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A Strategy to Attract New Player Groups while also Appealing to the Traditional Players

PGRI Introduction: Do we focus on fresh and innovative to attract new player groups, or on continuity to appeal to the traditional player? In maximizing the promotional impact of the live draw as a marketing event: Do we push forward with live-streaming the draw online and integrating RNG Digital drawing machines into the mix ... or stick with the traditional televised draws and ball machines? Thankfully, we don't have to choose. The New Jersey Lottery is doing all the above and the results are in. It is the combination of televised draws, live-streamed online draws, traditional ball machines, and RNG's that integrate an animated visual experience that maximizes reach and impact, attracts new player groups, and preserves the appeal of Lottery for the traditional players.

Check out the New Jersey live-streamed draws online at:
<http://livestream.com/newjerseylotto/live>

Paul Jason: *Necessity being the mother of invention, you initiated the live-streamed draw when your televised draws had to be discontinued. Now you have resumed the televised draws, continue to live-stream the draws online, and the results are better than ever.*

Michael DeCheser: We have always considered the live draws to be a vital promotional tool, a powerful marketing event. In spring of 2011, we had to discontinue our televised draws on NJTV (a public broadcasting channel that the state was supporting). Since our draws were no longer going to be televised, we decided to

try a new way of engaging the players and became the first lottery to live-stream our draws over the internet within a social media setting. The first ones were streamed live on Facebook. Every day for almost a year, our mid-day and evening draws were streamed exclusively online with no television component. While we thought we were doing the right thing at the time for the players, and for the overall savings for the state, we found that our level of engagement did decline. Even though it's the exact same video feed that the player would see on television, the live draw seemed to lose its authenticity or validity, at least for

some people, in the online world. There seems to be something about the televised draw that appeals to the traditional players. People have their lives arranged in a pattern that includes the lifestyle habit of watching the live-draw on TV at a specific time. Players seem to feel that TV delivers a level of transparency and trust that the internet does not quite replicate. For whatever reason, television is the trusted medium for many players, like a window into the real Lottery. So we resumed our evening televised draw event in 2012, and added our mid-day televised broadcast in July of 2015.

Now you do both—the mid-day and evening draws are both televised and streamed online.

M. DeCheser: Exactly. We married the two. The impact is synergistic, resulting in a far higher level of viewership and engagement than we would have with only one broadcast medium. We decided to get back on television and hold the draws both online and on television. This way we are delivering the optimal viewer experience with TV, and bringing in new player groups with the online draw.

The live-streamed online draws did

bring in entirely new consumer groups. We promote the multi-media access and we see that some of the TV audience is also accessing the online draw and vice versa. After all, isn't that the way we all actually live? We are both online and off-line and want our media content to be made available through multiple channels. Our strategy going forward is to make it even more available across social media and Mobile to connect with our audience wherever and whenever and however they prefer.

The televised draws would seem to serve the additional purpose of helping your traditional players migrate to multiple channels, creating a bridge for the Lottery and its players to integrate new channels, new ways to connect with your audience, without leaving your core players behind.

M. DeCheser: That is the way we look at it. We had hoped the television audience would easily migrate over to the live-streaming draws. We saved a lot of money by not paying for the TV broadcast. So we jumped in with both feet and built an in-house production studio with the ambition to leapfrog into the 21st century and digitize our connection to the players. Now, even though we found that the televised draw is something we want to retain for the benefit of our traditional players, we are very glad for the investments we made because it is the combination of both that is by far the most powerful. As you point out, there is a synergy that creates a seamless easily-navigable player journey to move from TV to online at their own pace.

Do you think that as digital natives mature, the medium of choice will move from TV to online over time?

M. DeCheser: Absolutely. We see this happening already. But we do not have to predict the future. We just need to know what we need to do to meet the needs of our current players while also positioning ourselves to meet the expectations of the next generation of consumers. We will likely provide the televised draw as long as we see a demand for it. And we will build out our online connections because that

CAN COMPUTERIZED RNG (RANDOM NUMBER GENERATOR) DRAWS BE TURNED INTO A MARKETING EVENT LIKE THE TRADITIONAL BALL MACHINES?

We have a draw game called Five Card Cash. It's the first RNG game the New Jersey Lottery is doing on a daily basis. We use an RNG to generate the results. But what's actually truly generated within the RNG machine is an animation file that assigns the different numbers that were drawn to the variables that match certain cards within a deck. That animation file shows a dealer throwing down cards, and the numbers that those card faces display are correlated with numbers that have been drawn on the RNG. Research has shown that RNGs aren't as trusted as traditional ball drawing machines where the viewer actually sees the balls bubbling around, coming up the tubes, and tumbling out with a number on them. That's really what people want to see.

The RNG procurement specifically asked for the RNG to also have a video output that supported full broadcast quality HD. We connected this output directly to our live broadcast switcher in our in house control room and incorporated this live RNG draw into our nightly suite of games. That's what creates the transparency that people trust. So, we have our Pick3, Pick4, our Jersey Cash5, our Pick six, and now we have our RNG generated Five Card Cash as part of our nightly streamed lineup. A great mix of traditional ball machine games and a new RNG game. I am not aware of any other state lottery that broadcasts or streams a mix of traditional draw games with RNG draw games. It was not cost-effective for us to televise this RNG draw, but we think that is fine because it really appeals more to the modern consumer who is more likely to appreciate the live-stream online anyway. It has the feeling of a computer-generated animated poker game and that will appeal to a younger demographic.

Then we migrate the online broadcast audience into our evening suite of games. When we're done with our Pick6, we throw up a graphic for everyone on our television broadcast channel to direct the viewer to go to our online channel to see the results of our Five Card Cash draw. That is how we are trying to align our live-stream channel and our broadcast channel as just two different avenues that show you the same results. We're really trying to hold their hand and walk the players through a process of connecting with us online as well as off-line. We show them how easy it is in a way that helps them see that it is all the same event, that the live-streamed draw is really the same thing as the televised draw. It's bridging that gap between those that watch online and those that watch on television.

What's nice about the RNG system we have in place now from Smartplay is that it could always be added upon, scaled up. There could be two, three, four different games added to this RNG system. Now that we have tested the water with the Five Card Cash game, and see that our players have accepted it, become comfortable with it and trust it ... we will explore options for expanding on it.

—Michael DeCheser

is expected by our current audience and future generations.

So the prediction that the live-streamed draw could replace the televised draw was misguided. But it all works out quite well in the end.

M. DeCheser: Isn't that the way it is with innovation and change? You take calculated risks and the outcome may not be as you thought it would be. But in many cases, perhaps most cases, the outcome brings you to a new place that turns out to be better than you might have predicted.

Do you have data that compares the sales of draws that are broadcast on digital only versus broadcast on TV and online?

M. DeCheser: We do. Our mid-day draws, which are for Pick3 and Pick4, have been live-streamed online since 2011. But these mid-day draws had not been broadcast on TV prior to July of 2015. Conversely, our evening draws have been broadcast on TV and live-streamed since 2012. Then in July of 2015, we started broadcasting the mid-day draw on television, as well as streaming it live online. Over the course of the following year, July 2015 thru July 2016, both the evening and mid-day draws were broadcast on TV and live-streamed online. The only difference is that the mid-day draws added the TV broadcast in July of 2015, while the evening draws had been both broadcast on TV and live-streamed since 2012. Comparing the performance of the games with these two draws scenarios enabled us to measure the impact of adding the televised component to the mid-day draw. The result is that the sales of the Pick3 and Pick4 games with the mid-day draw increased much more than the sales of the same with the evening draws. Same games, the only difference is that the mid-day draws added the televised component in July of 2015. We infer from this result that the televised draw had a measurably positive impact on mid-day sales. We think that is because the consumer has more confidence in the security and integrity of the

televised draw. TV costs more than the live draw but the ROI is definitely there and the multi-media approach is drawing in more players and introducing our off-line players to our digital channels.

I should emphasize that we are fully committed to the live-streaming online draw. We see that as a fabulous tool to connect with a vital audience that will grow over the coming years. Building on our social media initiatives and live-streaming the draws is a key component to our marketing and media mix, and will be increasingly important in the coming years. We just don't want to ignore our core players whose schedules included tuning in to the televised draw. So we will do both TV and live-streaming online for the time being.

We do not see this as an either/or. It is a both/and. We have a robust social networking outreach that promotes our online presence and are highly focused on driving traffic to our live-streamed draw. Our strategy is to modernize for the next generation of players while continuing to deliver the play experience that the traditional core player expects. And we project that the lifestyle habits of the core player that include tuning in to the TV draw will continue for another ten years. So we will just follow both paths to appeal to the millennials as well as the core players.

The live draw, whether it is online or televised or both, would seem to be a powerful event-marketing tool to promote Lottery and engage the consumer. It frankly seems to me to be an under-utilized asset.

M. DeCheser: I agree 100%. It is a critical component to the whole draw-game player experience. The consumer could just buy an Instant scratch-off to optimize the immediacy of the gaming experience. The draw-game involves waiting to see the result, so there needs to be an event that the player buys into. They're buying into the suspense and the suspense should lead to a climax. How better to do that than to create the live-draw event that celebrates the whole experience?

Couldn't the live-stream draw be used as a platform to broadcast other kinds of content and promotions?

M. DeCheser: We use both the televised draw and the online live-stream to engage players on Facebook, Instagram, our chat rooms, and really all aspects of what the Lottery does. The televised draw event attracts a built-in viewer base for online streaming. We now stream press conferences when there's a big winner. We stream our Million Dollar Replay event and enable people to interact with it. The Million Dollar Replay event is something we do for Instant ticket holders, giving them the opportunity to put in the codes of their non-winning tickets for a chance to win the million dollars. It is an offsite event that is not cost effective to broadcast on TV. So we stream it live online and include a chat function as well. It was incredible the last time we did this because people were chatting back and forth, saying like, "Oh, my god, that was my name. They called my name. I won \$25,000." And other people would chat back and forth, "Congratulations. Good for you. That's fantastic. Oh, my gosh." Other ones are saying, "I wish I was there. I couldn't make it today. I'm so happy I could watch it online. Hold me back. Oh, they just called my name." Those that could not be there at the live event were completely engaged online. It's not about selling products online. It's about reaching out to build a social community of Lottery fans.

This 360 degree connectivity with the modern consumer is what we are all trying to create. The potential to build on this platform is really kind of unlimited. Do you see that as being a pretty big canvass to work with and grow and expand on?

M. DeCheser: We haven't even scratched the surface. Of course it is exciting that the short-term impacts have been so positive. But it is the positioning for long-term growth and evolving with the modern consumer that is most exciting. We very much feel like we are still hurrying to catch up with the marketplace of new ideas and ways to connect with our audience. ■