

Paula Otto

Executive Director, Virginia Lottery



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Paul Jason, Public Gaming: *Is it a stretch to say that Monopoly Millionaires' Club is the biggest U.S. game launch in almost twenty years?*

Paula Otto: Not at all. Lotto*America was launched in 1987 (Lotto*America becoming Powerball in 1992), The BIG GAME was launched in 1996 (becoming Mega Millions in 2002). There has been no new game launch of that magnitude since 1996, and that's almost 20 years. Of course, up until cross-sell in 2010, even PB and Mega were not national games. For its scale, vision, its national TV game show and promotional agenda, and the number of lotteries participating, Monopoly Millionaires' Club is the first truly national game launch that we have ever had.

Why wouldn't all states jump in with the initial October launch?

P. Otto: Lots of different reasons. Lotteries need time to get stakeholders' approval for the game, the rules, the regulations, etc. Lotteries need time to coordinate internally how resources are allocated and operations are focused to execute on the plan. Lotteries need time to coordinate externally with their advertising, promotional, and retailing partners to ensure the launch impact is optimized. The Monopoly Millionaires' Club launch is similar to the cross-sell launch in that there will be a first large wave of states in October. And then there's a second wave in Q1 of 2015, then more lotteries will come in as they are able. Virginia is in that second wave. Of course it's good to start a game with as much participation as possible, as many states as you can. With 20+ states to start and more to follow, Monopoly Millionaires' Club is off to a fabulous start.

PGRI Introduction: As the lead director for the Mega Millions Group, Paula Otto has contributed much to the incredible innovation-train that's been carrying the multi-state games to new heights. That innovation continues with the biggest game launch in the history of U.S. lotteries: Monopoly Millionaires' Club on October 19. It's not just the scale of this new national game. The vision and scope that includes multiple media, a national TV Game Show, and a wide variety of promotional tools, position it to bring in new consumer groups and add incremental sales to the \$70+ billion in U.S. lottery industry revenues.

The team effort includes all U.S. lottery directors and Scientific Games and GTECH and all the vendors. Continued progress, and effective execution of the Monopoly Millionaires' Club, will involve ongoing collaboration between forty-five lotteries and their vendors. Evolving the means to facilitate that process calls for vision to appreciate the benefits of such collaboration, and the recognition of the power of multi-state initiatives and to build truly national brands.

Director Otto was a member of the original team of people who worked to launch the Virginia Lottery back in 1988. As the Lottery's first Director of Public Information, she was responsible for shaping and protecting the Lottery's public image during those formative years. In 1997, Director Otto left the Lottery to accept a faculty position at Virginia Commonwealth University, eventually rising to the position of Associate Director of the School of Mass Communications. Eleven years later, in February of 2008, she was tapped to lead the Lottery as Executive Director.

Monopoly has so many moving parts, making it even more critical that the run-up to launch be planned and executed well.

P. Otto: Frankly, that has been done. This project has been years in development. It is extremely well thought-out. The steering committee, of which I've been a member, has worked very hard on many of the little details that make a big difference when you're launching a game of this magnitude. Of course, we realize we do not have a crystal ball that predicts every outcome, and have even planned for that.

The exciting and invigorating thing about Monopoly is that this is actually by far the biggest launch the U.S. lottery industry has ever had and it is being done from scratch: brand new game, brand new everything. Powerball (originally "Lotto*America") launched with just seven jurisdictions and Mega Millions (originally the "Big Game") was launched with six states. The scale of Monopoly is huge, and the entire project epic. The number and variety of component parts are exhilarating. Of course, there is the TV Game Show which has never been done on a scale like this, and that is incredibly exciting. I think the selection of Billy Gardell as the host is brilliant—he has a hit TV show and is a very skilled entertainer. And the game itself has more ways to play and win than anything we have ever done. There is a whole group of promotional elements surrounding the game, along with a well-orchestrated application of internet, social media, and Mobile initiatives to engage the consumer and augment the whole Monopoly Millionaires' Club player experience.

You are on the committee that is working on the Mobile apps and social media strategies, aren't you?

P. Otto: Yes, and it is truly a pleasure to work with everyone to bring these concepts to fruition. Think about the fact that there are forty five jurisdictions and no two are completely alike. So as we create all these value-added components to the game, to the promotional agenda, to the whole sphere of player experience which includes a big menu of Mobile, online, and social media tools, we need to do it in ways that allow each individual state to participate in the way that fits within their regulatory constraints, their gaming culture, their whole state-specific agenda. Of course it's a challenge - but it is interesting, it's fun, and it's getting done. It's an exciting opportunity to

build a brand from the ground floor and try to build into it all of the game-playing attributes that today's consumers expect.

Some of the great things you are doing for Monopoly could have been applied to Powerball or Mega Millions. But it must be hard to tinker with an existing multi-billion dollar franchise.

P. Otto: From the outset, we knew we wanted to integrate into Monopoly the entire range of exciting game attributes, promotional and consumer engagement strategies, Mobile and web-based initiatives, etc. We thought about all the things that the modern consumer might want in a lottery playing experience. We knew from the start that not all states would be able, or perhaps even want, to do everything that was available to them. So from the outset and to whatever extent possible, we designed the program to enable states to participate in those aspects of the promotional agenda that work for them, and not in those that don't work for them. We are able to do that because we are building the game and the entire apparatus that supports the game from scratch. For instance, the internet restrictions in some states are very limiting and that needs to be respected. There are some states that have restrictions on the application of Mobile even as a purely promotional medium. Some states may have restrictions that prohibit Second-Chance Draws. While all of the participating states have agreed to the basic operation of the game, they have some flexibility in how they'll use the internet and mobile components.

Powerball and Mega Millions are established brands, with established market positions and legacy consumer expectations as to how they're played, how they're promoted, and how they're distributed. We need to respect that legacy because consumers are supporting those two brands to the tune of \$8 billion a year. And from a practical standpoint, it can be an arduous process to change those games, but both groups are working to be more agile and to respond more quickly to consumers. And that is as it should be. What we're finding with Monopoly is that it's much easier to overlay social media, web-based promotions, TV game shows, and other innovations to a game from scratch than to experiment with the two biggest brands in the industry. So that's what we did. We created a cafeteria of options for states to be as innovative as they want to be with Monopoly Millionaires' Club.

But aren't you trying to develop a more national approach to brand management and advertising? That as opposed to Powerball and Mega Millions where each state has control over the messaging and even the brand.

P. Otto: States still retain autonomy with Monopoly. That's as it should be. But Monopoly has built into the cost structure of the game a budget for advertising that will be created and made available for states to use. The advertising and promotional campaigns are being done by the Creative Agency David and Goliath. They produced the famous "California Dreaming" commercial that won so many of the Batchy awards for best TV commercial last year. They have developed a multi-faceted campaign which includes TV commercials, but also a wide variety of new media and innovative promotional campaigns. And, yes, we do hope that as many states as possible will work together towards the goal of building a national brand, with some measure of consistency that will be the foundation for much deeper consumer engagement, and increased sales. This is a new game that will connect with consumers in ways that no other game is doing. It promises to bring in new consumer groups, to appeal to a set of buyer motives and play styles that are different from Powerball and Mega Millions. Applying all the tools and resources at our disposal to build a brand that connects with a national consciousness, a brand that reflects these ambitious objectives, means working together and thinking about the broader, national implications of everything we do. Maximizing sales and net funds to the beneficiaries of our in-state beneficiaries is the goal. But thinking big, building a national brand is the means to accomplishing it.

Media buys will continue to be done on only at the state level?

P. Otto: The TV Game Show is national, and it's the first national lottery TV game show ever. We expect the impact of this on Monopoly, and on consumer awareness of lottery in general, to be transformative. It is a collaborative effort, funded by the game itself, and so is, in effect, a "national buy." The Monopoly TV Game Show will include players from every Monopoly state lottery. Other advertising and promotion relating to Monopoly will be executed and funded at the state lottery level—but states will be able to use the national spot, so there will be consistency. At this point there has not been

any discussion about other national buys.

But there will be an effort to build consistency into the messaging and branding of Monopoly. There is one logo, for instance, that everyone will use. The messaging, branding, and advertising will be created for the national market but with the ability for states to add some local color.

On that topic of consistency, Scott Bowen commended you (in an previous interview) for giving an effective and eloquent voice to Mega Millions: "Paula Otto did an extremely good job of representing not just Virginia but the entire Mega consortium." From your Public Relations perspective, how important will it be to have consistency on the national media stage of Monopoly, or Powerball and Mega Millions too?

P. Otto: Lotteries are both a state business and a nationwide industry. I think it is always to our benefit as a state business to leverage any and all opportunities to build our image and brand as a national industry, to carve out a role for brand Lottery on the national stage. The obvious opportunity for that is when there is a big jackpot. That becomes national news and we try to take full advantage of those opportunities to reinforce the image of a national brand. But we shouldn't wait for opportunity to be presented on a silver platter. We should create our own opportunity. The Monopoly TV Game Show is one example of a proactive initiative to build national presence.

I do think it is vital that the U.S. lottery industry has a means of getting the message out there and become a part of the national conversation, to be a staple in the national media and not be so restricted to local media. I don't know that we need a single spokesperson to be the face of lottery. I just think we need to be more systematic in the way we go about the business of garnering national press and leveraging that to build nation-wide awareness for our brands.

To what degree are the three national games being managed as a single category, to work together synergistically for optimal overall results?

P. Otto: There is always the possibility of cannibalization between lottery games. As an industry, we are always keenly aware of the need to harmonize the products for optimal overall results. We have done extensive research for the introduction of this new National Premium Game and are confident that

it will appeal to a demographic profile and play-style that will bring in new consumer groups. We're confident that it will generate net overall increases in sales.

As regards to category management, my perspective is that it does not matter how the pie slices up as long as the aggregate total net revenues generated from Powerball, Mega Millions, and Monopoly continue to grow. That fulfills our mission to the good causes that lottery supports.

Right now, the business of launching Monopoly Millionaires' Club is getting our focus. As time goes on, we will certainly be assessing the market-response to Monopoly and look at ways to enhance the overall results of all three national games. I expect that will likely involve deep analyses into how they work together in the marketplace and how we might differentiate and drive synergies between the brands, and how we might otherwise evolve the brands to drive further growth in the category of national draw-games.

What makes the Monopoly Millionaires' Club so different from Powerball and Mega Millions?

P. Otto: It's not a "jackpot" game. Monopoly is a numbers/draw-based game which has a top prize and then lots of million-dollar prizes. The whole dynamic is different than the jackpot-driven games of Powerball and Mega Millions. Consumers often ask why the \$400 million jackpot couldn't be used to create 400 millionaires instead of one "mega" millionaire. We know there will continue to be many players whose behavior will be driven by the high jackpots. And that's fine. But this game will appeal to the consumers who want better odds to win a million-dollar prize instead of the mega-jackpot prize. Monopoly does have top prizes that are still very attractive: The prizes will begin with a \$15 million Top Prize and ten \$1 million Club Prizes. If the Top Prize is not won, it will continue to increase in value for each subsequent draw up to \$25 million. Then, if no one wins the Top Prize, all additional prize monies will create additional \$1 million Club Prizes until someone wins the Top Prize. But as the game continues to roll past the top prize, the ongoing game revenue goes towards the creation of more and more one-million dollar prizes instead of driving the top prize higher and higher. The tagline that we are excited about, and feel that the consumer will be excited about, is the notion

of a "Shower of Millionaires." It is a different kind of game, appeals to a different play-style and motivation than the jackpot games, and that's why we are confident that it will bring in new consumer groups and have minimal cannibalization impact on Powerball and Mega Millions.

And as we have already talked about, Monopoly Millionaires Club has an incredible array of innovative promotional campaigns to engage consumers in whole new ways. The breadth and scale of this project is unlike anything that has ever been done in the U.S. lottery industry.

Monopoly represents a new high-water mark for innovation in the U.S. lottery industry. How can the momentum be maintained, even accelerated, going forward?

P. Otto: We have come a long way over the past four years. Cross-sell, then \$2 Powerball, now Monopoly Millionaires' Club. Seeing all these things come to fruition causes me to feel very positive about the ability of state lotteries to work together. Can we do better, can we try to move faster? Absolutely we can and we are constantly working to do so.

The challenge of getting forty-five jurisdictions and multiple vendors to work together, make decisions together, vet proposals and decisions with countless stakeholders, and coordinate the action-plans that actually result in new products and strategies, is that it requires time. Combine that with the fact that the complexity of the games and promotional strategies, and the business in general, has become more and more complex. The nature of our business is that we can't market-test beta versions of a product. We have to research and test to whatever extent necessary to ensure that it is perfect right out of the box. That is a tall order, and it is not accomplished in weeks or even months.

Innovation and change creates uncertainty, and we need to mitigate that uncertainty as much as possible. It's been observed that this is a risk-averse industry. Well of course it is. We simply can't afford to do anything to jeopardize the value of this brand. Even a minor oversight that results in a mistake could cost us literally billions of dollars in brand equity. We are very serious about increasing the speed from concept to market, but we won't compromise the rigor of our planning and testing, or jeopardize the brand, in order to do that.

Now that Mega Millions and Powerball are both sold in all lottery states, why is it still necessary to have two separate management groups for those two games? Why not reconstitute as one single management group?

P. Otto: The MUSL model is quite different than the Mega Millions model. There are Mega Millions directors who feel strongly that the volunteer system and limited budget that we operate under works well and there may not be a reason to change it. MUSL is an organization with three times as many members as Mega Millions and MUSL serves its members well. There are material

differences between the two different decision-making models. I would not say that one is better than the other. But I would say that it may be difficult to reconcile those differences to the satisfaction of all forty-five lotteries. I think it's time to look toward a new "third" model of governance.

As we just discussed, the challenges of getting forty-five lotteries, the vendors, and the stakeholders to all agree on every single point of action is difficult. Those challenges will continue to exist, though, regardless of the governance structure. I think the U.S. lottery directors have done quite well at shep-

herding this industry along, and working together to build the national games into the \$8 billion dollar revenue stream it is now and the foundation for even more growth in the future that it represents. We will continue to discuss ways to enhance the process of game management and innovation. And that will include discussions about governance. In the meantime, we will collaborate and work together as we have always done, and continue to innovate and bring new games and promotional strategies to market that will drive sales and net profits for Lottery beneficiaries. ♦