

Oklahoma Lottery Commission Retailer Advisory Board (RAB) Minutes

Conference Room
Oklahoma Lottery Commission
3817 North Santa Fe
Oklahoma City, OK 73118

Wednesday, October 21, 2009
11 a.m.

1. Call to Order. Roll Call and Announcement of Quorum.

Meeting was called to order by Ricky McCullough at 11:03 a.m. with roll call and attendance. There was not a quorum; however the meeting notice was properly posted.

Board Members in attendance:

Tom Hudson, Stripes	Larry Pooler, Phryogy's Town and Country
Kenny Smith, Quick Stop	Renee Smith, Wolf PDQ

Others in attendance:

Jim Scroggins, OLC	Rollo Redburn, OLC	Ricky McCullough, OLC
LaToshya Riley, OLC	Dirk Topinka, OLC	Chad Guest, OLC
Cynthia Reece, OLC	Sonia Horner, OLC	Jay Finks, OLC
Brandie Reisman, OLC		

2. Announcement of Filing of Regular Meeting Notice and Posting of the Agenda in Accordance With the Open Meeting Act.

3. Approval of Minutes of the July 22, 2009 regular meeting.

Approval of July 22, 2009 meeting minutes has been postponed until the next scheduled RAB meeting.

4. Update from Lottery's Executive Director.

Jim explained we have not seen any negative impact on Oklahoma's Lottery sales due to Arkansas launching their instant games. Arkansas will start selling Power Ball October 31st and OLC staff will watch current sales verses Arkansas's online games sales.

Jim also stated that Arkansas has a higher payout for consumers because they do not have the 35 percent profit restriction that Oklahoma state law mandates.

"A new instant scratcher that Oklahoma may be excited about is the Bass Pro Shop ticket; we'll have promotions for fishing, hunting etc. This is an instant game that's currently under construction" said Mr. Scroggins.

Cross sell of both Mega Millions and Power Ball is coming soon to Oklahoma, and it could be as early as Feb. 1. Players may soon have the option of buying multi-state online lottery games four times per week, Tuesday, Wednesday, Friday and Saturday.

Developing a “national game” is also being discussed and may launch as early as late next year. The game specifics are not determined yet, but as we know more we will pass the information along.

5. Sales Update

Ricky McCullough provided the sales update. Ricky explained there are 1,988 retailers, 22 second terminals and 127 active Player Activated Terminals (PAT). Our goal is to create a product mix to sell at a percentage of 60 percent of instants and 40 percent of online games. The current online games are selling at 63 percent while instant games are at 37 percent. Current FY '10 YTD sales are \$59,114,948 and the FY '10 full-year goal remain at \$190,600,000.

6. Presentation of new OLC Scratchers

Ricky McCullough presented October's new scratchers. The new October scratchers are \$1 Jack Frost, top prize \$2,000; \$1 Peng Win, top prize \$1,000; \$2 Deuces Wild, top prize \$10,000; and \$50,000 Jackpot, a top prize of \$50,000; other games presented were on the November game launch and they are: \$1 Frosty 5s, top prize \$1,000; \$1 Oklahoma Green, top prize \$1,000; and \$2 Winning 7s, top prize \$17,000.

Games Launching October 27: \$1 Jack Frost, \$1 Peng Win, \$2 Deuces Wild and, \$5 \$50,000 Jackpot

Games Launching November 24: \$1 Frosty 5s, \$1 Oklahoma Green and, \$2 Winning 7s.

7. Presentation of new OLC promotions

Ricky McCullough presented the OLC current promotions.

WPT current promotion: If a retailer sells one of the three WPT Texas Hold 'Em non-winning tickets selected for the WPT Tournament Trips, that retailer will receive ten \$100 Visa Gift Cards.

The WPT non-winning ticket draw dates are:

November 2, 2009, January 4, 2010 and the final drawing is to be determined.

Larry Pooler mentioned that non-winning tickets are requiring players to enter all of their ticket information online for each entry; hence this method has become time consuming.

Jay Finks explained that once the consumer has entered their personal information by creating a user account, they do not have to reenter their information each time they enter a non-winning WPT ticket online.

8. Presentation of FY 10 Marketing Plan Overview.

Jay Finks mentioned that Oklahoma's overall lottery sales are up by 2 percent; instants are down in sales, but Power Ball is up. The WPT Texas Hold 'Em ticket has exceeded expectations and Crossword is doing well. Hot Lotto sales are currently up; however, there are concerns if we launch Mega Millions that other online sales will be smaller. Pick 3 has dropped in sales, approximately 4-5 percent and Cash 5 has gone up about 45 percent. One marketing focus is our instant tickets. We have increased the prizes considerably. We tried to stay close to what's going on, i.e. the Iron Man movie will debut soon, and we have a ticket called Iron 8s. Right now McDonald's is big into Monopoly® and so we currently have a Monopoly® instant ticket for sale. Jay mentioned that he is always seeking new marketing ideas and to please contact him for possible opportunities. Jay also mentioned as a great marketing tool, the OLC has decided to create "seasonal" tickets as opposed to "holiday" ticket themes. Our tickets are more "whimsical" i.e., "Lucky 13 Doubler" as opposed to the "Halloween Cash."

Harley Davidson is a promotion will return.

9. Discussion regarding different Promotional ideas in retail locations.

Ricky explained "Ask for the Sale" is also a great way to increase sales. Tom Hudson did one at his store about three months ago and had good results. OLC helped with "Ask for the Sale" at an EZ Mart in a SE territory of Oklahoma and EZ Mart had a 36 percent increase in sales in about 10-12 chain stores.

Ricky mentioned that second chance promotions are a great way to drive sales. Buy for Less hosts a weekly second chance promotion. They currently have a promotion with a local movie theater.

Tom Hudson said that there are always great "piggy back" opportunities, such as buy a Snickers bar and receive one free instant scratch ticket. Tom mentioned that Stripes changes their promotion each month; Larry Pooler suggested the promotion would be more feasible to change weekly.

Cynthia Reece talked about a "free coffee" promotion currently running in her region; buy \$20 dollars in scratchers and receive a coffee mug and for the month of November, by a dollar scratch, bring your coffee mug and receive free coffee.

Kenny Smith mentioned that his store loves the current instant \$5 scratcher, WPT and that his customers think this is one of the best games the OLC has created. Kenny also mentioned that his store has seen a significant increase using the "winner's awareness" poster; "When I removed the winner awareness sign, my sales decreased. I replaced the winner awareness sign in my store, my sales increased tremendously."

10. Discussion regarding the new instant ticket tiering policy.

Jay Finks discussed that this program focuses on "inventory control." The OLC launches new games the last Tuesday of every month. There is a tiering of retailers based on bronze, silver and gold levels by sales and instant ticket

returns. The “bronze” retailers will be able to order new instant scratchers the Monday after launch week. The “silver” retailers will receive their games on launch day, which is the last Tuesday of every month. The “gold” retailers will receive their instant games Friday before the actual launch day. Larry Pooler had some concerns about retailer A) located in rural area may not sell as much as retailer B) in an urban area, what happens next? Larry was concerned about “gold” retailers receiving a competitive advantage over “bronze” retailers because of inconsistencies and suggested the OLC leave the game launch structure as it is. Jay Finks indicated that there is a marketing tool designed to help tickets in location where they will be sold and to reduce ticket returns when games have ended. Jay said that smaller retailers that always sell through their inventory and have minimal returns can get with their MSR to discuss moving to a higher tier. “There are some retailers that can not sell the ticket volume that they have in their possession resulting in lost sales when the tickets are returned. This is one reason we must have “inventory control.”

11. Discussion regarding terminal security.

Ricky spoke with Allen Blankenship, general manager of Scientific Games Inc. (SGI) about changing the security code to Extrema terminals. Allen said this can be done once the Oklahoma Lottery Commission creates an internal form to provide to SGI to change the terminal pass code however, these changes cannot be frequent adjustment for retailers.

12. Discussion and possible action regarding remaining calendar year 2009 meeting dates for the OK Lottery Commission Retailer Advisory Board.

Ricky McCullough suggested having the RAB meetings twice a year as opposed to quarterly. Rollo Redburn mentioned that an email will be sent to all RAB members to notify them of a suggested schedule and we can collect member input to create a calendar and then notify them of the next scheduled meeting.

13. New Business.

Renee Smith discussed security on instant tickets. She had an employee who scratched instant tickets and tried to keep track of what she was scratching and scratched \$216 dollars within 3 hours. This employee was caught on video and was terminated. Renee was concerned if anyone else experienced this crime or has a preventative measure to keep this from happening.

Kenny Smith stated that he has only one register that is used for the lottery. This helps him to track sales.

14. Adjournment.

Meeting was adjourned at 1:31 p.m.