



Scott BOWEN

Commissioner, Michigan Lottery

Fast Facts about the Michigan Lottery's Online Results:

- The MI Lottery fiscal year runs from Oct. 1 to Sept. 30. For FY2015, online games attracted about \$147 million in wagers, about 5% of total sales for the year.
- Total wagers for online games in FY2016 are projected to hit \$300 million, which will be about 10% of expected total sales.
- Total MI Lottery sales are projected to exceed \$3 billion in FY 2016.
- MI Lottery has more than 276,000 players registered to play online.
- Powerball and Mega Millions plus two Michigan-only draw games—Lotto 47 and Fantasy 5—were added in January to the online games available for players.
- Nearly half of the online game play is done via mobile devices and more than a third of the online players are in the 18-35 age group.
- The MI Lottery strategy is to provide as many options as possible to players, so it plans to continue to add new games to its online platform.
- The results from the MI Lottery first full year of online sales operation show that online games don't diminish sales at retailers. In fact, Michigan retailers chalked up record sales and record total commissions in FY 2015. Omni-channel players are more engaged and interested in Lottery. This benefits retailers and is helping to increase their sales right alongside of the MI Lottery's online games sales.

Paul Jason, PGRI: *The Michigan Lottery's online games launch has been successful by any measure, especially the number of players registered and amount wagered to date. What do you attribute that success to?*

Scott Bowen: The credit for that goes to the great project team, which had to tackle a myriad of complex technical challenges. The team has been so successful because the members were selected to bring a concentration of expertise and talent to each aspect of the project. It is a great team and they worked together to develop an

outstanding online games platform that offers an excellent experience to players.

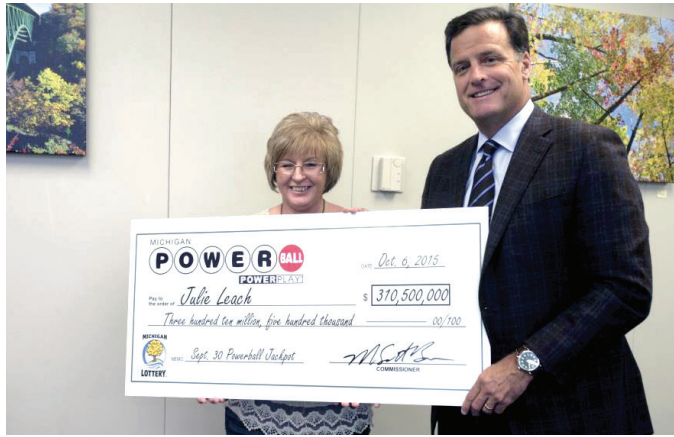
Perhaps the most important part of the story for your U.S. colleagues is that your land-based retail sales are growing right alongside of your online sales.

S. Bowen: Those are the facts. Our hope is that the NACS (National Association of Convenience Stores) folks will look at all the facts and accept our point that online games increase overall awareness and interest in Lottery games and that's a benefit to retailers. Michigan retailers en-

joyed record sales and record commissions in 2015, so they're seeing those benefits firsthand. We're optimistic that others will recognize that too.

Did you do anything in particular to enlist the support of your Retailers for your online sales initiative?

S. Bowen: We committed to our retailers that we wouldn't sell Daily 3 and Daily 4 games online. Those games make up about 25% of our sales. The Daily 3 and Daily 4 players tend to come into stores on a regular basis for the express purpose of buying



their daily Lottery tickets. They are especially valued by the retailers because they end up buying other products in addition to Lottery tickets. So, those games really drive the retailers' daily foot traffic and we all want to preserve that store traffic. That's probably the most important thing we did to help the retailers accept our online initiative. Sales of most of our other games are impulse buys that come when shoppers go into a store for other purchases and then decide to buy a lottery ticket while they are there.

We also are promoting an omni-channel model that benefits retailers. For example, about a third of our online players use Online Game Cards, which are similar to gift cards. They are purchased at the retailers. They cost \$20, and players get an additional \$5 bonus play with each card. Since they are available only at retailers, this tool to create and support online players also drives traffic to retailers and creates new sales and commission opportunities for retailers.

Michigan retailers enjoyed record sales and record commissions in 2015, so they're seeing the benefits of iLottery firsthand. We're optimistic that others will recognize that too.

How difficult was it to achieve the iCAP Certification for Responsible Online Gaming Practices?

S. Bowen: It was quite a rigorous process and it confirmed our viewpoint that we need to do all that we can do to help players play responsibly. Our online games offer responsible gaming safeguards that aren't found in any other gaming in Michigan. Protecting the players and promoting a healthy style of play is an ongoing effort, a work in progress. That is part of our long-standing commitment to responsible play. We provide \$1 million each year to the Michigan Department of Health and Human Services to help fund a state-

Michigan Lottery Achieves iCAP Certification for Responsible Online Gaming Practices

The Michigan Lottery is the first lottery in the United States to receive certification for its commitment to responsible gaming after completing the Internet Responsible Gambling Compliance Assessment Program (iCAP).

The iCAP was developed by the National Council on Problem Gambling (NCPG). The NCPG evaluated the Lottery's compliance with Internet Responsible Gaming (IRG) standards developed based on international best practices. IRG standards are the highest standards for on-line responsible gaming in the nation. The eight areas of focus for the NCPG iCAP certification are:

- Corporate policy and commitment to responsible gaming
- Staff training
- Information available to players through com, and player account features to assist players in informed decision making
- Assisting players who indicate they are in distress or experiencing problems
- Self-exclusion and player-initiated restrictions on online play
- Advertising and promotion
- Game and website features that assist with gambling responsibly
- Research based on play data

The iCAP evaluation performed by the NCPG determined that the Lottery met or exceeded compliance in each of the eight focus areas.

The first program of its kind in the U.S., iCAP provides lotteries with an independent assessment of responsible gaming policies based on standards and best practices from jurisdictions around the world.

The NCPG, a non-profit organization founded in 1972, leads state and national stakeholders in the development of comprehensive policy and programs for all those affected by problem gambling.

Michigan Lottery players have a chance to win up to \$1 million instantly playing online. The Lottery offers players 28 different games ranging in price from 5 cents to \$20. For more information or to play online, visit <http://bit.ly/MSLOnlineGames>. ■

wide responsible gaming program that offers resources for people who do have issues with gaming. The responsible gaming safeguards that we've built into our online games provide yet another way for us to help players.

It also would seem that the interactive nature of the online relationship provides a much better platform to promote responsible play. You don't really have that two-way line of communication at Retail.

S. Bowen: Definitely true. We know so much more about our online players than we do about our retail players. We apply all the tools at our disposal to encourage people to play responsibly. For example, we offer online players the option to "self-exclude" themselves from playing online for various periods of time. Or they may permanently exclude themselves from playing online games. These are part of the responsible gaming safeguards for our online games that you won't find in any other form of gaming in Michigan. That's part of our effort to help players enjoy a healthy recreational relationship with the Lottery and its games.

You ran a fabulous TV ad' during the Super Bowl (https://www.youtube.com/watch?v=r0ae_f9xGwQ).

At the end, it included the tag-line of "Knowing your limits is always the best bet."

S. Bowen: I'm a strong advocate for responsible gaming. We are working to improve and expand our efforts to help players play responsibly. You can see that in our advertising and retail strategies and across all our products. I would also point out that dedication to the principles of RG does not inhibit sales at all. We consider RG as part of the player experience and that promoting RG is just another form of promoting Lottery. The bottom line, though, is that it's just the right thing to do.

You project your online sales to exceed 10% of total sales in FY 2016, your second year of online operation. And your registration is now more than 246,000. So, doing the right thing as regards to RG seems to be the best strategy for maximizing player engagement and sales. Those performance results must be ahead of plan?

S. Bowen: The online games performance is better than we projected at this time for a number of key metrics, including the number of engaged players, the length of play, and the frequency of visits. We keep learning new things about

what the players want, attracting players, and finding ways to promote the online games. Keep in mind that the Super Bowl ad kicked off three weeks of advertising to promote the online games.

What would you do differently if you were launching right now?

S. Bowen: The growth in mobile is much more dramatic than we expected. I would recommend that a mobile-first strategy would be a better way to go for the next adopters. In developing your strategy, you have to focus on and optimize for particular game-styles and devices. If you have to choose between optimizing for tablets, traditional online game-styles, and mobile, I would go mobile. Now we are allocating most of our online advertising budget toward mobile players.

I would also say that we are learning something new every day. We have an open mind and are just studying the results and trend lines, and using that data to identify the best strategic direction to carry us forward and optimize long-term growth. We have budgets and business plans, but everything changes so quickly that we are also flexible to adapt and change as we get new information. ■