

# Oklahoma Lottery Commission Retailer Advisory Board (RAB) Minutes

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

Wednesday, February 8, 2012  
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:

Kwai Wah Pang, Flash Mart	Kenny Smith, Quick Stop
Larry Pooler, Phroggy's Town and Country	Jennifer Williams, Dizzy B's
Mike Alberty, Snackers	Tom Hudson, Stripes
Julie Baldwin, Shout and Shack	Steve Woodley, The Filling Station

Others in attendance:

Jim Scroggins, OLC	Ricky McCullough, OLC	Mary Martha Ford, OLC
Brandie Reisman, OLC	Sonia Horner, OLC	Katy Smith, OLC
Mike Hohmann, OLC	LaToshya Riley, OLC	Bryan Colbert, SGI

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

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

## 3. Approval of Minutes of the September 21 Regular Meeting.

Kenny Smith made a motion to approve the September 21 meeting minutes and Mike Alberty seconded the motion.

## 4. Update from Lottery's Executive Director.

Mr. Scroggins stated the Lottery's total sales of more than five million dollars this past week was the first time the Lottery surpassed this mark since March 2011. In Fiscal Year 2008 we surpassed five million in sales 7 times. Since then, our Powerball sales have declined as the economy has. Last week was

the fourth highest scratch sales we have had since in FY 08. The Lottery did \$2.577 million statewide. Mr. Scroggins also mentioned the Oklahoma Lottery Commission Board Chair, George Charlton, Jr. recently met with the Governor about how the Lottery is not performing above the potential level it could, which is a direct impact on generating more revenue for Oklahoma's education. Charlton explained if we do not eliminate the 35 percent return, Oklahoma's Lottery could be the first lottery in state history to ever fail. Mr. Scroggins commented on the recent Department of Justice (DOJ) ruling and stated it is unlikely that Oklahoma Lottery products would be sold over the Internet.

#### **5. Discussion regarding the 35 percent return to education.**

Mike Alberty shared that he recently wrote to the Oklahoma Governor and other legislators about how eliminating the 35 percent rule would allow more money to benefit Oklahoma's Education. Mike referenced the Oklahoma Lottery Commission's 2010 case studies that show lottery sales data with enhanced prize payouts for 9 states: California, Florida, Georgia, Kentucky, Missouri, Massachusetts, North Carolina, New York and Texas and how enhancing prize payouts increase both sales and profits. Mr. Alberty also offered that looking at the history of Lottery from other states will help determine Oklahoma's potential and how it could become more profitable and remain competitive. Mary Martha wanted to point out that the Texas Lottery was mandated to lower their prize payout by 4.5 percent in FY98 and by an additional 5 percent in FY99, and by doing so, Texas realized their overall sales declined 31 percent and the instant sales dropped 40 percent – this change was so dramatic, during the May 1999 legislative session, the legislature quickly reversed back to previous levels.

#### **6. Sales Update.**

Ricky McCullough provided the state sales update. Ricky reported there are 1,958 active retailers, 28 second terminals and 114 active Player Central Terminals (PCTs). Our FY '12 YTD sales (week 31) were in excess of 115 million, a shortage from our goal of 186 million. The current lottery product mix is: 50% instant sales; 31% Powerball® sales; 9% Mega Million® sales; 4% Hot Lotto; 3% Pick 3; 2% Cash 5 and 1% Pick 4. Mike Alberty suggested to Ricky that he include previous year's budget to reflect comparable trending sales.

#### **7. Presentation of new OLC Scratchers**

Brandie Reisman announced March and April's upcoming scratchers and passed around samples. Brandie explained the new Scratchers will be more whimsical, fun and have creative themes such as "What the Hail?" and Zombie Cash. The new \$3 extended play scratcher is "Bedazzled" which is scheduled to release this April. Ms. Reisman stated the \$2 scratcher sales are sluggish and isn't quite sure why, but seeking to get those players interested in playing.

**March Game Launch:** (\$1) \$1000 Quick Cash, top prize \$1,000; (\$2) Jewel 7s, top prize \$ 17,000; and (\$5) Funky 5 Card Draw, top prize 15,000.

**April Game Launch:** (\$1) "What the Hail?" top prize \$4,000; (\$1) Zombie Cash, top prize \$2,500; (\$2) Quick Silver, top prize \$20,000; (\$3) Bedazzled, top prize, \$20,000; and (\$5) Fantasy Blackjack, top prize \$50,000.

## **8. Presentation of new OLC promotions**

Katy Smith presented information about the current state-wide promotions, and explained we've received a tremendous amount of support from our players.

**Second Chance Promotions:** The *EA Sports Promotion* began November 1, 2011 ends Wednesday, February 29, 2012. Players enter their non-winning EA Sports scratcher for a chance to win an EA Sports titled game. The final drawing is March 1, 2012 and there will be a total of 300 winners. Thunder Up with Powerball® is a promotion that started January 15; the same day Powerball® changed from a \$1 dollar ticket to a \$2 ticket per game. Players purchase a minimum \$5 Powerball® ticket and they'll automatically receive an entry to win tickets to an upcoming Thunder game. There will be 22 promotional winners.

*Fiery \$50s* Second Chance Promotion began January 30 and ends Sunday, February 26. Players can enter any non-winning Fiery 50s scratcher for a chance to win an Aqua Haven 6-person Master Spa. The drawing for this promotion is scheduled for Monday, February 27, 2012.

*Lucky Red 7s* Second Chance Promotion began February 6 and will end March 4. Players may enter any non-winning Lucky Red 7s scratcher for a chance to win their choice of a RED Samsung Washer/Dryer Set or Kobalt Tool Storage. The drawing for this promotion is slated for Monday, March 5.

### **Mobile Club Promotions:**

Katy also announced the LOTTOMIAMI promotion will allow potential winners to text "LottoMiami" to 55678 for a chance to win round-trip air tickets, two-night hotel stay, \$500 spending cash, and four game tickets to see the Oklahoma City Thunder play in Miami against the Miami Heat, Wednesday, April 4, 2012. For this promotion, the OLC has partnered with the Oklahoma City Thunder and Cumulus Radio Stations. The drawing will be held Monday, February 27.

Although no final decisions have been made, Katy concluded more promotions are in the process for instant games, such as, "What the Hail?" Zombie Cash, BlackJack, and "Grills Gone Wild". "We have about a 30 percent response rate on most of our promotions – and it could reflect how well we've trained our players" says Katy. Mike Alberty commented on how impressed he is with our Internet second chance promotions and players' responses. Katy added the Oklahoma Lottery Facebook account is currently up to 5,300 members. Mobile

Club is currently up to 41,000 players and the Player's Club is at approximately 44,000 players. Jennifer asked if we could produce second chance point of sale merchandise – Katy explained printing material with second chance information has such a quick turn-around, time sensitive and is not cost effective.

#### **9. Discussion regarding the recent changes to Powerball®.**

Kenny Smith stated that he has definitely noticed his customers are still playing Powerball®; however, they seem willing only to pay \$10 and not Power Play their tickets. Mr. Smith added that he explains to his customers that not Power Playing their tickets could be a difference of winning one million to two. Mr. Smith also added that the early notice of letting customers know that Powerball® was changing may have helped sustain sales. Mr. Alberty stated that first week was a struggle with the increased price; however, it helps increase the jackpot. Steve Woodley replied most of his customers at The Filling Station are still spending \$10, as he perceives his sales have not declined due to the Powerball change. And he also feels that most of his educated players are familiar with the Powerball® change. Mr. Pang commented that he thinks most office pools won't participate in the online games unless the jackpot is at least \$100 million. His wife's company has a rule to only participate in online jackpots at a minimum of \$100 million.

#### **10. Discussion on best practices at store level.**

**DIZZY B's (Guymon)** – Jennifer Williams is the owner of Dizzy B's in Guymon, Oklahoma. Dizzy B's is an independent Super Retailer Location which currently has 30 instant tickets on the counter, a PCT (Player Central Terminal) and operate selling lottery with two registers. Jennifer stated that her customers are starting to purchase games from the PCT, and their PCT sales are currently running an average of \$400-\$600 per week. Mike Alberty commented that the PCT was great for selling online tickets like Pick 3 and 4. On average, Dizzy B's are settling 25-30 instant packs per week, earning \$1,000-2,500 per day and approximately fifty-thousand per month! Ricky mentioned that Jennifer advertises her large payout winners by displaying the winners on her "Wall of Fame" with the largest winner of \$40,000. Her customers love having their photos posted and they usually sign their ticket to brag about how much they have won. Jennifer closed her presentation stating that Lottery is one of her largest sellers, excluding gas. To increase more winner awareness, Mr. Pang asked if the Lottery could expedite large winner banners sooner to advertise in their retail locations.

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

As a reminder, Ricky stated the next Retailer Advisory Board Meeting has been scheduled, for Wednesday, September 19, 2012. The February 8th board minutes will be e-mailed to all RAB members; and those minutes will need approval during the September meeting.

**12. New Business.**

No new business.

**12. Adjournment.**

Mike Alberty made a motion to adjourn meeting and Kenny Smith second the motion. The meeting adjourned at 1:20 p.m.