

Oklahoma Lottery Commission Retailer Advisory Board (RAB) Minutes

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

Wednesday, September 21, 2011
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.

Board Members in attendance:

Michael Alberty, Snackers	Kelly Clem, Murphy USA
Kenny Smith, Quick Stop	Jennifer Williams, Dizzy B's
Larry Pooler, Phroggy's Town and Country	Julie Baldwin, Shout and Shack

Others in attendance:

Jim Scroggins, OLC	Ricky McCullough, OLC	Mary Martha Ford, OLC
Brandie Reisman, OLC	Sonia Horner, OLC	Katy Smith, OLC
LaToshya Riley, OLC	Raymond Pang, Flash Mart	

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

LaToshya confirmed posting of the Regular Meeting Notice and the agenda, in accordance with the Open Meeting Act.

3. Approval of Minutes of the February 16, 2011 Regular Meeting.

There was not a quorum for the February 16 board meeting.

4. Update from Lottery's Executive Director.

Mr. Scroggins mentioned the Lottery Board of Trustees meeting was yesterday and the board still supports efforts to eliminate the thirty-five (35) percent profit restriction. This will allow the Lottery to put more money into instant scratch prizes. Mr. Alberty asked if the legislature is interested at all in eliminating the 35 percent profit restriction. Mr. Scroggins replied that the voters of Oklahoma voted in the Lottery, and we'll keep pursuing efforts and see what happens. Mr.

Scoggins also mentioned case studies on this issue from other state lotteries. Also mentioned was an article that indicated the National Conference of State Legislators (NCSL) is projecting that Oklahoma would be \$300,000,000 million short of revenue in 2012.

5. Sales Update.

Ricky McCullough provided the state sales update. Ricky reported there are 1,965 active retailers, 28 second terminals and 115 active Player Central Terminals (PCTs). Our final FY '11 YTD sales were in excess of 197 million exceeding our goal of 192 million and provided more revenue to help support education. FY '12 YTD Sales (week 11) are at \$36,947,606. The product mix is: 48% instant sales; 33% Powerball® sales; 9% Mega Million® sales; 4% Hot Lotto; 3% Pick 3; 2% Cash 5 and 1% Pick 4 sales. Ricky asked the RAB members about their Pick 4 sales. Kenny Smith replied that he was slowly seeing an interest with his customers. Ricky added that we have had a lot of payouts on Pick 4 and encouraged RAB members to refer Pick 4 to their customers.

6. Presentation of new OLC Scratchers

Brandie Reisman announced which new instant scratchers were being released for November and December. Brandie discussed that Holiday Gift tag is a game launching for Christmas. This ticket will have two different scenes and will be great for giving away as gifts. Casino Cash Out has a casino multi-play style and it is similar to Jackpot Fortunes. We are also launching an EA Sports instant ticket, a licensed property game. We're excited about this ticket because we are the first Lottery to produce an EA Sports ticket.

November Game Launch: \$1 Holiday Gift Tag, top prize \$1,000; \$1 360° Cash, top prize \$ 3,600; \$5 Casino Cash Out, top prize \$40,000; and \$2 EA Sports "It's in the Game," top prize \$15,000.

December Game Launch: \$1 \$2,000 Spin; \$2 Kings of Cash, top prize \$16,000; \$2 Money: Mission, top prize \$14,000; and \$5 Fifty Large, top prize, \$50,000.

Mary Martha asked if anyone experienced having a defective Oklahoma Hold 'Em where the vinyl covering on the left-side of the instant ticket is not scratching. If so, to please call her, their sales coordinator or Ricky.

Brandie asked how Club Crossword was selling and Kenny Smith mentioned his customers still prefer playing the original Crossword. Julie Baldwin reported that her senior customers are fond of playing Bingo Night.

7. Presentation of new OLC promotions

Katy Smith presented information about the current state-wide promotions, and explained we are cutting back on large-scale promotions. Instead, we have decided to conduct smaller more frequent promotions to attract more players. The various uses of promotional efforts are to engage our players with the Player's Club, Mobile Club, Facebook and Twitter. Our current member count shows as follows:

<i>Medium</i>	<i>Member Count</i>
Player's Club	41,892
Mobile Club	35,797
Facebook	4,241
Twitter	767

Other ways to maximize the value for our players include partnerships with major corporations who donate prizes to attract more lottery players. Mr. Alberty asked about television advertisements and why did we cut the budget? Katy explained that the marketing budget has been cut over half and it all relates to the 35 percent profit restriction.

Current promotions – The Mega Millions® Promotion started August 29 and will run through November 13. We hope to promote the \$1 dollar jackpot game, before the \$2 Powerball® change goes into effect January 15. The Bass Pro Promotion started August 31 and is currently running through November 30. Alberty asked if the Bass Pro scratcher was doing well in sales and Brandie said that she was not sure if this year's ticket is doing as well as the first Bass Pro ticket we produced a couple of years ago, but if not, it may have something to do with the economic situation. As it stands right now, it is successful. Raymond Pang stated that the Bass Pro ticket was not selling well at Flash Mart and wondered if it had something to do with geographical preference. Mary Martha suggested it is "hit or miss" because there are metro stores who have done well with this scratcher; however there are non-metro retailers who have done exceptional.

Raymond Pang asked about the impact of state budget cuts on the Lottery and the impact on money provided to education. Mary Martha indicated that we review the Lottery budget for possible cuts to maximize funds to education. We operate on a very small margin.

Mike Alberty suggested to Ricky to provide the previous sales update for the next RAB meeting with the total budget and goal amounts for comparison.

Mary Martha added that during yesterday's board meeting, the FY'12 goal amount was amended to a little over 186 million from 193.1 million given the economic climate of declining sales. Albery asked if the education funds are being transferred on a monthly basis – Mary Martha explained that the Oklahoma Lottery transfers funds every month.

Upcoming promotions: Katy Smith described the Black Diamond 7s promotion would allow players to enter any non-winning scratcher online for a chance to win a ski trip. The trip includes a \$150 gas card, 2 night's stay at the Alpine Lodge Hotel (Red River, NM), 4 lift tickets for two days at Red River along with \$500 spending cash. The Black Diamond 7s promotion will run from September 26 until October 30. The next upcoming promotion described was the 7 Deadly Wins Promotion – again, players may enter any non-winning 7 Deadly Wins scratcher online for their chance to win one of several available prizes. The 7 Deadly Wins promotion will begin Monday, October 3 and ends Sunday, October 23. "LottoSwift" is a promotion that offers two lower-level tickets to see Taylor Swift in concert on October 15, at the Chesapeake Energy Center. The promotion begins Monday, September 26 and ceases Sunday, October 9. Mobile Club, Players Club and Facebook players have the opportunity to text "lottoswift" to 55678 to win.

8. Discussion on Powerball® Changes.

Mary Martha Ford provided the new Powerball® changes launching January 15. Why the Powerball® change? Besides their 20th Anniversary, Powerball® wanted to provide more millionaires, bigger starting jackpots and better overall odds. Mary Martha stated MUSL (Multi-State Lottery Association) has been researching potential changes since 2005. Other changes include moving the price point from \$1 to \$2 per play; the starting jackpot will start at \$40 million rather than \$20 million and the winning overall odds will go from 1 in 35 to 1 in 31.8. The Power Play® option will remain at an extra \$1 if players would like to increase their winnings.

9. Discussion on best practices at store level.

SNACKERS – Mike Albery presented his success story about his "Lottery Corner" at his retail store, "Snackers." Mike wanted to ensure that his customers were well aware of the opportunity to purchase lottery at his store by providing three points of lottery purchase: the front counter register, the PCT (Player Central Terminal), and the "Lottery Corner" where he has designated a special area of his store for players to maximize their winnings, options and "scratch" their tickets away from other customers. Inspired by long-time lottery industry expert, Jeff Sinacori – Mike has also provided pizza for his lottery customers during lunch and pays customers an extra 5% on winning "stamped" instant tickets on "Redemption Day" Thursday. To date, Mike has increased his lottery profits by 40% after the major store makeover. Mike shared other great ideas to help with profits by advertising in the local paper and providing second

chance promotions. Julie Baldwin mentioned their store is extremely busy, although she would like to do something like this for her store.

QUICK STOP – Kenny Smith contributed that his customers appreciate being able to view the “Look Who’s Winning” posters in his store. He strongly promotes Cash 5 winners and winner awareness; uses a separate register for lottery; keeps instant tickets visible; maintains a nice display and provides a designated scratch area. Mr. Smith also posts pictures of his winning customers on the front door of his store for other locals to view. Julie Baldwin likewise lists her local winners in the Vinita paper – and sometimes provides “Lottery Parties” to churn more chatter about the winners. Sonia suggested to Mike Alberty that he should do a “Lottery Party” for the 1-year transition of his “Lottery Corner.” Ricky added Buy 4 Less sells lottery at the register, PCT, customer service and provides second chance drawings with gift cards, amusement park tickets, etc.

10. Discussion and Possible Action regarding calendar year 2012 meeting dates for the Lottery Commission Retailer Advisory Board.

Kenny Smith made a motion to approve February 8, 2012 as the next RAB Meeting. Jennifer Williams seconded the motion. Kelly Clem made a motion to approve September 19, 2012 as the following meeting date, and both Kenny and Jennifer seconded the motion, which was approved.

11. New Business.

No new business.

12. Adjournment.

Meeting adjourned at 1:25 p.m.