottery market will follow trends that have been set in 2002 in the sense that new technologies which have emerged associated with on-line



systems that allow electronic instant lotteries to operate through VLTs will progress. Legislation must obviously be adapted in various countries to allow for new types of products to be successfully implemented. It is even more essential nowadays for lottery players to be able to make their purchases in different ways, through different sales channels and at a time convenient to them, delivery is a key factor for success. Lotteries themselves require innovative and flexible solutions, that can be scaled to particular requirements while at the same time guaranteeing extremely high levels of quality.

### The Chadwick Group

As we predicted last year, lotteries will continue to rely on smaller, independent, more flexible organizations to provide niche games and innovative products and services. The lottery industry will also see more strategic alliances, as companies partner to provide more dynamic products and innovative services in 2003.

### Oberthur Gaming Technologies

#### US and Canada

- Will introduce more \$10, \$20 and higher priced instant games. Do I hear \$50?
- Will improve their use of their web sites in meeting the needs of their players, running promotions and conducting research.
- Will lobby to control new VLT initiatives to ensure revenue is raised for worthy causes in a responsible and controlled manner.
- Will use Mobile games to run promotions until legislation allowing game sales catches up.

#### Europe

Implementation of Internet and Mobile Lottery games will increase and become more innovative.

Re-consideration of instant strategies working in other areas of the world including higher payouts, increased number of games and more frequent instant game introductions and improved distribution and relationships with retailers.

### Latin and South America

Will embrace instant games with Mobile game component to improve and complement existing distribution network.

Economic downturn will increase pressure to launch more games to raise more revenue.

### Australia

Diversification of instant games offered. Long a powerhouse in the development of new themes, lotteries will bring this creativity to bear on prize structures, play actions and game distribution.

Will explore new trade styles with limited product offerings.

### Pro-Lite, Inc.

Each year the challenges for the entire lottery industry continue to grow. Lotteries are in a constant battle to grow, or even maintain, their market share of the consumers'

shrinking disposable income.

Each retail location is a battleground where all vendors of consumer products, including lottery, compete for the attention of the paying customers. Will the traditional forms of advertising at the store level, such as danglers, static clings, door decals, curb signs and hand-written signs, succeed in grabbing your customers' attention amidst all the advertising clutter of the other consumer products?

Technology will continue to play a bigger and more necessary role in all aspects of the lottery business. Sales and marketing professionals are now relying on intensely bright LEDs, attractive neon, fiber optics and video to get their messages across to the consumers. Functionality improves with other new and exciting POS technology that includes compatibility with wireless programming from remote locations, such as freestanding, outdoor, solar-powered jackpot signs.

Vendors must continue to develop products and services for the field that provide added value and assist in driving lottery sales and profits.

### HKC, Inc.

The year 2003 will be a year of great challenge for the entire lottery industry. The prospect of terrorism and war will cause people to seek security. However, with that challenge comes the opportunity to bring more new players to lottery by emphasizing the escapism and low-cost entertainment value of the games.

A billion-dollar Powerball jackpot is not out of the question, which would bring a buying frenzy of consumer excitement, while at the same time, lottery criticism will also rise.

As more large box stores offer gasoline, especially Sam's Clubs and Wal-Mart, traffic will be down at traditional lottery outlets. Convenience and Gas stores will seek ways to retain their traffic, and lottery certainly is a powerful draw. Lottery sales representatives will have to work closely with retailers to assist them in promoting lottery and generating store traffic. The potential of higher fuel prices could hurt lottery sales as a fuel stop for the consumer will result in more dollars for gas, less for lottery. Lotteries will also need to develop methods to attract pay at the pump consumers inside the store in order to put lottery in danger of being sold.

Look for more consumer companies to realize the potential of couponing via instant games. The advertising potential of lottery as a medium will serve to generate additional revenue for states.

Lotteries will continue to face pressure to perform as consumer products companies, rather than state agencies. This will drive more of a consumer-focus, and create higher expectations of customer service, an understanding of retail by lottery sales people, and conformity of lotteries to the retail world, rather than enforcement of state policies and procedures. ■

# A Look at Licensed Products

Last year, Public Gaming International looked at North America's most successful licensed instants. This year, we decided to delve a little deeper into the psyche of lotteries and look at what defines a successful licensed game, and lotteries licensed games promotion philosophies.

## Atlantic Lottery

**Success:** For the Atlantic Lottery, sales determine the success of a licensed game.

**Games Offered:** The ALC has offered six different licensed games: Jumble (once), Slingo (twice), Wheel of Fortune (once), Clue (once), Monopoly (three times) and Battleship (twice). When running a licensed game multiple times, the lottery has tweaked game mechanics, but has stayed with its traditional prizes and prize structure.

**Licensed profits:** 25-26% of sales

**Licensed payout:** 55% is typical

**Licensed promotion:** The ALC tends to support these games more than other Instants; banking on the mass appeal of the theme and the equity of the name. With some exceptions, licensed games have been supported with television (four to five weeks at 250-300 average weekly GRPs), Point of Purchase, and on occasion, radio and print.

Given the way the Lottery evaluates the success of a licensed game, they have not found the rewards worthy of the extra advertising expenditure. They look much more critically at the benefits/returns/costs of licensed games, and have rarely seen any outstanding sales results from past licensed initiatives that they haven't been able to accom-

plish with a non-licensed game.

**Typical instant promotion:** The ALC only supports six to eight of its 80 game launches with mass media. On these supported launches, the Lottery spends approximately \$200,000 to \$300,000.

## Colorado

**Success:** The Colorado Lottery is in the process of changing its instant game strategy by increasing the number of games (available at any one time) from 12 to 14. The increase of two games is to incorporate "specialty games" into the product mix. These include license and merchandise games. The objective of these games will be to increase sales; however, it will not be the main objective. The purpose for doing these games will be to create excitement at retail and with consumers, to appeal to non-traditional players, and to receive publicity above what the typical Scratch game may generate.

**Games Offered:** The Colorado Lottery has offered a dozen different licensed games: Slingo, Yahtzee, Harley Davidson, Road Trip (co-op with Chevy Avalanche), Monopoly, Wheel of Fortune, Wild Wild West, Golf & Cash, Close to Home, Star Trek, Cold Cash (Pepsi), Fortune Cookie, and Die Another Day. Monopoly has run three times.

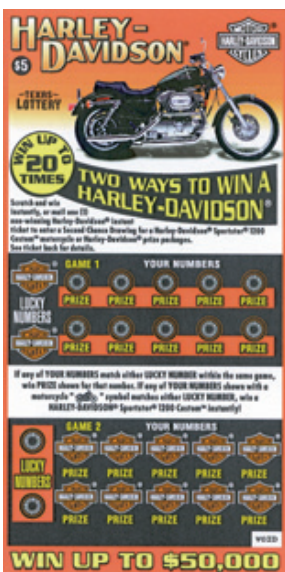
**Licensed profits:** 25%

**Licensed payout:** 65% is typical

**Licensed promotion:** The Lottery has tried full advertising campaigns in the past with games like Monopoly, Slingo, and Wild Wild West. These campaigns included television, radio, POS, etc. However, there are no firm guidelines governing advertising specialty games. Typically, specialty games are supported with POS and promotions. The Lottery has found that consumer promotions at special events and retail locations are a good way to create a "buzz" surrounding these types of games.

**Typical instant promotion:** Colorado advertises and promotes four to five Scratch games per year with full campaigns. Approximately eight to ten Scratch games per year receive POS support.

**Promotional tie-ins and other trends:** Going to new locations helps the Lottery promote its products with people that are interested in those products that may not be traditional





Lottery players. It is a good way to introduce products to new players.

When considering which licensed games to run, the Lottery looks for what the partner can offer to make the game work in Colorado. License and merchandise games should go beyond the use of a name or product. The Lottery expects partners to provide resources to help them expand their reach and support the product.

An example of this came with Chevrolet for the Road Trip Scratch game. Chevy provided considerable advertising and marketing support. They also provided the use of three Chevy Avalanche trucks to use at special events throughout the summer to promote the game.

## D.C.

**Success:** For the D.C. Lottery, sales determine the success of a licensed game.

**Games Offered:** D.C. has offered two licensed games: Monopoly and NBA Wizards. Of these, Monopoly has been offered two times.

**Licensed profits:** Approximately 15-17 percent.

**Licensed payout:** 68-70 percent.

**Licensed promotion:** For the licensed games they've run, the D.C. Lottery has devoted 15-20 percent to advertising and promotion.

**Typical instant promotion:** For the typical instant the Lottery devotes less than three percent to advertising and promotion.

## Florida

**Success:** A successful license property game is one that has above average sales, creates player and retailer excitement, and brings new players into the fold. License property games can elevate the entire portfolio of games and make an instant connection or comfort with players.

**Games Offered:** The Florida Lottery has offered seven different licensed games: Monopoly, Wheel of Fortune, Harley-Davidson, Elvis, Battleship, Daytona 500, and Men in Black.



## Five Reasons Why Licensed Properties Do Sell Instant Tickets

*Bob Kowalczyk, Senior VP and General Manager, MDI Entertainment, Inc.*

Since most lotteries are now using licensed properties in their instant ticket marketing programs, you and your colleagues are probably starting to pay attention to the value equation – the special qualities of licensed games that support your decision to order them and that contribute to a player's decision to buy them.

Here's a Top Five list of some qualities of licensed games that are making them popular:

**Awareness:** Awareness is one game attribute that licensed properties have in common with generic games. When consumers are familiar with a product, they are likely to be comfortable with it. When they are comfortable with it, they will buy it. As it relates to generic games, awareness can be a familiar play style, or it may be a "base game" that is always on sale or that may be brought out in frequently updated editions like Bingo or Crossword. In the world of licensed properties, it is the combination of names, images, icons and logos that are well-known to players, thus giving them the instant comfort level to try the game.

**Novelty:** Lottery tickets are like so many other familiar products purchased by your customers every day. With so many games coming out with such frequency, seeing a new generic game in a dispenser doesn't grab the players' attention like it used to. But make that game a licensed property game, and you give your players a pleasant surprise, something unique that catches their eye and stimulates their curiosity to try one.

**Emotion:** Ambivalence may be the instant product manager's worst nightmare – when players care so little about generic game themes that they just start to tune out at the cash register. The challenge is to get the players emotionally involved. Licensed games are likely to evoke players' emotions. It might be a laugh, a warm feeling of nostalgia, excitement, maybe even a negative emotion – but it is a psychic connection nonetheless and it gets players emotionally involved in the products.

**Fan appeal:** Licensed properties provide "fun by association" for players. There is a reason why licensing has become a multi-billion dollar industry. The reason is that when consumers see products that represent their favorite motorcycle or TV game show or comic character or sports team, they are pre-disposed to buy the product based simply on the fact that they like the property on which it is based.

**Added motivation to buy:** The players' own affection for the licensed property stimulates them to buy tickets. And we have noted that another value factor that promotes sales is a player's knowledge that a friend or relative is a fan of the property. Either through buying the tickets as gifts for others or just spreading the word about the game to acquaintances known to be fans, the result is a higher sales potential for the licensed game. ■



Harley-Davidson and Wheel of Fortune have been offered twice. Monopoly first launched in 1997 as a \$2 game and has continued to sell uninterrupted with an occasional

color pulsing. Monopoly line extensions at \$1 and \$5 price points were added last year.

For those games that had special second chance drawings or merchandise prizes, the Lottery found it better to add prizes or at least appear to have a higher perceived value proposition. For those games being repeated that didn't have special second chance drawings or merchandise prizes, using the same prize structure has worked well.

**Licensed profits:** The range has been 25 – 35%.

**Licensed promotion:** Approximately 75% of the license property games receive some kind of advertising (TV, radio, print) as compared to only 10% of the remaining games receive advertising.

License property games are a great way to attract new players. The best way to reach new players is through advertising. However, it's difficult to show license property games as being more profitable than standard games based on a cost/benefit analysis. Quantifying the spillover effect of new players continuing to play after the game is gone, or buying other scratch products, is very difficult, should be considered and is very important to the overall strategy of license properties.

**Typical instant promotion:** All games are promoted to some degree on a district level and through our website.

## Illinois

**Success:** For the Illinois Lottery, sales, press and player excitement determine the success of a licensed game.

**Games Offered:** The Lottery has offered at least 25 licensed games: Baywatch, 3 Stooges, Lucy & Desi, Marilyn Monroe, Zorro, Mod Squad, The Mummy, Munsters, Caesars Palace (4 times), Aladdin's Fortune (with Aladdin Resort & Casino), Gilligan's Island, WCW Wrestling, MLB (retired Baseball players), King Kong, Monopoly, Yahtzee, Ticketmaster, Ripley's Believe it or Not, Let's Make a Deal, Wheel of Fortune, Harley-Davidson (2 games), and Scream for Cash.

The last 3 Caesars Palace games have basically been the same prizes/prize structure & price point. The first Caesars was a \$2 game and had fewer trip prizes. The Lottery's first Harley ticket was a \$5 game with some instant win and some second chance prizes. The second game was a \$2 game and all the prizes were instant win.

**Licensed promotion:** The Lottery spends more money supporting licensed games than typical instant games. They

usually have 2-3 pieces of POS, and occasionally support a licensed game with it's own radio or maybe a tag. TV is devoted to the Illinois umbrella ad campaign, thus not used to support a licensed product.

In most cases, they do not achieve higher sales with their licensed games. The licensed names are recognizable to a broader segment of consumers and they help to attract consumers who may not otherwise play the lottery.

**Promotional tie-ins and other trends:** The Illinois Lottery has had good luck with nostalgic themes such as "I Love Lucy", "The Three Stooges" and "Marilyn Monroe".

## Michigan

**Success:** For the Michigan Lottery, great sales would be the biggest factor. At the same time, licensed property games create more variety for the players (outside of the usual themes and cash prizes) and this creates benefits to the bottom line that can't be directly attributed to the property.

**Games Offered:** The Lottery has offered seven licensed instants in its history: Fortune Cookie, Close To Home,

Monopoly, Battleship, Harley-Davidson, Wheel of Fortune, Golf & Cash. Battleship, Monopoly and Harley have each been offered on two occasions, and Harley will be getting a third run in April 2003.

In the case of the second run of the Harley-Davidson games, the Lottery selected different merchandise for the prize packs that were awarded in the second-chance drawings in order to heighten player interest. For their third launch of

the game they plan to include a different model bike for the top merchandise prize.

**Licensed profits:** Michigan builds licensing fees and merchandise costs into the prize structure. Therefore, the percentage of sales that becomes profit is equal to total revenue less prize payout. They typically sell licensed property games at the \$2 and \$3 price point. Payout percentage for these price points is 61%.

**Licensed promotion:** The bulk of the Michigan Lottery's instant game promotion dollar is spent on higher price point games (i.e. \$3, \$5, \$10 and \$20 games). This typically takes the form of game-specific point-of-sale, radio and trade ads. (Holiday tickets are also promoted via TV.) Licensed property games would certainly be included in this mix. In addition to point-of-sale







and trade ads, they ran three weeks of radio promotion for each of the Harley games. The Lottery ran two weeks of radio for their upcoming Wheel of Fortune and their next Harley game. Golf & Cash received radio coverage as well. Michigan will typically spend more money promoting a licensed game. How much more would depend on how strong they perceive the game to be.

Promoting these games is necessary in order to communicate the unique nature of the prizes and the mechanics of the second-chance drawing (if included). Also, the properties that have performed the best have been promoted the most.

**Typical instant promotion:** Of the games the Michigan Lottery does advertise (\$3 price points and higher) they spend in the neighborhood of \$150,000 per game.

## Nebraska

**Success:** The Nebraska Lottery measures a game's success by its average weekly sales. If a Scratch game, including the licensed theme, is higher than the average weekly sales for that price point, then it is considered a success. The game must perform better than the average per capita since many licensing games require a fee.

**Games Offered:** The Lottery has offered four different licensed games: Slingo, Wheel of Fortune, Instant Monopoly, and Instant Battleship. Instant Battleship has launched twice, and the Lottery is planning another Monopoly game for next year.

**Licensed promotion:** Like their other \$2 products, the Lottery offers POS materials to support the product. They hope that the brand recognition of the product will help encourage trial of new players and excite the current players. Slingo did receive radio advertising.

## New Jersey

**Success:** Each licensed game has a different opportunity to generate sales and revenue for the New Jersey Lottery. Games contribute to overall marketing goals depending on the game as well as its license or brand. A successful licensed game achieves some level of minimum sales, appeals to new or different markets and adds entertainment value to the overall mix of games being offered.

**Games Offered:** The New Jersey Lottery has offered more than 30 licensed games since 1997: Twilight Zone, Star Trek, Harley Davidson, Wheel of Fortune, Jacks or Better, Caribbean Stud Poker, Jeopardy, Louisville Slugger, Ticket to Ride (Harley), IGT Hot Slots – Megabucks Slots, Red, White

& Blue Slots, Wild Cherry Slots, Double Diamond Slots, Raceway Riches, Caesars Palace, Betty Boop, Instant Battleship, Bahama Bonus Poker, Golf & Cash, SPAM, Let's Make A Deal, Lifestyles of the Rich & Famous, Elvis, Hollywood Squares, CMT – Country Music Television, Maui Money, Queen for a Day, Heroes of Space, Tabasco, Beetle Bailey, Lionel Cash Express, NBA, Harley Davidson (2003), Wild Aruba Stud Poker (2003), and SLINGO (2003).

Jacks or Better and Harley Davidson have each run on three separate occasions. In each instance prize structures were rearranged due to the fact that price points changed.

**Licensed promotion:** Very little, if any, advertising has been devoted to licensed games.

**Typical instant promotion:** Typically, NJ Lottery advertises Instant Games during the Holiday season, and, depending on budgets, maybe once or twice at other times throughout the year.

## New Mexico

**Success:** The New Mexico Lottery defines successful licensed games as those that create great sales, lots of press, player excitement, and attract new players.

**Games Offered:** The Lottery has offered fifteen licensed games, including: Your Ship Has Come In (Cruise); Caesar's Palace; Monopoly (three times); Battleship; Yahtzee; Harley Davidson (two times); Betty Boop; Beetle Bailey; Holiday Beetle Bailey; SLINGO; Holiday SLINGO; and \$25,000 SLINGO

When the Lottery did offer a game on multiple occasions they did not offer more grand prizes, but in some instances did alter the prize structures. The prize structures for Harley Davidson were significantly different (they gave away different bikes).

**Licensed profits:** Approx. 20%

**Licensed payout:** Approx. 62%

**Licensed promotion:** The New Mexico Lottery does not spend more to advertise/promote the licensed games than they do for any other game they advertise or promote.

**Typical instant promotion:** Approximately 1/4 of the instant games are advertised.

When a game is advertised/promoted approximately \$30,000 is spent.

**Promotional tie-ins and other trends:** The NMLA has seen player excitement with Harley-Davidson, Trucks and Bucks and other instances where they have second chance drawings. Currently they are trying to develop this kind of player excitement with the instant game "Fame and Fortune". This instant game is the entry vehicle for





the TV game show "Instant Millionaire".

### Oregon

**Success:** The Oregon Lottery has learned in consumer research that the public responds favorably to many concepts that are nostalgic or have

brand value. Typically they've found that properly used licensed properties help increase sales when comparing their performance to non-licensed property games. For instance, Wheel of Fortune, Caribbean Stud Poker, and Harley were their best performing \$2 (non-Crossword, non-Bingo) games launched last year. Their \$1 IGT Hot Slots and \$1 Monopoly have been two of their most popular \$1 games launched this year.

**Games offered:** The Oregon Lottery plans to introduce a total of 8 licensed games this year. By the end of the year they will have run seventeen different licensed games: Big Dogs, IGT Hot Slots, Monopoly, Twister, Clue, Wheel of Fortune, Harley Davidson, Caribbean Stud Poker, Beetle Bailey, Tic Tac 21, Pyramid, Let it Ride, Bahama Bonus, Battleship, Scrabble, Slingo, and Caesars Palace.

The Lottery has offered some games on multiple occasions. Slingo was followed by Bonus Slingo, and Monopoly has been run three times over the years. Also, the Lottery is planning to introduce its second Harley game this June.

The prize structure for games introduced multiple times has differed. It remained the same for Slingo. With Monopoly, the Lottery focused away from the \$1 prize on the \$1 games and

have moved more prize dollars into the \$2 - \$25 prize range. When they introduce their second Harley game, they will offer the same number of motorcycles as prizes, but will award more expensive Softtail bikes as top prizes.

**Licensed Payout:** 66% (average)

**Licensed Promotion:** The Oregon Lottery focuses approximately 50% of its Scratch-it advertising to licensed games. They have begun to focus their messaging to the emerging gaming market (21 - 34) and find that many licensed properties appeal to this younger audience, in addition to their core player groups.

The Lottery has found that they get a very good return on investment when supporting licensed games with promotion and media. As mentioned earlier in the report, Wheel of Fortune, Harley, and Caribbean Stud Poker have all performed the best in their price category. Overall, licensed games have performed better than non-licensed game, in every category.

### Typical instant promotion:

Oregon features six Scratch-it games out of 42 with media and promotion. Depending on the game featured, they could support the game with only in-store POP or may include radio, TV and web. This year they planned to support 3 games with POP only and 3 games with POP, radio, TV and web. A total of 3 of the 6 games featured were licensed games.



### A New Year with New Ideas

PTI starts the New Year with several resolutions to increase its products and services to lotteries. The first change is an obvious one, a change of names to reflect our ever expanding products line. In addition to the highly successful vacation prize, PTI now offers cars, electronics, boats and more, all with streamlined fulfillment.

Secondly, the addition of Ted Manno provides an additional 24 years of lottery experience to the PTI team. Ted is a veteran of the lottery industry and is highly regarded for his integrity and level-headed approach to business. Ted's contribution to the industry was recognized when NASPL presented him the Powers Award for Excellence in Lottery Administration in 2001.

PTI is aware of the national economic slow-down and its impact on lotteries through tighter State budgets. That's where the addition of Ted to the PTI team benefits your lottery. He has been through it all before. His experience and perspective is now available at no additional cost to you.

PTI's line of license products continues to lead the industry in gaming concept instant tickets with the addition of the Flamingo, Bally and Paris Casinos and Resorts to the Caesars Palace family of properties. Their relationship with Sony Pictures provides an endless array of entertainment themes from their TV and film library. And the reception to PTI's newest product, Lottery Retailer Rewards™ has been outstanding. Now lotteries can offer incentive programs to retailers that are "lottery-proven" without the prohibitive cost of increased commissions and additional staffing.

PTI also realizes that service is an invaluable asset to state lotteries. Ted's experience will be utilized to enhance our promotions by offering new insight to the lottery's individual strategies. PTI has always considered itself an extension of the lottery's marketing staff. Now every lottery has access to a 24-year veteran. ■





**Promotional tie-ins and other trends:** Oregon has yet to introduce games with promotion tie-ins, but is exploring that option with Harley.

The Lottery typically offers special appeal games during the summer months, as they are naturals to promote during summer events. For Harley, they took a motorcycle to all summer events to promote the game and a second chance web promotion. The presence of the motorcycle at these events attracted the public to the Lottery exhibit more successfully than any other promotion offered.

## Rhode Island

**Success:** With the licensed games issued in Rhode Island, Betty Boop and Wheel of Fortune generated player excitement in different ways. Betty Boop was highly recognizable to many players, while Wheel of Fortune created excitement with the grand prize drawing. None of the licensed games brought much free publicity.

**Games Offered:** The Rhode Island Lottery has offered six different licensed games: Imus, Betty Boop, Wheel of Fortune, Harley Davidson, Monopoly, and Laurel & Hardy. Monopoly has been offered twice.

**Licensed profits:** \$1 ticket – 33%; \$2 ticket – 27%

**Licensed payout:** \$1 Ticket – 59%; \$2 Ticket 64%

## Texas

**Success:** Licensed games offer players prizes other than cash, keeping the game mix fresh and exciting.

**Games Offered:** The Texas Lottery has offered four different licensed games: Money, Movies and Music, Fortune Cookie, and currently Harley Davidson.

**Licensed profits:** approximately 23%

**Licensed payout:** 65%

**Licensed Promotion:** Approximately \$2.3 million was spent on TV, radio, newsprint and 8-sheet billboards to support the Harley Davidson instant game. The ads were used to support the awareness of the non-cash prize – a motorcycle.

**Typical instant promotion:** POS is used for select instant games.

## South Dakota

**Success:** Sales determine the success of a licensed game for the South Dakota Lottery.

**Games Offered:** The South Dakota Lottery has offered six different licensed games: Harley, Spam, Elvis, Saturday Evening Post, Battleship, and Fast Cash. Spam and Elvis have been run twice.



**Licensed profits:** 20-25% of sales

**Licensed payout:** 60-65%

## Virginia

**Success:** For Virginia, profit is the ultimate measure of any game's success. Other factors include the potential for bringing in new or lapsed players and boosting the excitement of retailers and the sales force.

**Games Offered:** The Virginia Lottery has offered seventeen different licensed games: Instant Monopoly (twice), Baseball Legends, Three Stooges, Battleship, Jacks or Better, Star Trek, Wheel of Fortune, Harley Davidson (twice), Bonanza Bingo, Caribbean Stud Poker, Elvis, Fast Cash, Monster Money, Beetle Bailey, and Crossword Cash.

The Lottery pointed out that while Monopoly and Harley have both run twice in name, the game itself was not the same in either case. The second-runs were totally different products (different prizes, price points and play actions). The Lottery did this so that players would see it as a new game, to maintain the novelty.

**Licensed promotion:**

The Virginia Lottery typically gives more promotion support to licensed games to attract more players, refresh interest among lapsed players, and generate excitement among retailers and sales force.

**Promotional tie-ins and other trends:**

The Lottery has noticed a strong sales response to vehicles when used as prizes.



## West Virginia

**Success:** The West Virginia Lottery would define a successful licensed game campaign as generating great sales, lots of press or player excitement. Unfortunately, West Virginia players have tended to not like licensed products.

**Games Offered:** The West Virginia Lottery has offered three different licensed games: Monopoly, WCW Cash Slam, and Elvis.

**Licensed profits:** 10%

**Licensed payout:** \$1 Ticket – 68%; \$2 Ticket 74% ■

# Bingo at a Glance

**W**ith so many different types of games to choose from, we often forget to take a look at one of the gaming industry's most proven winners – Bingo. The game has been around forever, and it is more than likely that the game will outlast any of us in the industry today. Let's see what lotteries around the world are doing with this ever-popular game.

## Atlantic Lottery

The Atlantic Lottery has a consistent Bingo presence throughout the year, which consists of six \$2 Bingo with a theme or bonus. This year the Lottery launched a \$3 Christmas-themed Bingo and four times per year they offer Bingo in a \$5 Super Pack, which offers players three different extended play tickets at a \$1 savings. All told, the Lottery has offered more than ten different Bingo-themed games in the last year.

As a percentage of total corporate revenue (which includes video lottery), Bingo would represent 2% of revenues. As a percentage of retail sales, Bingo represents 4.6% of revenues. As a percentage of scratch tickets, Bingo represents 15% of revenues.

## Camelot – U.K.

Camelot ran a £2 Bingo game (called Bingo) in 1998 – on sale until 2000. The Lottery is currently researching a new £2 version of the game (also called Bingo). The Lottery offered no Bingo-themed games in FY02.

## Delaware

The Delaware Lottery is currently offering Holiday Bingo, and runs three to five Bingo-themed games per year at the \$2 or \$5 price-point.

## Kazakhstan National Lottery

The Kazakhstan National Lottery conducts one Bingo game, called TV-Bingo, selling at the 60 tenge price-point. However, during special holiday drawings the price of the tickets is 100 and 200 tenge (\$1=155 tenge). In FY01 the Lottery sold 1,717,527,000 tenge worth of tickets.

## Maryland

The Maryland Lottery is currently offering Blackout Bingo. The Lottery always has Blackout Bingo on the street. They print large runs of the ticket in several color pulses, and release a new color when the old color sells through. The game sells at the \$2 price-point and accounted for 5.13% of the Lottery's FY02 revenue.

## What is it about Bingo?

PGI asked all contributors to answer the following question: *What is it about Bingo that has allowed it to continue being so popular, even after being played for hundreds of years? Also, what is it about Bingo that allows it to be used in several different lottery game "genres"?*

**Atlantic:** The simplicity of play and familiarity with the game keep the game popular. That familiarity makes the ticket version of Bingo popular. Players are loyal to Bingo since the ticket closely resembles real Bingo play, and it was one of the first scratch tickets offered by ALC. The fact that Bingo is a numbers-based game allows great flexibility.

**Camelot:** It is just that – it has been played for hundreds of years and has a traditional following. Also there is the random nature of the numbers, and the obvious link to money which make for a good Lottery product.

**Colorado:** Familiar play style and extended play are a couple of features people like about games whether or not its offered from a lottery or casino game.

**Delaware:** Players like the extended play value of the Bingo Instant Game. It's a simple game to play, and it offers an extended entertainment value

**Maryland:** It's easy to learn, easy to play, and fun. The game Bingo also implies that everyone has a chance of winning.

**Minnesota:** It is a combination of two basic Lottery game types – "key number match" and "line up".

**Montana:** Bingo is popular because it is familiar and fun to play. In Montana, our Bingo games play like Bingo, and the additional features and the higher prize payout make it even more appealing.

## Minnesota

The Minnesota Lottery is currently offering Good Ol' Bingo at the \$3 price point. It is the only Bingo-themed game the Lottery has offered in the last year.

## Montana

The Montana Lottery offered three different Bingo-themed games in FY02, and continually has one Bingo-game actively selling at the \$2 price-point, as it is a base game for the Lottery.

## Nebraska

The Nebraska Lottery currently offers Bonus Bingo and Bonus Crossword. Both games are offered at the \$3 price point. The Lottery originally offered them at \$2, but approximately 18 months ago decided to move all extended play games to \$3. They did not see a decrease in sales. In fact, the number of tickets sold stayed relatively the same and revenues increased. The Lottery received only a few complaints about the change from players.

FY02's total sales for Bingo-themed games were \$3,319,704.

## New Mexico

The New Mexico Lottery always offers its players a Bingo theme game. The Lottery has offered: Bingo, Free Spot Bingo, Box Bingo, Double Bonus Bingo, Mystery Pattern Bingo, Blackout Bingo

They have also offered SLINGO. SLINGO, Holiday SLINGO, and \$25,000 SLINGO.

Four Bingo-themed games were offered last year at the \$3 price-point. The games accounted for approximately 12% of the Lottery's revenue (\$10,100,000).

## Norsk Tipping – Norway

Norsk Tipping offers one Bingo-themed game per year. It is called "Extra", and is sold at the 2.5 Euro price-point. The turnover for Extra in 2001 was 746 million NKR, which was 8.7% of the total turnover for the company.

The Lottery has offered "Extra" at its web-site [www.norsk-tipping.no](http://www.norsk-tipping.no) since May 21st 2002.

## Oregon

The Oregon Lottery offers three to five Bingo-themed games per year at the \$2 price point. In FY02 these games combined to help the Lottery generate \$18 million in revenue.

## Rhode Island

The Rhode Island Lottery is currently offering Mystery Pattern Bingo. This game, which sells for \$2, is the ninth Bingo-themed game offered to date.

In FY02 the Lottery generated \$3,307,682 from Bingo-themed games.

## Svenska Spel – Sweden

Svenska Spel offers the following games with a bingo theme: Skrap-Bingo and Söndagsbingo

Skrap-Bingo is a scratch ticket, introduced in 1994 (then called Tips-Bingo). The ticket price is 30 SEK. The winners' net share is 49% and the top prize 500,000 SEK. The receipts for 2001 were 326,452,470 SEK, representing 2.1% of total sales. This game is sold at all retailers (approx. 7 000).

Söndags-Bingo is a 30 minute TV Game Show on Sunday afternoons on a commercial TV channel. It was introduced in 1994 under the name of Tipsbingo. The name was changed last year. By strict definition it is a Lotto game since Svenska

**Nebraska:** Everyone knows how to play Bingo!

**New Mexico:** The New Mexico Bingo player is very loyal and basically just likes to play the game. It takes a long time to play and the players feel like they are getting something for their money. Many of our players play Bingo in a "social setting", at coffee breaks or other social times. We use free tickets in Bingo, and winning a free ticket gives the players another chance to play (and win).

**Norsk Tipping:** Our Bingo-game is a family game. For a low price you get a ticket that gives you 15 minutes of entertainment. You get several chances to win, and you start the game with so many numbers that you feel you have a reasonable chance.

Bingo is a well-known game and it is easy to understand.

**Oregon:** Bingo appeals to a huge player group – both young and old. The game played in Bingo establishments allows every player to be in the game, competing for the prize. With this type of game, every player is in the game until the prize is won.

With Scratch-it Bingo, it is the play value associated with the game. This game really appeals to a player that likes extended play games. They plan to buy the game, which is unlike the 'impulse' purchase made on most other games. For only \$2, they feel the ticket is worth the price, even if the player doesn't win.

**Rhode Island:** Branding is one reason, and extended play games have their own following. It is easy to understand and is universally recognized.

**Virginia:** Bingo's enduring popularity is a mystery. If anyone in the Lottery industry really knew why it has such a loyal following, we probably would have been able to reproduce its success in other games.

**Western Australia:** The playability. Each time you play the game it is different – a real game of chance. It is also a simple scratch and match numbers/symbol game which has universal understandability. ■



Spel is not allowed to operate traditional bingo. (This is restricted to non-profit organizations). In this game 43 balls are drawn out of 75. There is a bonus draw as well to be won by one of the three contestants. The price for a game is 30 SEK and 10 SEK extra for the Bonusbingo. The winners' net share is 40%. The receipts for 2001 were 195,306,060 SEK, representing 1.3% of total sales. This is an on-line game sold at approx. 4,000 retailers.

## Tipos SK – Slovakia Republic

Tipos provides just one Bingo-type game, which was established in Slovakia on October 24th, 1996 called Tipos Bingo. The first TV show was made in the co-operation with GTECH, using the game design of the company Terry Mardell and the screen-play was adapted for the mentality of the Slovak population.

The Lottery's objective was to create a short, dynamic TV show in the duration of 25 – 30 minutes and to achieve what people would like to feel like playing the game actively. The launching of the game was preceded by a big advertising campaign in all mediums, and the game has its own logo, theme song, and mascot that brings luck and donates money.

The drawing takes place once a week, on Thursday at 9.00 p.m. and the bets are taken only by on-line system.

The prize categories are : four corners, cross (diagonals),

### What's Up with Bingo?

In today's busy society, few people have the time to spend an entire night playing Bingo in social halls. This leaves the tremendously popular game, with broad market appeal, and proven staying power, in search of a new, faster, more modern delivery system. A lottery's online system provides a perfect solution. By adding a "lottery bingo" game to their online product mix, lotteries will realize the potential for an explosive new revenue stream. Because Bingo is different from other lottery games, it minimizes cannibalization of current lottery products.

Bingo is one of the most popular games in the world. People like Bingo because it's easy to play, fun, and keeps players in the game until a winning pattern is achieved. These facts are boldly proclaimed because they have been proven. Bingo themes remain among the most popular instant/scratch lottery games. Bingo-themed promotional games have also demonstrated broad popularity when played by thousands of fans during sporting events. Quite simply, Bingo has been entertaining players for hundreds of years.

Bingo is also broadly accepted by the public. In the 2002 Gallup Organization study, *Gambling in America*, 74% of people surveyed approved of their state raising revenue through Bingo games.

Bingo is an ideal product for a lottery's television game show programming. The Internet also offers a viable delivery medium to view drawings for popular extended-play games, like Bingo.

The Chadwick Group markets a patented, real-time lottery Bingo game that will unlock the potential of your lottery's on-line system. Contact Fran Gruden for more details at 412-344-5012 or visit [www.scorebingo.com](http://www.scorebingo.com). ■

jackpot, Tipos-Bingo, and studio prizes (based on the last four digits of the ticket-number).

In FY02, Tipos-Bingo revenue represented 6.4 percent of all revenue generated by the Lottery.

## Uthingo – South Africa

Uthingo does not have any form of bingo game being offered. Strangely, within South Africa as a whole there only exist a handful of what one would call "Bingo Halls" and these are not really big money spinners. Bingo-type games do exist in some tourist areas and casinos, but on the whole, bingo is not a very well known game in South Africa.

## Virginia

The Virginia Lottery is currently offering Bonus Number Bingo and Special Edition Bingo – both \$2 Scratchers. The Lottery has offered one other Bingo-themed game in CY02 – Lots o' Spots Bingo – also a \$2 game.

In FY02, Bingo-themed scratch games generated sales of \$17.2 million (\$2.39 per capita per year). This represented 3.5% of Scratch sales and 1.6% of total sales.

## Western Australia

Western Australian Lotteries continuously run the standard 4 play panel Bingo game at the \$3.00 price point. The Lottery launched this game in February 1995. The Lottery color pulses the game each time they finish a pool to provide a point of difference and freshness in the marketplace.

The Lottery generated AUD\$2,657,400 in the 12 month period for 2002. Bingo runs as a support at the \$3 price point to the Lottery's very popular Crossword game, which in the same 12 month period had total sales of AUD\$37,392,321.

## Ontario

Several years ago the Ontario Lottery and Gaming Corporation, commenced an initiative to assist some 90 bingo halls in the province, with the opportunity to augment their existing bingo games by providing new games that linked halls throughout the province. This would provide an opportunity for halls for the first time, to play against each other. More importantly through linking halls the games can offer much higher jackpots that promote increased play and results in higher dividends for charitable causes. The initiative culminated in the development of a linked paper based bingo game called SuperStar Bingo.

In order to play, patrons at locations can purchase, up to 15 minutes before SuperStar Bingo commences, special SuperStar Bingo cards, printed in the hall on laser printers. SuperStar Bingo games are generated from a central location and broadcasted to all the halls in real time. The games commence at an agreed time with all the locations linked through a communications network, usually secure telephone lines, to the central computer system.

SuperStar Bingo has been highly successful in Ontario for over 4 years. ■

# Lottery News

## Iowa to Trial Video Pull-Tab Machines

The Iowa Lottery is planning a six-city, forty machine test of the new video pull-tab machines. The test, which will likely begin in February or March will last for six months.

The machines, which utilize sight and sound from the machine to add excitement to the game, will be evaluated on machine maintenance and potential for sales. It's been estimated the machines can add \$10 million annually to revenues.

While critics of these machines liken them to slot machines, it is important to note that while these machines utilize video and sound, they do not determine winning in real time.

The test will be conducted in Des Moines, Waterloo, Cedar Falls, Center Point, Vinton, and Marion, a suburb of Cedar Rapids.

## KLC Reaches \$4 Billion in Prizes!

The Kentucky Lottery passed a major milestone, reaching \$4 billion in prizes paid to players since it started in 1989.

Tony Revack of Burlington, Kentucky helped put the Lottery past the magic \$4 billion mark when he won \$240,000 on the scratch-off game called Monthly Money.

In addition to his cash, Lottery officials gave Revack a gift basket full of Kentucky Lottery paraphernalia and scratch-

off tickets along with a commemorative inscribed clock noting \$4 billion in prizes.

## Colorado Lottery – Building Better Parks

Great Outdoors Colorado, the organization charged with doling out lottery profits for open space projects, gave preliminary approval to \$11.6 million in funding for a project that would give a complete overhaul to Barbour Ponds State Park. The park would expand, increase the number of campgrounds and possibly even build a wedding chapel which would contain a reflective pond. Officials are looking to create a park that would pay for itself.

## Smoke-Free in Quebec

Loto Quebec will be offering smoke-free casinos. Effective July 2003, the Casino de Montréal, the Casino de Charlevoix, and the Casino du Lac-Leamy, along with the Hilton Lac-Leamy Hotel will officially be non-smoking establishments. As such, casino patrons and hotel guests will be obliged to refrain from smoking in all gaming areas, bars and restaurants. However, special smoking rooms will be available at the three gaming houses. ■

## People

Florida Lottery Secretary **David Griffin** submitted a resignation letter saying he would not return as head of the Lottery. Griffin plans to continue heading the Lottery for several more months to oversee the selection of an online vendor. He is expected to fill a high-profile job in the governor's office.

**Chris Lyons**, Director of the Oregon Lottery, notified Governor Kitzhaber of her decision to retire, rest a while and eventually pursue other opportunities. She cited personal reasons which included a recent move to the Gresham area and the death of a beloved family member.

The New Jersey Lottery has announced the appointment of two new Deputy Directors. **Robert Kersey** has joined the staff as the Deputy Director of Independent Retailer Sales. Kersey will be responsible for developing strategic sales programs, managing lottery sales representative and licensed independent lottery retailers. Bob has over 25 years of experience in marketing and sales.

In addition, former Sales Manager, **Howard Fitch** was recently promoted to Deputy Director of Sales – Chain Stores and Offsite Lottery Retail Locations. In his new position, Fitch will be responsible for the revenue growth of corporate accounts, development of new corporate partners, overseeing offsite lottery retail locations and management of the NJ Lottery's Chain Store Unit.

**Frank S. Ferguson** has joined the Virginia Lottery as General Counsel and Director of Legislative and Regulatory Affairs. Ferguson had been Deputy Attorney General in Virginia's

Office of the Attorney General.

NASPL awarded the Powers Award to SCEL's Chief Legal Counsel, **Hogan Brown**. Brown was nominated among 12 other top lottery professionals from nine different lottery jurisdictions. Also included in those nominations, was the SCEL's Director of Human Resources, **Ernestine Middleton**.

PTI (formerly Promo-Travel International) announced the appointment of **Nicholas (Ted) Manno** as Senior Vice-President of Sales and Marketing effective January 1, 2003. Ted is a 24-year veteran of the lottery industry and is highly regarded for his integrity and level-headed approach to business. Manno's career positions include VP Marketing and Sales for the Louisiana Lottery Corporation and as VP Marketing and Sales for the Connecticut Lottery Corporation and a one-year term as Acting President & CEO of the Connecticut Lottery.

**Angela Young-Ja Kim**, Deputy Director for Corporate Affairs at the D.C. Lottery and Charitable Games Control Board received the Korean American Coalition – Washington D.C. Chapter's (KAC-DC) Corporate Leadership Award at its second annual awards dinner. Ms. Kim was recognized for the positive impact she has had on the Korean Community on behalf of the Lottery. ■



*KAC-DC President David S. Kim (left) and Eva Chung, KAC-DC Board member and State Farm Representative (right) presented Ms. Kim with the award.*

## Atlantic Lottery

Atlantic Lottery is proud to be a sponsor of the World Juniors Hockey Championships taking place in Halifax and Sydney N.S., from Dec. 26, 2002, through to Jan. 5, 2003

## Colorado

The Colorado Lottery wrapped up the Chevy Road Trip scratch game by giving away a Chevrolet Avalanche on the ice between periods at the Dec. 21 Colorado Avalanche hockey game. In front of a crowd of 18,000, 5 finalists were each given a key and the opportunity to try to start the Avalanche and drive away the winner!

## Illinois

The Illinois Lottery celebrated a happy holiday by reaching an historical instant sales record of \$14.65 million for the week of Dec. 3-9. Sales for the following week also were on track to surpass this record. The second highest weekly instant sales in the Lottery's history - \$14.40 million - were recorded for the week ending March 21, 1994.

## Michigan

The Michigan Lottery's newest online game, Winfall, will be launched on January 19, 2003. The game will replace Michigan Millions and offers cash prizes for players who match three through six numbers. The jackpot starts at \$2 million, and if no one matches all six numbers by the time the jackpot reaches \$5 million, then all prize money is paid to players matching five, four and three numbers.

On November 13, 2002, the Michigan Lottery began its 30th year of operation. Over the past three decades, the Lottery has transferred over \$10.5 billion to the state School Aid Fund, which supports kindergarten through 12th grade public education in Michigan.

## Missouri

On Nov. 27, the Missouri Lottery held its first of three drawings for the "Big Sleigh Giveaway" holiday promotion. Nearly 79,000 players who sent in \$10 worth of non-winning holiday Scratchers tickets (or entered on-line) entered the first drawing for a chance to win a grand-prize 2002 Ford Explorer, trip packages, furniture, shopping sprees, big-screen televisions, computers and cash. The final drawing will be held on January 16, 2003.

The lottery surpassed \$1.9 billion in proceeds to the state, including education, with its December transfer to education. From start-up through June 1993, all proceeds went to the state's General Revenue Fund for a total of more than \$542 million. From July 1993 to date, all proceeds have gone to public education for a total of more than \$1.3 billion.

On January 20, the Lottery will celebrate its 17th anniversary.

## New Mexico

Results are in for the enhancement made to New Mexico's Pick 3 game. Average weekly sales increased more than 45% since October when the two number win went into effect. Sales have sustained beyond the promotional period.

In December the New Mexico Lottery featured "College Week," a pilot promotion held during the live Pick 3 and Roadrunner Cash drawings. The promotion highlighted New Mexico's public colleges and universities at which more than 22,400 students have attended tuition-free with Lottery Success Scholarships.

A Lottery Success Scholarship recipient majoring in computer science was picked to represent New Mexico on the nationally-syndicated lottery television game show, "Powerball Instant Millionaire." The Eastern New Mexico University student was selected in a second-chance for "Fame & Fortune" tickets

## New Jersey

The NJ Lottery recently teamed up with old friends, New Jersey Network (NJN) and Lottery spokesmen Ray Charles and the Amazing Kreskin for a musical evening called "A Garden State Salute". Special guest, NJ Governor James E. McGreevey joined Ray and his conductor, Victor Vanacore, with the Rutgers University Symphony Orchestra and Jazz Ensemble to raise funds for Public Television and public awareness of the NJ Lottery's contribution to New Jersey education and institutions. The event was broadcast in December during "Pledge Week" with videos of the concert and Lottery goodies as thank you gifts for new subscribers.

## Rhode Island

The Rhode Island Lottery and several major radio stations in the market teamed up in a Holiday Festive Giveaway. Instant Ticket Holiday Gift Packs were given away during on-air promotions in December. The Lottery received 10-second spots promoting the giveaways.

New television spots, some featuring Rhode Island Lottery Retailers, are being developed to let all Rhode Islanders know how they benefit from the Lottery.

## Texas

The Texas Lottery marked another financial milestone by delivering nearly 98.4 million to the state, pushing the total of monies the Lottery raised over the last 10 years to \$10,050,631,425.

## Virginia

Virginia regularly holds periodic meetings at the regional level to gain retailer feedback and assess the quality of customer service that retailers are receiving from the Lottery. The latest meeting in Richmond attracted a record turnout of 107 retailers. Topics included retailer compensation, underage play, ticket fraud, Scratchers ticket planning, customer service from the Lottery and its vendors, real-time validation and future enhancements to the ISYS terminals.

After an extremely successful first run as a \$2 Scratchers in 1999, the HOGS are back in Virginia. This time the Lottery has increased the ticket price to \$5 with the top Harley prize being the coveted 100th Anniversary Edition of the Heritage Softtail Classic.

Virginia's Lotto game is a lucky 13 years old in January. To celebrate, the Lottery produced new Lotto South commercials featuring Lady Luck, the original Lotto icon in the state. ■



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