Driving Growth in Jackpot Lotto:
Powerpool Changes the Game

By Kaisa Kivilaid, Edwardian Publishing, LLC.

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According to Marty McFly and Dr. Emmett Brown from the 1989 American cult classic film *Back to the Future Part II*, it's 2015 and we are officially in the "future". From flying drones, biometric devices, hand-free gaming consoles, video phones and cars that use alternative fuel, the movie speculated on what 2015 was going to look like, and it was not far off. We have come a long way in almost 30 years. Computing has been at the heart of this impressive growth. And now it's time to apply that power to transform the player experience of the Jackpot Lotto games.

One thing that has managed to stay the same since 1985 is the way we play the state and national Lottos. The jackpot rolls over to progressively larger amounts until somebody wins it. The players know they are not likely to win the jackpot. But they enjoy playing anyway and sales have increased every year since the first ticket was sold back in 1988. Until last year. Last year was the first ever decline of YoY sales for Powerball. And it was not a slight dip that could be chalked up to some aberration in the market-place or economy. Powerball sales declined by 19%. The decline has

continued in 2015 – sales are down by 40% in the first half of FY15 compared to the first half of FY14. Mega Millions has not fared much better.

The amazing thing about this picture isn't that the lotto games are struggling to maintain sales growth. The amazing thing is that the lotto games stayed relevant and popular for s many years with practically no change to the product, marketing, or distribution! The odds matrix may change, the price for the Powerball ticket may go from $1 to $2. But other than that, the consumer is playing the exact same game they played almost thirty years ago. That kind of a product life-cycle is totally unique in the modern age of consumer markets - And was bound to require a refresh at some point, and it would appear that point has finally arrived.

There could be any number of reasons for the market pressure on the Jackpot games. One of the reasons, though, would certainly be the basic value proposition, i.e. the likelihood of winning.
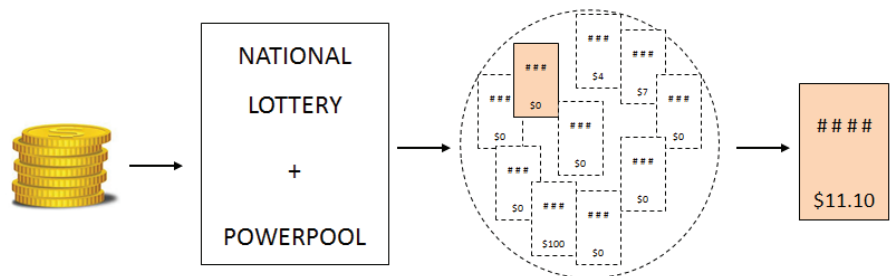
*This version has been simplified for proprietary purposes. Powerpool system at work: When a lottery ticket is purchased, the Powerpool computer-implemented method will introduce the lottery ticket into a pool of size 2 to 100 (here, of size 10). The player whose lottery ticket was not a winner can still received a payout due to the other tickets in the player's pool.

Consumers have intelligently addressed this challenge in the past by creating office pools to increase the odds of winning. If there are ten people in the pool, for instance, that increases the odds of winning by a factor of ten times. That's huge, right? Of course, that also means that a Jackpot of, say, $300 million is then split among all ten players. So instead of $300 million, the pooling players win $30 million. For most of us, $30 million is still a "life-changing" event!

Enter **Powerpool**, a tool that is built right into the game and enables the player to select an option that increases the odds to win a "life-changing" Jackpot. The next generation of lottery players, aged 18-30, has more access to information than any other generation in history and has been conditioned to look for deals and sales. From eBay, Facebook, Twitter, Instagram, Zipcar and GoFundMe, collaborative consumption is more mainstream than ever before. Millennials are driven by transparency, eco-consciousness and big-data technology, and are expecting a better value in purchasing goods and services than their parents. More than past generations, they seek out value propositions that make sense. So how do we apply this to playing the lottery today? By integrating the Powerpool option into the Jackpot games. **Powerpool** delivers the following benefits to the Lottery player and Lottery operator:

*"**Powerpool** is an idea whose time has come, and is poised to lead in this new era for the next generation of lottery players".*

- A computer-implemented method that allows a player to pool their ticket with other players, generally between 2 to 100 other players or tickets;

- A system that can either choose the pre-determined pool sizes randomly or as directed by the player;

- An automated routine that determines the winning tickets and payouts associated with each ticket in the pool;

- An integrated procedure performed by software programs such as R, C++ or SAS;

- A modernized, integrated system that can optimize sales and improve player participation by increasing the chance of a payout either with or without raising the price of a ticket;

- A patented solution that can be incorporated into any US national and international lottery game, such as Powerball, Mega Millions or Eurojackpot.

A simplified version of the **Powerpool** pooling method is depicted on the figure below. Using this system, the overall odds of winning are increased by the fraction of the pool size. The smaller the pool, the larger the actual prize of the single winning ticket. The larger the pool, the higher the odds of winning (but the share of the jackpot will be smaller because it is divided among the larger pool of players).

Lotteries depend on the higher-margin lotto games to make their budgets. Progressive lotteries are working hard to accelerate the pace of innovation. As Susan Golightly from CODEI points out, the lottery industry must adapt to the changing landscape where consumers expect agility, sophistication and integrated solutions.[1] And fresh ideas to engage the consumer and enhance the value proposition. When it comes to the Jackpot Lotto games, the consumer wants better odds that improve the chances to win. In 1989, *Back to the Future* looked twenty five years into the future. Well, the future has arrived. We are on the cusp to leap-frogging into a new era of gaming. **Powerpool** is an idea whose time has come, and is poised to lead in this new era for the next generation of lottery players. No matter what industry you are in, staying competitive and anticipating trends is the key to the future.

[1] Golightly, Susan (2105). *Is "Jackpot Fatigue" the Real Problem?* Public Gaming International. January/February 2015.