

Arkansas Lottery Commission
Legislative Oversight Committee
June 30, 2014

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Arkansas Lottery Commission

ALC FY 2015 Objectives

ALC's major initiatives for FY 2015 include the following:

- Increase instant ticket game sales
- Grow draw games sales
- Increase marketing and advertising initiatives
- Expand & maximize retailer network
- Control & reduce expenses:
 - Renegotiate and/or re-bid vendor contracts
 - Assess Play it Again loyalty program
 - Assess claim centers and repurpose employees

Product

Increase Instant Game Sales:

- Reduce the number of \$20 games in the market over the next 6-8 months
- 5 year anniversary instant games launches
- \$10 anniversary game
- Instant ticket retailer incentives
- Instant ticket sales projected to be \$331,500,000

Product

Grow Draw Games Sales:

- Monitor games
 - Launch September 29, 2014
 - Goal of 125 existing and 125 new retailers at launch
 - Projected sales of \$12,506,000 with proceeds generated in the amount of \$3,801,824
- National premium game
 - Soft launch will occur in October 2014
 - \$5 ticket with weekly drawings which will occur on Friday nights
 - The game will have a second chance element which will take the form of a game show which will be broadcast on network TBD
 - Projected sales are TBD (sales and prize expense will depend on number of states committed to play at start-up versus second launch in early 2015)

Product

Grow Draw Game Sales:

- Lucky For life
 - Begins in January 2015
 - Projected sales TBD (sales and prize expense will depend on number of states committed to play at start up)
- Decades of Dollars
 - Arkansas joined this multistate game in April 2011. The game has thus far underperformed and ALC intends to withdraw in October 2014
- Powerball
 - Nationwide the sales of the game have decreased by approximately 26%
 - Arkansas has seen a similar decline of approximately 25%
 - Multistate organization has put forward several ideas to increase sales for the game: capping jackpots, a \$25 million dollar rebranding campaign, a second chance promotion.

Advertising & Marketing

Increase Marketing and Advertising Efforts:

- Requesting an increase in the ALC advertising budget from \$4,500,000 to \$5,000,000 to support the following:
 - Product launches for instant games, national premium game & Lucky for Life draw game
 - Rebranding & creative services (e.g., TV, radio, outdoor, digital and point of purchase advertising)
 - 5th year anniversary promotions
 - Increasing sales in underperforming markets (northeast & northwest Arkansas)

Retailer Network

Expand & Optimize Our Retailer Network:

- Expand our retailer network
 - Increase active retailers by 8% (from 1,900 to 2,050)
 - Expand presence in bars & restaurants with monitor games
 - Focus on counties with lowest per capita penetration
- Optimize our retailer network
 - Implement “OnePlace” sales reporting tools with ASL sales force
 - Utilize Retailer Incentives Approved in 2014-15 Budget
 - Continue to deploy remaining Ticket Vending Machines (TVMs)
 - Work to expand presence in “Big Box” retailers
 - Wal-Mart – Started selling for ASL in June 2014
 - K-Mart Stores – Started selling for ASL in early 2014
 - Continuing to grow Kum & Go, Casey’s General Stores & Mapco locations

Expenses

Control and Reduce Expenses through the Following:

- Renegotiate and/or re-bid contracts
- Assess Play it Again loyalty program
- Assess and renegotiate claim center leases
- Repurpose employees