



A Fresh Look at Lottery in the Mountain State

The West Virginia Lottery charted a growth path by strategically re-evaluating everything from its product mix and price points to sales incentives and retailer communications. Lotteries of any size can follow suit.

Since its inception in 1985, the West Virginia Lottery has contributed more than \$9.5 billion to improving education, the quality of life for senior citizens, and tourism that showcases the natural beauty of the Appalachian region. Beginning in fiscal year 2013, regional economic slow-down has driven lottery sales and transfers lower year-over-year and spurred the Lottery to explore the best ways to revive sales.

In response, the Lottery's operational teams considered a broad range of new approaches and implemented a program of growth initiatives, with promising results. Many of the same elements can be adapted by other lotteries to fit their needs.

"We have a duty to generate funds that benefit West Virginians, so we charted a new path to do something different. IGT approached us with a variety of tools. We also looked at other lotteries and relevant businesses, and used this information to spearhead a strong product plan. We then worked closely with IGT to create a customized sales plan that was good for our retailers," said Tommy Young, Deputy Director, Marketing, West Virginia Lottery.

"Every jurisdiction is different, but we decided that while finding new and different ways to attract players, there was no better time to speed up growth opportunities by going back to the basics and taking advantage of strategies and ideas that have been successful for others," noted Michael Thaxton, the Lottery's Product Development Manager. "We looked at the business environment from every angle and tried to find the best way to execute from each unique stakeholder's perspective — retailer, player, vendor, and the State."

Instant Wins

Recognizing the need to adjust the product mix, which heavily featured games in the \$1 to \$3 price-point range, in October the Lottery kicked off a program of aggressive growth initiatives with a

focus on instant ticket sales. Shortly after the introduction of a \$10 and a \$20 game, the Lottery's marketing team consulted with specialists from IGT to assess player needs and introduce corresponding changes to the instants portfolio. These have included additional facings of high price point games, the introduction of new game types with prize wins more appealing to casual and core players alike (for example, games with more mid-tier prizes or games with no breakeven or high top-prize), as well as a selection of spotlight games.

"The Lottery looked at players' preferences and feedback to determine how the instants product and price mix needed to evolve. With some strategic shifts, we are seeing a reversal in the negative sales trend," noted Michael Kumar, IGT Senior Director, Same Store Sales, whose team worked with Thaxton and the rest of the Lottery's marketing team to analyze, optimize and rebalance the instants portfolio. The portfolio changes have yielded a seven percent year-over-year instant sales increase in the six months since the initiatives began last October.

A Program of Strategic Actions

To fully realize the potential of the new products, the Lottery carefully coordinated product, marketing and sales activities in collaboration with IGT's West Virginia sales team, corporate Same Store Sales and Retail Sales & Execution teams on action plans to execute a strategic sales plan to support the games.

"Along with introducing a new game approach, we're also working with everyone who touches the games. We want to get them excited," noted Young. "This includes helping our sales reps work with retailers to introduce new games and helping retailers communicate with our players."

"With the teams from IGT, we've been making a series of changes in the field to help make sure the new product plans are successful," said Senior Marketing Specialist Kayla Brown, who oversees retailer

How did West Virginia achieve 7% growth?

- Re-evaluate price points and product mix
- Introduce spotlight games
- Enable partial-pack returns
- Launch product education and training
- Enhance retailer and lottery sales representative incentives
- Increase new game activations
- Increase facings
- Create new communications
- Refine focus on corporate accounts
- Optimize lottery sales routes
- Launch new branding and merchandising

relations and corporate accounts and is involved in managing the Lottery's retail promotions and incentives programs.

Within the span of a few months, the Lottery implemented the following elements of a wide-ranging action plan:

Product Education and Training.

A series of training sessions gave IGT sales teams access to lottery sales data for their retailers and a 360-degree view of lottery to support them in initiating more productive conversations with retailers. "The sales team is expanding their vision of what they do," noted Danielle Davis, Manager of Sales Enablement, IGT, who tailored the modules for the group and worked to deliver the training. "These sessions let them practice more of a consultative role and set them up to have better opportunities to interact with retailers."



West Virginia Lottery sales representatives discuss sales-driving initiatives through retailer role play exercises.

Changes to Incentive Programs. In the past, lottery sales incentive programs were primarily based solely on draw game and instant sales. With the changes to the instants portfolio, incentive programs have been refocused on specific instant ticket games that are critical to the Lottery's growth plan, with goals aligned across telemarketing, field sales and retailers.

The scope of retailer incentives has also expanded to reward both sales growth and other behaviors to enhance lottery relevance to both the retailer and the player at the point of purchase. Strategies such as rewarding retailers for double facing certain instant ticket games in anticipation of an upcoming game have yielded a guaranteed spot in the bin for new "spotlight" games as they hit the market; contests for retailers to drive faster instant ticket pack activations and validations have helped move games out of the bin and eliminate stale inventory; and corporate account incentive programs have enhanced sales across many stores at the same time, and also improved relationships with players by encouraging retailers to explain the benefits of the games to lottery players.

Increase New Game Activations. Sales representatives out in the field aren't the only ones who can encourage retailers to get new games out more quickly. Along with new training, IGT instituted a

contest for members of the inside sales team, who can win monthly prizes for hitting their goal and have an additional opportunity to win with a quarterly drawing.

Increase Facings and Enable Partial Pack Returns. The Lottery is working on improving penetration not just by facing a game once, but sustaining a continuous presence at retail. And this is where enabling partial-pack returns and reducing pack sizes for high price point tickets brings value to the Lottery's ability to assist retailers in driving the business, noted Kumar.

New Communication Pieces. To strengthen awareness across the lottery value chain, the Lottery has begun issuing infographics and other focused pieces to share valuable information about games and related topics with sales representatives and retailers. These pieces — for example, highlighting the selling points of a new game or winner awareness — have proved to be so popular with retailers that many of them now display them for their players. "Retailers really liked that the benefits of instant games were easy to understand, concise and ultimately assisted players, so they did not have to answer questions that were tied to purchasing decisions," said Davis. In addition, the Lottery broadened the focus of its retailer communication and sales aid, "Launch Pad," to include

ASK FOR THE SALE!
Late April Instant Tickets

965 FLAWLESS FORTUNE

OVER \$6,000,000 IN PRIZES!

Awsome payout
Tons of play area, providing players with a fun and valuable experience
Two pulses, keeping the game fresh and giving players a chance to play longer
Supported by a robust advertising campaign
Attractive design with rich metallic and fluorescent colors

GAME OVERVIEW
Play style: Key number match;
Bonus area play style: Match 3
Features: 20X and 10X features; Two bonus play areas for more chances to win
Top prize: \$150,000
Payout: 12.04%
Odds: 13.53
Price: \$20

Game

Game Overview

Selling Points

\$2 962 — RED WHITE & BLUE

Play style: Key number match
Top prize: \$7,000
Payout: 64.04%
Odds: 16.20
Features: Tripler feature

- Veterans ticket
- Patriotic look and feel just in time for Memorial Day. Players can support WW Veterans by buying a bunch to pass out to family/friends at their Memorial Day celebrations. Gives retailers a great opportunity to Ask for the Sale!

\$1 950 — TIC TAC TOE

Play style: Tic Tac Toe
Top prize: \$1,000
Payout: 61.03%
Odds: 15.33

- Easy and quick to play and win
- Familiar game play style makes this a great ticket for any who play, including people who do not generally play Scratch-offs.

articles about effective lottery product retailing and other topics of interest at retail, while still providing new game introduction, alerts and promotional information.

Corporate Accounts. The Lottery recently entered a new partnership for the sale of Travel Keno with the Buffalo Wild Wings chain by using data and analysis from other jurisdictions to help establish sales goals and expectations for this new relationship with the Lottery. Moving forward, the Lottery will continue to use IGT's proprietary Retail Market Insights (RMI) database, which shows retailer performance in West Virginia relative to other states, to help identify opportunities for growth with new retail chains, as well as the potential product expansion with the current network of corporate accounts.

Optimizing Routes. To help reduce drive times and give the 16 sales representatives more time with retailers, the Lottery will carry out a program of route optimization. In a preliminary exercise, new sample routes led to 9,800 fewer miles traveled by the team, a routing efficiency that eliminated more than 238 hours of redundancy in just one month. All sales territories were re-evaluated to better align call frequency to ensure that top-selling retailers received visits by representatives more frequently. Mapping software was then used to ensure that these visits also resulted in greater travel efficiency. New routes were established, which ultimately decreased the total distance traveled by representatives by approximately 20 percent from current routing schedules. In addition, the optimization

project will result in more equitable routes, meaning that no single sales representative will be overly burdened in comparison to his or her colleagues. This new sales protocol is expected to continue growth potential and provide representatives with more time for meaningful sales-driving conversations and initiatives.

Looking Ahead

In its commitment to operating with integrity and efficiency, the Lottery is continuing to advance its retail sales and execution practices along with other efforts to save time and money, helping to spur growth and transfers to good causes. "We're now creating a refreshed brand campaign, as well as pushing for better merchandising and support for winner awareness," noted Sara Harpold, Advertising Manager, West Virginia Lottery. Following its upcoming central system conversion, the Lottery will also have more advanced business-intelligence reporting capabilities, an enhanced ESMM system to enable more powerful communication messages, and other tools to drive growth for the future. Together, the changes should help keep the view from the Mountain State bright. ■

