

## Minutes of the Lottery Advisory Commission

June 28, 2021

### Attendance

A meeting of the Lottery Advisory Commission (Commission) was held from 10:03 a.m. – 11:00 a.m., on Monday, June 28, 2021. Representing the Commission were Mr. Mike Rud (Chairman), Mr. Russ Hanson, Representative Karla Rose Hanson, Senator Nicole Poolman, and Representative Emily O'Brien. Representing the North Dakota Lottery (Lottery) were Mr. Randy Miller, director, Mr. Ryan Kopy, sales and marketing manager, Ms. Missy Steele, administrative staff officer, and Ms. Jessica Seibel, administrative assistant. Representing Scientific Games International were Mr. Dan Moran, general manager for North Dakota and Ms. Candra O'Brien, field service manager. Representing KK Bold were Mr. LaRoy Kingsley and Ms. Ashley Eggl.

### Approval of Minutes

Commissioner Poolman made a motion to approve the minutes of the March 25, 2021 meeting. Commissioner R. Hanson seconded the motion. The motion passed 5-0.

### Overview of Player Research

Mr. Kingsley and Ms. Eggl presented the findings from the 2021 ND Lottery Research Survey. There was not a drastic change in playing habits since research began in 2013. KK Bold recommends continuing to offer a variety of both high odds/lower prize winnings and low odds/higher prize winnings to attract both groups of lottery players. However, given the respondents' feedback, it does appear the games offering high odds/lower prize winnings are more attractive for the consistent/loyal players.

Respondents felt it was important to play games that were easy to understand and within a few miles of their homes. KK Bold recommends continuing to focus on ease of play and close to home messaging by promoting the Players Club, Pick & Click online play, and the mobile app.

73% of respondents said they were aware of the North Dakota Lottery Players Club and of those respondents, 72% are currently a member. KK Bold recommends continuing to promote the specific benefits of a Players Club membership to keep increasing awareness of the Players Club itself and increase membership numbers. Reinforcing details like "free to join" will help educate non-members that although they may not play regularly, their points when they do play can add up to earn them benefits, they otherwise would not get.

63% of respondents were aware of the Pick & Click online play service. KK Bold recommends continuing to include campaigns focused on increasing the Pick & Click online play service while also promoting ease of use and its benefits.

58% of respondents reported they were aware the North Dakota Lottery has a mobile app and 67% of those respondents reported they have downloaded it. KK Bold recommends continuing to promote the specific benefits of the mobile app including its features and the ease of use. By incorporating the mobile app into all promotional messaging, the Lottery will be able to increase awareness. Offering mobile app specific incentives will also motivate players to download the mobile app.

Additional recommendations from KK Bold include continuing to implement a media mix of both online and traditional platforms to maximize efficiency and effectiveness; granting KK Bold access to promote sponsored ads on social media to allow for more well-rounded social media campaigns; and starting an Instagram account.

Mr. Kingsley and Ms. Eggl left the meeting at 10:30 a.m.

Ms. Steele joined the meeting at 10:40 a.m.

#### Overview of Revenues and Expenses for Quarter Ended March 31, 2021 and Sales Activity for April and May 2021 (unaudited)

Mr. Anderson was absent. Tabled to the next meeting.

#### Overview of Marketing Activity and Short-Term Marketing Plans

Mr. Kopyy presented the overview of marketing activity and short-term marketing plans. The North Dakota Lottery Players Club currently has 41,149 registered members. The following prizes were given away to players through the Points for Drawings program: five Apple iPad bundles on March 23, 2021; one outdoor patio package on March 23, 2021; ten free one year Mega Millions with Megaplier Pick & Click online plays on April 13, 2021; two yard care packages on April 13, 2021; five Cricut Maker electronic cutting systems on May 11, 2021; five Briggs & Stratton pressure washers on June 9, 2021; two DeWALT 4-tool combo kits on June 9, 2021; and one 2021 Yamaha Viking EPS on June 22, 2021.

There are three Points for Drawings promotions in progress: Bose noise cancelling headphones, Apple MacBook Air, and electronic entertainment package (LG 65" OLED TV, LG 5.1 2-channel soundbar system, and Crosley full size Bluetooth jukebox with stand).

Upcoming Points for Drawings promotions: Apple watch, Lucky for Life Pick & Click online play (273 draws), Powerball with Power Play Pick & Click online play, \$1,000

cash/Powerball First Millionaire of the Year semi-finalist entry, iRobot Braava wet mop, touchscreen Karaoke system and Troy-Bilt snow blower.

The Mother's Day promotion ran May 1 through May 31, 2021. Players could save 15% on their entire Points for Prizes cart purchase by using the promotion code MOM2021. This was a multi-use code which players could use multiple times throughout the promotional period. The promotion code was used 53 times by 46 individuals with 109,808 points saved. This was a 102.4% increase in points saved and a 65.6% increase in code usage when compared to the 2020 Mother's Day month long promotion.

The Father's Day promotion runs from June 1 through June 30, 2021. Players can save 15% on their entire Points for Prizes cart purchase by using the promotion code DAD2021. This is multi-use code which players can use multiple times throughout the promotional period. Full promotion results will be available at the next Lottery Advisory Commission meeting.

The 2by2 7 Draw promotion ran February 7 through March 6, 2021. The qualifying purchase was a single play, 7-draw 2by2 ticket for \$7. With the qualifying purchase, players were eligible to instantly win a free 7-draw 2by2 ticket or \$500. Winners were chosen at random. Total promotion sales were \$699,099, a 2by2 promotion record (5.9% higher than the 2019 promotion). The promotion saw an overall increase in weekly sales (compared to the 26-week, weekly average) of 86.1%. By far the Lottery's best 2by2 promotion to date. The 12-week post promotion analysis showed 2by2 sales increased 10.4% compared to the 26-week, weekly sales average prior to the promotion.

A "Buy \$10, Get a \$2 Discount" Pick & Click promotion ran March 1 through March 31, 2021. This promotion was available every Monday, Wednesday and Friday in March 2021. All new Pick & Click purchases and/or extensions of \$10 or more were eligible for the discount. Players spending \$10 on any game or combination of games on Mondays, Wednesdays and Fridays received a \$2 discount upon checkout. For each increment of \$10 spent (e.g. \$20, \$50, etc.), a \$2 discount was applied to the Pick & Click player's cart at checkout. For example: \$20 spent received a \$4 discount and \$50 spent received a \$10 discount.

Total promotional sales reached \$106,429 with players receiving \$28,368 in discounts. March 2021 sales reached \$226,886 (33% increase when compared to February 2021 sales). Sales increased 70% when compared to March 2020 sales. Prize/discount expense was budgeted at \$25,000. Total discount cost expensed to marketing was \$28,368. The advertising expense was budgeted at \$40,000. The total advertising cost expensed to marketing was \$34,118.09.

The Lucky for Life game will change on July 19, 2021. Lucky for Life will move from drawing on Mondays and Thursday, to drawing every day of the week. This is the

only change. The matrix, cost per play, prize tiers and odds will all remain the same. A new promotion, “More Luck 4 Le\$\$ Buck” will run July 16 through August 14, 2021 in conjunction with the game change. The qualifying purchase is a single play, 7-draw Lucky for Life ticket – \$14 value will receive a \$4 discount. That’s seven chances at \$1,000 a day FOR LIFE, for just \$10. Advertising costs are tentatively budgeted at \$110,000 (including production, point-of-sale, LIMs, TV ads, Midco OTT/CTV ads, radio ads, social media content, billboards, YouTube and Google online display). This includes the production of a 30 second animated TV ad for the new Lucky for Life game. The TV spot can be used in conjunction with a promotion or on its own as a branding spot. The discount expense is budgeted at \$30,000.

The Powerball game will change August 23, 2021. Powerball will add an additional draw day, Monday. Beginning August 23, Powerball will draw three times a week – Monday, Wednesday, and Saturday. This is the only change. The matrix, cost per play (including Power Play), prize tiers and odds will all remain the same. No promotion will run for this game change. The advertising costs are yet to be determined, but will be minimal (production, POS, LIMs, and social media content).

Cash Dash is tentatively scheduled to run from November 7 through December 4, 2021. The qualifying purchase will be one of each of the North Dakota Lottery’s games with multipliers (Powerball with Power Play, Mega Millions with Megaplier, Lotto America with All Star Bonus, Lucky for Life, and 2by2) for \$11. With the qualifying purchase, players will have a chance to instantly win \$5, \$20, \$100 or \$500. Cash Dash instant winners will be chosen at random. The prize expense is budgeted at \$30,000 in instant prizes. The advertising cost is budgeted at \$80,000 (production, point-of-sale, TV ads, radio ads, YouTube pre-rolls, Midco OTT/CTV ads, digital billboards, and Facebook).

#### Consideration to Increase the Weekly Wager Limit from \$100 to \$200 for Pick & Click Online Play Purchases

Ms. Steele presented why the wager limit should be increased to \$200. She noted that every so often players have been requesting to increase the weekly wager limit. The Lucky for Life drawings will be held every day of the week and Powerball will be adding the Monday draw day. With these changes, more players are going to reach their \$100 weekly limit sooner. During big jackpot runs, the requests from players to increase the weekly limit is received more often because of group play. Commissioner R. Hanson made a motion to increase the weekly wager limit to \$200. Commissioner Poolman seconded the motion. The motion passed 5-0. Mr. Miller will present the recommendation to Attorney General Stenehjem for final approval.

Commissioner R. Hanson and Ms. Steele left the meeting at 10:50 a.m.

## Omnibus Items

Mr. Miller provided the following report. Fiscal year 2021 sales have rebounded from fiscal year 2020. For the first 11 months of the fiscal year (July-May), unaudited ticket sales totaled \$28.49 million which is a \$6.12 million increase or 27.36% compared to the same period last year. With June sales projected at \$2 million, the Lottery is expecting total fiscal year 2021 sales of approximately \$30.5 million.

The legislative session was relatively quiet for the Lottery. Senate Bill 2283, the Office of Attorney General technical amendments included a change allowing the Lottery to conduct the debt setoff process on each prize payment for an annuity prize rather than only one time when the prize was claimed. Senate Bill 2283 passed the Senate 47 to 0 and the House 85 to 5.

On June 8<sup>th</sup>, I met before the Administrative Rules Committee to describe the procedures followed by the Lottery in adopting the rules changes for Powerball and Lucky for Life. The Committee had no concerns.

The deadline passed for the U.S. Department of Justice to Appeal against the recent legal interpretation by the First Circuit of the U.S. Court of Appeals that the federal Wire Act applies only to interstate wire communications related to sporting events or contests and does not pertain to state-run lotteries.

The Lottery extended the marketing and advertising services contract through June 30, 2022. We look forward to another great year as we continue our partnership with KK Bold.

Construction continues at the new Lottery office location, but not moving as quickly as projected. We are now anticipating the Lottery will be relocating sometime in mid to late August of 2021.

## Adjournment

Commissioner K. Hanson made a motion to adjourn. Commissioner Poolman seconded the motion. The motion passed 4-0. The meeting adjourned at 11:00 a.m.