

Oklahoma Lottery Commission Retailer Advisory Board (RAB) Minutes

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

Wednesday, February 16, 2011
11 a.m.

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

Meeting was called to order by Ricky McCullough at 11:12 a.m. with roll call and attendance.

Board Members in attendance:

Michael Alberty, Snackers	Kelly Clem, Murphy USA
Bob Markham, Buy for Less	Kenny Smith, Quick Stop
Larry Pooler, Phryogy's Town and Country	

Others in attendance:

Jim Scroggins, OLC	Ricky McCullough, OLC	Mary Martha Ford, OLC
Cynthia Lukehart, OLC	Sonia Horner, OLC	Rollo Redburn, OLC
Darla Turner, OLC	LaToshya Riley, OLC	Katy Smith, OLC
Cheri Rule, SGI		

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

Ricky explained meeting and posting requirements as the meeting notice was properly posted both online and at the main front lobby of the Oklahoma Lottery Commission.

3. Approval of Minutes of the September 15, 2010 Regular Meeting.

Approval of the September 15 board meeting minutes has been postponed until the next scheduled RAB meeting, Wednesday, September 21, 2011.

4. Update from Lottery's Executive Director.

Mr. Scroggins stated that there have been two rule changes that were proposed to the Oklahoma Lottery Commission (OLC) Board Members and

currently awaiting approval for the Tuesday, March 8, OLC Board Meeting. The proposed changes are: the bonus program and the settlement of scratchers.

Bonus Program – Retailers may earn a bonus payment for implementing OLC initiated programs according to a “Retailer Bonus Schedule” established by the Executive Director, which improved ticket sales in the retailer’s location. Bonus payments shall be paid to the retailer in a manner determined by the Executive Director. This is a change from the current rule which lists specific bonus amounts and is not flexible.

Settlement of Scratchers – Any pack of activated scratchers will now settle during a period of thirty (30) days and will be invoiced to the retailer, even if eighty percent (80%) of the pack’s winning low-tier tickets have not been validated (current rule is 45 days).

Mr. Scroggins explained the proposed changes would provide flexibility with the bonus program to help utilize funding appropriately.

Larry Pooler was concerned that the thirty (30) day settlement of scratchers will affect small retailers as opposed to major corporations. Mr. Scroggins replied that inventory will need to be closely reviewed and managed and perhaps limit the number of packs on sale to prevent a revenue shortfall for smaller retailers.

Mike Alberty asked Mr. Scroggins “what can be done to help eliminate the thirty-five (35) percent profit restriction?” “Talk to your local legislators,” said Mr. Scroggins. Mr. Scroggins explained for example, if you look at what Arkansas did last calendar year 2010, in scratch tickets – they generated \$357,000,000; and Oklahoma did \$100,000,000; almost four times less of instant revenue; we also need to take into account, that Arkansas does not have casinos or the thirty-five (35) percent profit restriction.

Mr. Scroggins also mentioned that the Powerball matrix may change between two options. The two options are – option 1: Powerball can remain \$1 and we change the matrix to make the odds of the jackpot run longer and grow faster or option 2: Leave the matrix as it is but change the purchase amount of the Powerball ticket to \$2.

5. Sales Update.

Ricky McCullough provided the OLC sales update. Ricky explained there are 1,976 active retailers, 116 second terminals and 27 active Player Activated Terminals (PATs). Our final FY '11 YTD sales are \$188,800,000 and the FY '11 YTD (week 32) is at currently \$121,497,170. Our product mix is: 52 percent instant sales; 3 percent Pick 3; 27 percent Powerball sales; 11 percent Mega Million sales; 2 percent Cash 5 and 5 Percent Hot Lotto sales.

6. Presentation of new OLC Scratchers

Ricky McCullough also presented new scratchers to the Board. The new scratchers that were presented were \$1 DJ Scratchy Cash, top prize \$3,000; \$2 Raining Gems, top prize \$10,000; \$2 Mobile Money, top prize \$15,000; \$3 Treasure Hunt, top prize of \$20,000; and \$5 Jackpot Fortunes, a top prize of \$40,000. DJ Scratchy Cash has been inspired to capture our millennial players. Millennial players are between the ages of 18 and 34.

February Game Launch: \$1 DJ Scratchy Cash, top prize \$3,000; \$5 Jackpot Fortunes, top prize \$40,000.

March Game Launch: \$2 Raining Gems \$10,000; \$2 Mobile Money, top prize \$15,000. Treasure Hunt, a \$3 extended game launches in April and X-Word, a \$1 ticket, launches in May. The X-Word Scratcher was inspired by the X-Men movie set to release this summer.

7. Presentation of new OLC promotions

Katy Smith presented information about the Super Multi-Pick starting February 28. The Super Multi-Pick is a \$5 purchase. Each player will have the opportunity to play two lines of Powerball, Mega Millions and one line of Hot Lotto. They will also have the option to multiply their winnings by making their \$5 purchase a \$10 ticket. The multiplier option is available on all 5 picks. Picks are selected through Easy Pick. Each easy pick will be good for the next available draws on each game. Customers will not be able to pick their own numbers and this is not a multi-draw game. There will be “how to play” brochures and point of sale (POS) merchandise available for distribution. The Super Multi-Pick option will also be accessible on all Player Central Terminals (PCTs).

The Mobile Club phone number has changed to 55678. There are almost 15,000 members. Players can text “OKLOTTO” to 55678 and start taking advantage for their chance to win great prizes! The Mobile Club generally produces small promotions that are geared either by local radio stations, or they are given the chance to “text and win.”

8. Discussion on best practices on signage placement.

Ricky mentioned that the OLC is currently testing an electronic triple jackpot sign at On-Cue, near NE 23rd and Santa Fe, in Oklahoma City. The jackpot sign was placed at the On-Cue on January 26; and the first two weeks after the sign was placed, On-Cue’s Hot Lotto sales almost doubled. Cheri Rule added after speaking with the On-Cue manager, he did not realize Hot Lotto was a jackpot game. He thought Hot Lotto was a daily draw game until he visually saw the jackpot sign. Mike Alberty asked the cost of the triple jackpot sign, and Ricky explained the estimated cost would be \$600; but through a potential retailer’s co-op program, the sign would cost the retailer \$300 for each sign.

Scientific Games will service and provide maintenance on all triple jackpot signs.

Katy spoke about the new "Pick 4" game; that will launch in July. This game is very similar to Pick 3. This game will draw daily as players will pick 4 numbers from 0-9. The play style options are straight, box, front, back and middle pair. The top prize amount is \$5,000.

Bob Markham was amazed how often customers shop at his stores, and even with flashing lights, public announcements over the PA system and other noticeable objects, people still may not see what is being advertised. Bob thought of ways to intrigue his customers into purchasing lottery. "You Deserve a Second Chance" is one of the ways he gets lottery players involved. For every \$5 lottery purchase at Buy for Less, customers have an additional chance to win prizes from Buy for Less and other sponsored vendors. "Ask for the Sale" promotion is another way to create lottery interest. Bob has his clerks to sell instant tickets at the register and to ask every customer if they would like to purchase a lottery ticket and not assume customers know what lottery tickets are available. The Buy for Less "Ask for the Sale" promotion is a 365 day promotion. Bob explained that he understands customers are at the stores to purchase specific items and lottery is considered an impulsive purchase. Buy for Less continues to maximize revenue for education whether it is providing appropriate signage placement, triple jackpot awareness, posting a winner's board, or providing three (customer service, check-out counters and PCT machines) lottery selling points for their Buy for Less customers.

9. Discussion and Possible Action regarding calendar year 2011 meeting dates for the Lottery Commission Retailer Advisory Board.

Ricky McCullough reminded the board that the next scheduled RAB Meeting is Wednesday, September 21, 2011 at 11 a.m. An e-mail will be sent to all board members to remind them prior to the board meeting.

10. New Business.

There were no discussions on new business.

12. Adjournment.

Ricky made a motion to adjourn, Kenny Smith seconded, and the meeting was adjourned at 1:20 p.m.