



Bishop Woosley

Executive Director, Arkansas Scholarship Lottery



PGRI Introduction: The Arkansas Lottery was an early and progressive adopter of Players' Clubs and Loyalty Programs. Since I see these as being key to turning the anonymous relationship that the land-based consumer has with lottery into the interactive relationship that enables a fully integrated Customer Relationship Management (CRM) approach to increasing sales, I asked Director Woosley to share their experience and his views about where we go from here with social media and CRM.

Another query I had focused on the product mix. The Instants category comprises over 80% of AR Lottery sales, testament to the effectiveness of their CRM approach in that space (and, to be sure, other things like product development, creative promotions, and distributional effectiveness). Next up: building the draw games category with a new in-state game and hopeful expectations for a new "premium national" game.

Paul Jason, Public Gaming: *The Arkansas Scholarship Lottery has a fabulous website. How have your initiatives in social media (Facebook and Twitter) evolved and how have they contributed to sales (directly or indirectly by enhancing consumer engagement etc.)?*

Bishop Woosley: Our social media sites are still in their infancy. We just launched Facebook and Twitter pages five months ago, and we're planning to start Foursquare soon. We're using social media as a vehicle to grow brand awareness and see it as an opportunity to have direct engagement with our players, to gain feedback about games and programs, and to answer questions. We have metric indicators – number followers, level of fan interaction and amount of traffic to the ASL website – that can show us how well we are doing, but what's not so obvious is how it directly affects our bottom line. We haven't run a campaign exclusively on our social media sites that we can directly attribute a sales increase to. We're seeing steady growth in our fan base, but we're working on developing promotional campaigns and implementing Facebook sponsor ads to help us grow even faster. We're still learning, but what we do know is that

social media requires us to communicate a little differently than we are used to, using more of a human touch, and that we have to embrace feedback and be responsive.

You were a pioneer in second-chance draws and aggressively promoting players' club and player registration. How have those evolved over the past year and what is the next step for integrating the internet into the promotion of the traditional lottery products and engaging the consumer in general?

B. Woosley: Properties Plus Program plays a key role in that. Part of it has become the centerpiece in the Arkansas Lottery's Player Loyalty Program:

- Play it Again™ (PIA) – PIA™ is a second chance drawing to win the top prize on an instant game. Players can enter their non-winning instant tickets into the Players Club and they will get an entry into the Play it Again™ drawing. This allows the Lottery to sell, for a limited time, games that no longer have a top prize remaining. We typically send out an end of game announcement shortly after the last top prize has been sold for a game.
- Points for Prizes™ (PFP) – All non-

winning instant tickets and all terminal-generated tickets can be entered in The Club to earn points that can be redeemed for fabulous merchandise or drawings. Our online store offers camo hats to flat screens in exchange for points – delivered free to your home. Points drawings offer a chance to win larger prizes such as trips, vehicle, or merchandise. Our PFP™ program welcomed Draw Tickets this January. Every month we offer a point multiplier between 2x and 10x for our game of the month. Special Second Chance Promotions – In addition to getting an entry into PIA™ and earning PFP™, certain licensed instant games also get an entry into a special second chance promotional drawing to win experiential prizes such as a trip or vehicle, or a package of licensed merchandise.

- Licensed instant games the Lottery has used to offer a second chance draw promotion were:

Harley = Davidson®
(by the end of summer, 8 Fat Boys)

Monopoly™

World Poker Tour®

The Price is Right®

(Play with Todd Newton in Las Vegas)
The Wheel of Fortune®
(Hollywood with Pat and Vanna)
Run for the Roses®
(Kentucky Derby trip)

- Second chance promotions coming this fiscal year include:

Family Feud®
(Kiss the Host in Las Vegas)

Mardi Gras™
(Mardi Gras VIP Trip)

American Muscle™
(Build your own Muscle Car)

- In addition to using licensed property instant games, we took four lucky players on a shopping cart dash at the Points for Prizes warehouse in Chicago.

We are one of four states offering Decades of Dollars draw tickets. To Decades players, we offered a special second chance draw promotion featuring \$20,000 worth of Bass Pro Shops® gift cards and an outdoor adventure trip to Big Cedar Lodge® in Branson.

• Player's Club Statistics as of 7/2/2012:

- Players registered – 256,826
- # of tickets entered into club
-77,591,440
(27.3% of eligible tickets)
- Points booked – 1,303,094,264
- # of items redeemed – 108,541
- Value of items – \$12,978,209
- Points for Drawings- 20 draws and counting, with 4,684,338 entries for 62,886,450 points and total prizes given away were valued at \$229,044

Where do you go from here with Loyalty programs?

B. Woosley: The Arkansas Player's Club membership continues to grow, and we continually see untapped potential around every corner. The Arkansas Lottery Commission is excited about building on existing programs for increasing player satisfaction, maintaining and expanding our player base, and increasing sales. While continuing existing player opportunities, we'll next move outside the box with promotions for terminal-generated games. We'll target not only products, but also their purchase price to

qualify for second chance drawings. We are also focusing on Arkansas-produced merchandise (like Aloha pontoon boats, made in North Little Rock), trips within Arkansas (can we partner with Arkansas Parks?) and Arkansas events as experiential prizes.

We also consider our social media efforts (Facebook, Twitter, emails to Club members, Smart Phone apps), to be a strong part of the success of this program.

How do you measure success?

B. Woosley: The Arkansas Scholarship Lottery is growing. Our player base, our sales, and our scholarships are growing every year. The direct cause-and-effect relationship between our marketing efforts and the end results cannot be precisely measured. We do have statistical analyses in place that continue to convince us our Players' Club, Loyalty Program, and social media initiatives are contributing to our success and have a positive ROI.

The Arkansas Lottery has a mobile application. How does that work and how does it contribute to your objectives?

B. Woosley: We launched our first mobile application two years ago because we knew it would be a great marketing tool for our online games and realized that there was significant growth in the number of smart phone users in Arkansas. Since 80% of the users logging onto our website from a mobile device are doing so through an iPhone, we developed an application for that device first. Below are the main features of the iPhone application:

- 1 Display of online game winning numbers and jackpots.
- 2 Display of the closest lottery retail locations based on current geographic location.
- 3 Access to The Club/Points for Prizes websites.
- 4 Online game push notifications which allow users to create customized alerts of winning number results (received like a text message) each time a drawing occurs.

Through the application, we have improved winning number communication of our online games and provided added value to our players through features like the retailer locator. To date, we've had over 17,000 downloads of our iPhone application and we see that number growing daily.

We plan to continuously enhance the application; right now we're in the process of adding customizable jackpot notifications and are looking at integrating scanning technology so that players can enter tickets into our loyalty program more easily. We're also expanding our mobile footprint – we've recently added an Android application and are working on the development of our mobile website. Throughout the next fiscal year, mobile marketing will continue to be an essential part of our marketing strategy.

What is the future of the internet channel for the distribution of lottery products in the Arkansas Lottery specifically?

B. Woosley: The sale of lottery tickets over the internet is currently illegal in Arkansas. Whether that will ever change remains to be seen. As a staff, we are approaching this issue in two ways. First, we are monitoring what other states are doing with internet sales and making note of the successes and failures along the way. We want to be as informed and prepared as possible in the event that our law ever changes. Secondly, we are making every effort to place ourselves in a position where we can compete with bordering states that may implement internet ticket sales. We will use our social media websites and our players club website to introduce our players to interactive games for fun. We will also continue to evaluate our current catalog of instant and draw games to ensure that our players remain interested and satisfied with what we have to offer in Arkansas.

U.S. lotteries have made tremendous progress over the last two years. Two of the most important initiatives have involved the multi-jurisdictional jackpot games. First, cross-sell and then "more, bigger, better" Powerball. The results appear to indicate that the changes to the multi-jurisdictional jackpot games have been very successful. Could you assess the results of cross-sell and \$2 Powerball for the Arkansas Lottery?

B. Woosley: We introduced Mega Millions several months after Powerball in Arkansas. I believe that Mega Millions was still a relatively unknown game in Arkansas until the huge jackpot in March of this year. Before that, our Mega Millions sales lagged behind Powerball sales, even when the Mega jackpot was higher. Since that time, our Mega Millions sales have

seen a steady increase. I think that increase is proof of the impact that a huge jackpot can have on a game. That jackpot made our players take notice and compelled people who had never purchased a lottery ticket in their life to walk up to a retail counter and ask for a Mega Millions ticket. I think the jury is still out on the Powerball price change. Our sales have increased, but our PowerPlay percentage has dropped and we have yet to see the jackpots grow to the projected amounts.

The future: What more can be done, either by your individual lottery, or by MUSL or the Mega group, to improve the performance of the two big games (PB and Mega)?

B. Woosley: The two big games are driven primarily by large jackpots. Obviously, we have no control over that. In light of the decrease in our PowerPlay percentage, I would like to see an add-on feature to Powerball and/or Mega Millions which would encourage the players to select the PowerPlay or Megaplier by giving the player a second-chance play or internet play opportunity. I think something along these lines is being considered by the groups.

In Arkansas, the players have shown an overwhelming preference for the instant games. Our sales for instant tickets in Arkansas are over 80%. Part of that is strictly based on the fact that our players prefer the instant gratification of knowing immediately if they won a prize. I believe the other part may be based on an intimidation factor where our players may not know how to play some of our draw games or know what to ask for at the retail counter. We have launched an initiative to educate our players on what draw games we offer, where to find a playslip, how to fill it out and how to play the games in general. We are introducing "how to" videos on our website and through our social media sites to educate our players about our draw games, including Mega Millions and Powerball. We have also shifted some of the focus of our advertising from instants to draw games in hopes of raising awareness of the current jackpots and the types of draw games we offer. In mid December, we will be rolling out a new advertising display in 600 of our retail locations that will contain lottery controlled content such as our monthly instant game launches, jackpot alerts, winner awareness and any promotions that we may be running

that month. We are hopeful that we will see a sales lift in those locations.

What do you envision as the next frontier for multi-jurisdictional collaboration?

B. Woosley: The National premium game obviously has been the focus of the group for some time now. The challenge has been to create a concept that everyone can agree on, which is not an easy task. Being new, I have not been privy to all of the development and discussion regarding this game. I am hopeful from what I have seen lately that the game will launch in the spring of 2013 and will be successful. Beyond that, I think the greatest challenge that we will face from a multi-jurisdictional standpoint is how to plan and create national-style games in the wake of the DOJ opinion. We now have a situation where states that have very few restrictions as to what games they can play or where they can play are collaborating with states that have a litany of restrictions as to what games they can participate in and how or where they can sell those games. The future success of the multi-state collaborations will depend on the member jurisdictions being able to find some common ground that allows all member lotteries to participate in the games.

What product, promotional, or distributional innovations do you expect to have the most impact over the next 18 months?

B. Woosley: Nationally, I am hopeful that the national premium game will be successful. In Arkansas, we will be launching the Natural State Jackpot in late August of this year. Since inception our players have been asking for a draw game in Arkansas similar to the Mega Millions and Powerball games. The Natural State Jackpot will be a 5 digit Lotto style game with 6 draws a week with an average jackpot of over \$150,000. We are hopeful our players will be drawn to this game based on their increased odds of winning a large jackpot and the fact that the prize winners, more often than not, will be from Arkansas. And, as always, we will continue to pursue retailers from the Mom and Pop operations to the larger chains and big box stores. Increasing and maintaining our retailer base is the most sure-fire recipe for increasing sales.

The future: What do you see as the most important player/consumer trend-lines in lottery and gaming in general? What is the Arkansas Lottery doing to turn those

consumer trend-lines into increased lottery sales?

B. Woosley: For Arkansas, our focus is on building a loyal base of repeat players. Our Player's Club has a tremendous impact on building player loyalty. We recently added draw tickets to our player's club and we hope that addition will drive our draw ticket sales in the same way it has impacted our instant ticket sales. In addition to traditional retail locations, in the future we need to find new ways to market and sell our lottery products to the generation of players in their 20s and 30s. The traditional lottery games of chance do not translate well to this generation. Our challenge will be finding ways to reach and captivate this generation with our products.

Which products or categories have the most positive trend-lines? Any surprisingly successful advertising or promotional campaigns to report? How will the results of 2011/2012 inform or guide your strategies over the coming year?

B. Woosley: The past 12 months have been a tumultuous time for the Arkansas lottery. In the course of two months in the fall of 2011, we lost our Director, both Vice Presidents and our CFO. Our record breaking scholarship proceeds and sales numbers are a testament to the quality of our staff. We are up across the board on both our instant and draw tickets. The biggest take I have from this past year is that our focus on educating our players about our draw games is working, that our instant ticket program is healthy and that our Player's club is having the desired effect of encouraging loyalty among our players. We will continue along that path and work to fine tune and tweak both our instant and draw ticket programs. ♦