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virginia lottery

PGRI Introduction: Preceding this interview are the interview with Paula Otto (Executive Director of the Virginia Lottery) and Rob Wesley (Director of Sales) and an article that describes the Virginia Lottery collaboration with 7-Eleven. The following discussion with Ms. Allen and Ms. Dean drills down into some of the operational issues that were addressed to bring this project to fruition.

Paul Jason, PGRI: *How did the product development process differ for this 7-Eleven project than for the typical Scratch ticket?*

Gweneth Dean: The objective is typically to focus on the consumer, maximize the appeal of the product to the consumer. In this case, our objective was to make the product appeal to both the consumer and to the retailer, 7/Eleven. The result was the idea of “Every Ticket’s a Winner.” The ticket had a coupon attached to it for a free fresh food item. It was perforated so the coupon could be removed and used on a different day or given to a friend. The main idea for 7-Eleven is that the lottery player becomes a fresh food customer of 7-Eleven. We wanted a new ticket price-point and we wanted it to be between \$5 and \$10. This would not be a large print-run, so it was not possible to fund a top prize that would typically be associated with the higher ticket price. We got creative and said let’s position the top prize differently and call it “\$711 a day for a year.” So we were still able to make the top prize appealing in a different way.

Was there more than one iteration of your proposal to 7-Eleven? Did they send you back to the drawing board to change the first iteration?

G. Dean: It’s not unusual to have several iterations, but in this case we didn’t. They were thrilled with our proposal. They loved the very first ticket that marketing had given us. They loved that the prize of \$711 a day for a year created an association with their name.

And they must also love the redemption rate the promotion generated.

G. Dean: They were happy with 25% which is where it started in the first few days after the launch. And they are ecstatic with the 48% that it has been running since then. This promotion cost them nothing and they attracted a lot more consumers to the product category they care most about—fresh food.

In what other ways did 7/Eleven think of this project as benefiting them?

G. Dean: 7/Eleven is always looking for ways to differentiate themselves from other stores. They want their vendors to create

unique products, promotions, or shopping experiences just for their customers. And this “Every Ticket’s a Winner” spoke to this objective of creating something great for the consumer and exclusive to 7-Eleven.

Did the uniqueness of this project create different kinds of logistical challenges to overcome?

Jane Allen: The new price point required an all-hands-on-deck collaboration involving an integrated effort with IT, finance, security, the Order-Pad system for ordering tickets. There was a long approval process with 7-Eleven. Corporate accounts like 7-Eleven really want the process to begin a year in advance. That means we have more time to prepare for the launch but this kind of project also requires lots of work to coordinate all the moving parts.

G. Dean: Planning in advance is appreciated by all of our retailers. The problem is that consumer demand and tastes change over time. We do our best to plan ahead for promotions, and give our retail partners advance notice, but we always need to be ready to adjust to shifts in the marketplace. That is especially true for the Scratch

products. So, any plan that's a year to 18 months out is subject to change.

What were some of the obstacles to bringing this project to fruition?

G. Dean: From a product development side, creating and positioning the value-perception of the top prize was a challenge. For a normal print-run, the top prize of a \$5 ticket is around \$250,000. A \$10 ticket is around \$1 million. We felt that a prize for a normal \$7 ticket should normally be between \$500,000 and \$700,000. But we couldn't fund that amount with such a short print-run. So to get around that we came up with a creative top prize and positioned it differently. That was one of the first hurdles we had when we were talking about developing this game. \$711 a day for a year clicked as being something that is both fundable and appealing to the player.

This was a different ticket that did not readily fit into the vending machines. And

it's easy to overlook some of the touchpoints where you need to plug in a new ticket price. And not all of the stores were clear on how to redeem the cost of their free food item from the Lottery. All are very solvable issues. I'm sure there were other logistical issues, but nothing other than the usual challenges that go with the territory. The main thing was to be clear on the fact that this entire product and launch had two customers. The product must always appeal to the consumer. But this time it also needed to appeal to the retailer, 7-Eleven.

So getting the store clerks to understand how it all works and communicating that to the customers was not difficult?

J. Allen: No. It might have been if we did not have great support from the top down at 7-Eleven. But everyone from Mark Hagen to the staff at headquarters, to the regional and district managers, were all supportive and addressed any issues that arose in a very timely manner. And the store managers were

excited to have the product because it boosted their fresh food sales.

You make it all sound so easy! Congratulations for figuring it all out in such creative and successful fashion.

G. Dean: It was a very fun and exciting challenge for us in Marketing. We truly enjoyed the task of creating something completely new. There were lots of details that never came up before. We had to thoroughly think through every step of the customer experience to make sure everything goes smoothly. Decisions had to be made on countless details for it to add up to a winning consumer experience.

We always talk about how Lottery drives residual sales for the retailer. But this initiative really brought home in a concrete and measurable way just how valuable Lottery is to the retail business. 7-Eleven now has crystal clear evidence for just how powerful the connection between Lottery and residual store sales really is. ■