

**WYOMING LOTTERY CORPORATION**  
**STRATEGIC PLAN**  
**FISCAL YEARS**  
**2015 - 2020**

Mission Statement

*Operate the Lottery with the highest standards of integrity by maximizing net revenue for the people of Wyoming.*

The Wyoming Lottery Corporation Board of Directors and employees are committed to generating revenue for the purposes outlined in Wyoming statute. Lottery's Strategic Plan, Business and Marketing Plans work together as a guide in achieving long and short term goals that positively impact revenue-raising responsibilities and the potential impact of game decisions on problem gambling.

The Board of Directors and Lottery staff are well positioned for product development and operational growth. With a focus on the product portfolio that meets the interest of Wyoming players and potentially, non-players, the lottery is situated to introduce products that contribute to overall revenues.

**Key Organizational Goals**

In fulfilling the Lottery's primary statutory obligations, the following organizational goals must be met; they are:

1. Develop and implement lottery games that contribute to overall revenues
2. Develop relationships with key stakeholders that provides support of the Lottery
3. Monitor gaming technology to prevent interruptions in service

**Critical Challenges**

In fulfilling our mission the Lottery faces three critical challenges:

1. Public perception and expectations of the Lottery; including, how the Lottery manages debt repayment and revenue transfers.
2. Concerns about problem gambling
3. Expansion of the product portfolio

## **Strategic Objectives**

To achieve our organizational goals and overcome challenges, Lottery will focus on four strategic objectives:

1. Optimize revenue by offering a broad variety of market-responsive games that appeal to a diverse consumer audience.
2. Develop a strategy for addressing key stakeholders and their concerns regarding Lottery's financial position.
3. Commit to a healthy player base through responsible gambling outreach and through the development of a progressive relationship with the Department of Health.
4. Maintain a responsible retailer base by assuring adherence to the Lottery's retailer contract.

## **Strategies and Operational Guidelines**

To achieve the strategic objectives, the Lottery will take the following approach on key areas of operation.

### **Optimize Revenue**

Lottery will continue to use a variety of media to provide information to all Wyoming residents about Lottery products and leverage Wyoming based input on future product implementations.

Under a broad brand umbrella, advertising and promotional campaigns will continue to position the Lottery as an entertaining entity that sells games. Lottery will focus on each game's unique attributes and player appeal.

Lottery will continue to develop and implement winner awareness messaging and make investments in media distribution channels that reach broad audiences throughout the state of Wyoming. These efforts will have a primary focus on jackpots, promotional trials across all games, contests and special offers that educate players and non-players on product offerings. Lottery will allocate advertising and promotional dollars to maximize sales, retain and grow the player base and promote a positive brand perception.

Lottery will develop and maintain a prize payout approach based upon lottery industry standards that reward players and optimizes revenue. The prize payout will vary by product with a range of approximately 50 percent to 72 percent. Lottery will monitor the prize payout approach so that transfer goals are achieved.

Lottery will take a strategic and innovative approach in the development and testing of new products and promotional concepts, as well as developing programs to cross market games.

Lottery will make ongoing investments in gaming equipment that allows for the promotion and advertisement of jackpots and lottery messaging at the point of sale.

#### Key Stakeholder / Public Outreach

Lottery key stakeholders include legislative committees, community leaders, retailers and players. Lottery will seek to understand and consider these diverse interest groups, viewpoints and communicate relevant information in a timely manner.

Through board meetings and proactive outreach, we will listen to concerns and address those concerns through a well-vetted process. Board members and officers alike will consider community impact in decision making, planning and implementation of lottery programs.

#### Problem Gambling

Lottery in concert with the Department of Health will determine efforts that fulfill our statutory obligations of addressing problem gambling treatment, services and education. This effort will include training and exposure to industry information that better educates key stakeholders and providers on gambling disorders.

As efforts evolve, Lottery and the Department of Health will develop a system that allows for community input and education on problem gambling and the initiatives behind a healthy playerbase.

#### Responsible Retailer Base

In its decisions, Lottery will take into account the particularly sensitive nature of its business and promote fairness, integrity, security and honesty throughout operations and administration. Through verification and investigation, Lottery will foster the highest level of ethical behavior by all retailers, its employees and Lottery vendors.

A primary objective for Lottery operations is to ensure the continuity and integrity of Lottery gaming operations. This is accomplished through the protection and security of Lottery's critical technologies and information assets. Lottery through routine review, review by independent parties and diligence in adhering to industry best practices will provide the safe guards necessary to protect Lottery systems.

Lottery will conduct thorough background investigations and audits on businesses critical to the Lottery including, key gaming vendors and retailers. Lottery will strictly enforce the retailer contract, particularly those portions tied to retailers' financial standing and gaming responsibilities.

## **Operational Philosophy**

Organizationally, employees are an important resource to Lottery operations. To achieve its mission, Lottery must attract, motivate and retain a highly qualified and talented workforce. Lottery's performance management system will create alignment throughout the organization and through a direct connection between Lottery's strategic goals and business plan.

Lottery will provide support for its financial accounting through fiscal and budgetary plans and through the constant review and development of internal controls.

Technology is essential to Lottery's revenue-generating operations as well as business support structure. Lottery will optimize its gaming portfolio, network, and business systems using current and proven technologies which maximize flexibility and efficiencies.

Research is a fundamental practice that provides Lottery with tangible evidence and a basis for developing key business initiatives. In order for the Lottery to be successful it must keep in mind Wyoming's adult gaming preferences and ensure the Lottery is offering a diverse range of games that appeal to a broad audience. Through analyzing historical data, conducting quantitative and qualitative research, exploratory consumer and retailer research, monitoring of industry trends, using advanced analytics to support strategies, Lottery will demonstrate its ability to operate in a responsible and ethical manner.

Lottery will continue to promote lottery products and problem gambling communications through a variety of marketing, advertising and promotional efforts and measure the effectiveness of these efforts.

## BUSINESS, MARKETING and SALES PLAN

### FY16 Business Plan

#### Highlights

The information below highlights Lottery activities from July 1, 2014 through June 30, 2015. These highlights signify key accomplishments that contributed to Lottery start-up, the gaming portfolio, the security and integrity of the Lottery.

- Successfully recruited staff to operate the Lottery. The Lottery was fully staffed by launch.
- Recruited 396 retailers by Go-Live on August 24, 2014.
- 1,046 clerks, managers and owners were successfully trained on Lottery terminals.
- The Lottery launched on-time and on-budget August 24, 2014 with the first week of sales at \$707,000.
- Lottery reached \$1,000,000 in sales within 13 days of go-live.
- The FY 14 audit was performed by McGee, Hearne & Paiz, LLP, which resulted in a favorable opinion.
- The Lottery completed formal third party research allowing for the consideration of new game content.
- Launch of Cowboy Draw on March 15, 2015 with week one net sales of \$284,665.

#### **FY16 Strategies**

##### **1. Review existing practices and implement processes that ensure Lottery security and game integrity.**

Objective 1: As lottery improves the gaming delivery system, security reviews will be conducted.

###### Tactic/Measure

- Specification documents will be reviewed for security features.
- Drawing procedures will be reviewed and tested to maximize security and integrity of the draw.
- Measure- Quality Assurance proves 98% compliance rating.

Objective 2: Review building security at lottery headquarters, gaming vendor's warehouse, back-up and primary data centers.

###### Tactic/Measure

- Security measures will be reviewed, tested and assessed at each location
- Review building access needs for personnel and update as needed.
- Measure - Provide a compliance assessment for each location; including any deficiencies and remedies. Target rating of 95% (in compliance).

Objective 3: Ensure perspective and existing retailers are in good financial standing.

###### Tactic/Measure

- Conduct background investigations on new and existing retailers.

- Measure – A total of 100 existing retailers are verified with the Wyoming Secretary of State's Office. 98% of all retailers investigated have a pass rating.
- Measure – All potential (new) retailers are verified with the Wyoming Secretary of State's Office. 100% of all retailers provided a lottery contract have a pass rating.

Objective 4: Retailers are in compliance with the retailer contract.

Tactic/Measure

- 100 Retailer visits are conducted annually for compliance.
- Measure – A total of 100 retailers have a documented compliance review and 90% or better are in compliance with the retailer contract.

## **2. Review existing practices and implement processes and procedures that protect Lottery assets**

Lottery will continue to review, organize, update and publish processes and procedures that secure lottery assets. Assets include but are not limited to: technology (hardware and software), vehicles, financial data, proprietary data, etc.

Objective 1: In FY16 there will be a continued focus on internal controls.

Tactic/Measure

- Lottery will review and further develop procedures and systems to record and protect lottery assets.
  - Measure – For FY16, findings will be minimized and addressed.
- Objective 2: Review and document a process for ensuring the segregation of duties.
- Tactic/Measure
- Identify key areas.
  - Identify processes, roles and responsibilities associated with key areas.
  - Review and update controls associated with key areas.
  - Document annual review plans for each control point.
  - Update position descriptions if applicable.
  - Measure – A quarterly report will be provided to the Board on any identified process improvements.

## **3. Respond to analytical requests with factual data**

To ensure the integrity of data requested, information is gathered through sound resources. For example, if sales data is requested the data is extracted from multiple sources and cross-examined for accuracy. Lottery will continue to process data requests in a timely and accurate manner.

Objective 1: Provide weekly sales data including, sales versus projections.

Tactic/Measure

- Leverage Lottery's gaming system and MUSL reports to prepare sales data.
- Leverage financial sales projections.
- Measure – Lottery will be within 20% (plus/minus) to overall projections.

## **4. Develop a key stakeholder response protocol**

The Lottery's mission is to generate revenue for the people of Wyoming and in doing so, our outgoing communications must be consistent with our financial standing. Proactively communicating to those who influence legislation, cities, towns and county opinions are an important group to consider.

Objective 1: Provide regular updates on Lottery's organizational position to include financial outlook.

Tactic/Measure

- At minimum, provide quarterly emails that describe our maturity as a lottery and our current financial position.
- Increase frequency if circumstances warrant immediate action.
- Communicate with key stakeholders in person.
- Measure: Using our email notification system, in FY16 survey the key stakeholder community to gauge our successes and opportunities.

Objective 2: Leverage social media, press releases and Board Members to increase our communications within communities.

Tactic/Measure

- Quarterly, provide Board Members with Facts Sheets about Lottery's organizational position that could be used as handouts in community meetings and sent to key stakeholders electronically so they can be personally sent by Board Members.
- In quarterly Facts Sheets and Lottery News Letters, share social posts that support lottery efforts.
- Attend community events.
- Measure: Using our email notification system, measure our 'open rate' by key stakeholders.

**5. Leverage sponsorship assets in communications with players and non-players**

Increasing lottery playership is important to lottery success, including our ability to increase and sustain annual sales. Sponsorships allow the Lottery to promote to the masses and at times, specific demographics. Crafting sponsorship activities to engage players and non-players will also allow us to engage with communities.

Objective 1: Utilize UW Athletics sponsorship assets to promote lottery products.

Tactics/Measure:

- Develop entertaining opportunities during football and other related events.
- Develop fun and creative giveaways that results in lottery loyalty.
- Provide a platform for promotional product trial.
- Measure: Use social media as a methodology for measuring effectiveness at events. Push audiences to tweet, post on Facebook, Instagram, etc., pictures and comments about the event. Measure response.
- Measure: coupon redemption rates.

Objective: Utilize Cheyenne Frontier Days assets to promote lottery products

Tactic/Measure:

- Provide a platform for promotional product trial.
- Partner with a major chain for a televised promotional event and give-away experience (i.e., tickets to concerts, free product, etc.).
- Use sponsorship assets to create experiential giveaways that link our ‘followers’ to Lottery.
- Measure: Increase our subscriber list by 10% year-over-year; receive a lottery favorability rating of 60% or better (measured by the Tracker Study).

**6. Develop and leverage relationships with corporate and independent retailers for the purpose of community marketing.**

We want retailers to recognize the value of selling lottery products. High jackpots increase foot traffic into stores, especially within the convenience segment. Additionally, winners who validated their winning ticket within the store location will typically use a portion of their winnings to purchase products within the store. Our ability to encourage retailers to promote lottery products is an opportunity to increase overall lottery sales.

Objective 1: Increase the number of retailer marketing requests.

Tactic/Measure:

- Utilize LSRs, Lottery staff and retailer workshops to inform and remind retailers of opportunities to market and advertise lottery products.
- Collaborate with Intralot on LSR goals for FY16; include marketing and advertising education. Agree on an LSR goal.
- Measure: Measure LSR goal and report findings.
- Measure: Individual retailer efforts against sales. Report findings.

Objective 2: Develop and implement a quarterly retailer newsletter that provides key selling and product information that is informative and useful to this audience.

Tactic/Measure:

- Develop and implement a retailer newsletter that is delivered quarterly.
- Communicate opportunities and ideas that could increase sales.
- Measure: Benchmark the number of retailer marketing requests received and implemented in FY16. Compare those to the retailer survey results to determine what is motivating retailers to market our products.



## **FY16 Marketing & Sales Plan**

### **Introduction**

This plan was developed in support of the 2015-2020 Strategic Plan and in support of the Wyoming Lottery's mission to operate the Lottery with the highest standards of integrity by maximizing net revenue for the people of Wyoming.

The measures for success which also guide the development of this plan are:

- To meet or exceed the target of 60% of adult Wyoming residents rate the Lottery as favorable.
- To meet or exceed the target of 60% of adult Wyoming residents who have ever played the Lottery.
- Increase sales year-over-year.
- Research new games.

In-depth analysis of the state of the market is conducted throughout the year via Lottery consumer and retailer research, sales analysis and audits. Included in this introduction is an overview of the current consumer, retailer, state, gaming and technological environments in Wyoming. Also included in each product plan is a complete analysis of the strengths, weaknesses, opportunities and threats (SWOT) for each of the products.

The above goals and information were used to set organization-wide priorities, to rank product priorities and to create business initiatives focusing on the areas that will provide the best opportunity to increase profits for the state next year and into the future.

### **Overview**

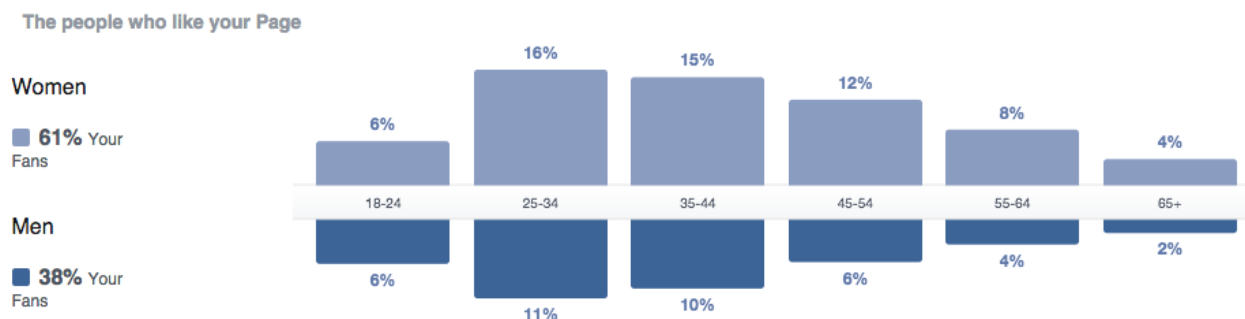
August 24, 2014 marked the start of Wyoming Lottery sales. Sales of Lottery products in FY2015 equated to \$17,838,410. Success can be attributed to several key factors:

- Understanding the desires of Wyoming consumers related to game preferences.
- Understanding consumer perceptions of the Wyoming Lottery leading to the development and implementation of memorable marketing and digital campaigns.
- Understanding the value of a widespread and supportive retailer base providing the consumer easy access to our products across Wyoming.
- In FY15, Powerball®, Mega Millions and Cowboy Draw experienced a weekly sales average of \$401,991.
- The Lottery operates with few employees and organizational cohesiveness and collaboration has resulted in efficiencies in the organization and implementation of start-up activities.
- The Lottery continues to build its strategies for FY2016 based on a cautious optimism. Sales of our national draw games plateau when the jackpots are under \$100 million. However, when jackpots approach \$300 million, sales have experienced significant increases. Wyoming is keeping pace with the industry. The June 2015 Tracker Study provided additional insight into sales at various jackpot levels. The second tracker showed significant growth in the percentage of people who play \$100 million or above (17% for Wave 2 versus 9% for Wave 1).

- In FY15 and through a sound digital strategy, we were able to acquire over 36,000 engaged players. This was done through all traditional media and a strong web presence.

Our first website driven promotion surpassed our expectations with over 27,000 registrants. Clearly, Wyoming residents were interested in becoming the first person to purchase a Lottery ticket in the state and the Jeep as that additional prize contributed to our successes.

Below is a graphic depicting the age group of our registrants against those who are also registered on Facebook. We can also see how many of those 'Like' us. The numbers are reflective of our dedicated effort to not only push our brand but engage with our audience via social networking. The Wyolotto Facebook page has 28,337 fans.



Notable opportunities to the lottery in FY15 include the following:

- While the Wyoming Lottery enjoys a loyal player base, the consumer, in general, has many more options of where and how to play games and a variety of entertainment options on which to spend their discretionary income. In our December 2015 Tracker Study, it was reported that those who have spent money on Lottery, 41% have done so on lottery products in other states. Also reported, while just under 33% of Lottery customers have also played at a casino, off-track-betting (OTB) or OTB slots, this accounts for 43% of their total wagering spend. This is a significant sum.
- Posed with the challenges of discretionary spend it becomes critical to broaden our player base by acquiring new players as well as deepening our existing relationships with current players. This requires a strategic effort in launching new games that will appeal to an even broader audience and market those games leveraging research and what we know about the Wyoming consumer. In FY2016, we will structure our marketing and advertising resources to showcase new products and programs that appeal to new markets and inspire retailer support.

## State of the Consumer Environment

**For the fourth quarter of 2014, Wyoming experienced both total employment and personal income and earnings increase compared to the previous year.** The state's total employment increased by 1.5% (4,490 jobs) in the final quarter of 2014 and the unemployment rate of 4.3%, was better than the national rate of 5.7%. Total personal income grew 4.5% in the

fourth quarter of 2014 from the previous year. Although taxable sales, based on sales and use tax collections, grew by 7.0% in the fourth quarter compared to the same period last year, this was the slowest year-over-year growth since the third quarter of 2013. (Source: Economic Summary: 4Q2014, Wyoming Economic Analysis Division)

- **Current Attitudes and Perceptions about the Wyoming Lottery.** In response to question “How likely is it that you would recommend the Wyoming Lottery to a friend or colleague”, 74% of respondents ranked the Lottery at 7 or above on a 10 point scale. The June 2015 Tracker Study also provided the following results:
  - 48% of participants liked the Lottery because it’s convenient.
  - When asked to suggest one change for the Wyoming Lottery, 23% of participants suggested adding Scratch Tickets.
  - The highest ranked reason for playing Cowboy Draw was the odds of winning.
- **More “Jackpot Chasing.”** Lottery’s high jackpot draw games (Powerball, Mega Millions) have experienced sales declines after a jackpot has been hit. This phenomenon is a Lottery industry result. Conversely, when the jackpot climbs toward \$300 million there is a noticeable correlation in the increase of sales. Results from the second trackers study showed a growth in the percent of respondents saying they were willing to play at jackpot levels of \$100 Million and above when compared to the first tracker (Wave 2 at 17% versus Wave 1 at 9%). (Source: *Lottery Sales Analysis and June 2015 Tracker Study*)
- **Multiple Generations of Tech-Savvy Players.** Consumers across age groups are more tech-savvy, with access to more devices and entertainment choices than ever before. They engage differently with technology, using it as a tool to enhance their social lives, share their interests with a broader audience and seamlessly integrate their communications. Consumers have mobile access to virtually everything. There is a greater comfort with viewing multiple screens of entertainment/information at once (e.g., mobile and TV) and there is an increase in content taking the form of video and pictures (e.g., YouTube, Pinterest, Tumblr). These trends are also changing the face of advertising, with U.S. Internet ad spending growing 15% between 2011 and 2012 (Source: *mediapost.com*)

Total media ad spending in the US this year will see its largest increase in a decade, according to new figures from eMarketer. On the strength of gains in mobile and TV advertising, total ad investments will jump 5.3% to reach \$180.12 billion, achieving 5% growth for the first time since 2004, when ad spending increased 6.7%. - (Source: eMarketer.com):

Internet advertising is closing in on TV advertising to become the largest entertainment and media advertising segment. In 2013, total Internet advertising revenue was US\$117.2bn. The figure will increase to US\$194.5bn in 2018. This is a significant advance from 2009, when total TV advertising revenue was US\$132.0bn and total Internet advertising revenue just US\$58.7bn. (Source: PWC.com)

- **Customers are More Engaged and Expect Value-Adds That Reflect Their Preferences.** Web-based services, such as Groupon and Living Social, reflect an increased receptivity among consumers to receive ongoing, frequent communications from companies that offer deals and special promotions that are tailored to their preferences.

Future trends of value add begin with targeted messaging while consumers consider “what’s in it for me?” If the message isn’t all about them, speaks to them, is personalized and addresses their needs and concerns then those communication pieces are fruitless. This can

result in a break of communication and even a poor perception of the company that presents the message to them.

### State of the Wyoming Retailer Environment

- **Wyoming Retailers** – The end of FY 2015 saw the Wyoming Lottery with 440 total retail locations. Of the total, 272 (62%) are classified as convenience stores and 50 (18%) are classified as grocery stores. Convenience stores and grocery stores were listed as the two most popular purchase locations. In Wave 1, grocery stores accounted for 16% of the total purchase locations and convenience stores accounted for 76%. In Wave 2, grocery stores accounted for 17% of the total purchase locations and convenience stores accounted for 71%.

The chart below illustrates the number of lottery retail locations by county.

### **WYOMING LOTTERY CORPORATION: RETAILER SUMMARY** **YEAR END: FISCAL YEAR 2015**

County	Number of Retailers	County	Number of Retailers
Natrona	58	Converse	16
Laramie	57	Niobrara	3
Sheridan	19	Hot Springs	5
Sweetwater	38	Johnson	10
Albany	21	Campbell	28
Carbon	25	Crook	7
Goshen	10	Uinta	24
Platte	11	Washakie	6
Big Horn	10	Weston	6
Fremont	26	Teton	15
Park	21	Sublette	9
Lincoln	15	<b>Total</b>	<b>440</b>

Total Net Sales	Total Validation Commissions (1%)
\$17,838,410	\$19,812.10

Total Sales Commissions (6%)	Total Amount Earned by Retailers
\$1,068,720.18	\$1,088,532.28

## State of the State Environment

- **The Lottery Recognizes its Contribution to Wyoming is Vital.** In FY 15-16, the Lottery is focusing on the pay-off of its start-up debt (loan payments) to Jonah Bank. Projections for payoff is June 30, 2016. The state's ability to transfer lottery revenues to cities, towns and counties is an important milestone for the Lottery making solvency an important goal.
- **The State of Wyoming's Economy.** Although Wyoming's employment and personal income experienced growth in the final quarter of 2014 from year ago levels, depressed oil prices are having a negative effect on the state's pivotal energy industry. The drilling rig count for oil and gas have declined by more than 50% between November 2014 and mid-March 2015. During the fourth quarter of 2014, retail trade related taxable sales grew by 1.9%.
- **Problem Gambling.** Concerns regarding problem gambling as they pertain to Lottery products and funding for treatment is a political concern and a Lottery focus. The Lottery statute is specific in terms of Lottery's efforts regarding problem gambling. To-date, there is not any data available on how many individuals have a gambling addiction problem as a primary, secondary or tertiary issue.

In Q4 of FY15, the state Department of Health and its providers implemented a program to track those reporting issues with gambling. The Department of Health and the Lottery are in agreement to actively focus on the discovery phase while determining the appropriate forms and costs associated with treatment.

## Introduction to Marketing & Sales Business Initiatives

**Key insights from research and data analytics have shaped the following FY2016 focus and core strategic initiatives:**

- Attract more players.
- Increase the visibility of the Jackpots.
- Increase the visibility of the lottery brand in-store.
- Communicate the benefits of buying lottery products locally.
- Support retailer employee education.
- Increase sales through promotional engagement with Lottery retailers.
- Develop programs that address Problem Gambling and fit with our statutory obligations.

**The following organizational and business needs have also formed our strategies:**

- Ongoing quality assurance testing.
- Adoption of performance measures that provide insightful information about the Lottery operation that will form changes, additions and enhancements to strategies and tactics.

- Maximizing product profitability through budget, prize payout, product and marketing analysis.
- Multi-State Lottery Association (MUSL) decisions.
- The need to trend with current technologies will require annual review of systems.
- The need to maintain a stable revenue source will drive shorter-term tactics and promotions.

## **Key Product Strategies & Programs**

### **Jackpot Games**

#### **Product Management**

- Implement an optimal game mix based upon consumer preference and game profitability
  - Develop a list of new draw game concepts for consumer testing
  - Determine optimal number and type of draw games to maximize profitability
  - Implement MUSL defined changes to Powerball and/or Mega Millions
- Continue to invest in jackpot awareness
- Expand the placement of Carmanah jackpot signs
- Implement promotions; track opportunities and successes

#### **Marketing Communications**

- Increase distribution of jackpot signage.
- Utilize “real-time” media to promote jackpot amounts.
- Enhance digital communication efforts with players through HUB-Spot, Lottery APP and other defined efforts.
- Leverage sponsorship opportunities to promote the Lottery and provide for unique and experiential incentives.

#### **Sales**

- Facilitate corporate and independent opportunities to promote products.
- Promote winner awareness in-store.
- Provide for a minimum of one retailer forum that includes sales, marketing and other B2B two-way communication. Share information regarding problem and responsible gaming.

#### **Research/Analytics**

- Monitor interactions across Powerball, Mega Millions and Cowboy Draw; shifts in play patterns and the effectiveness of advertising and promotions through the ongoing analysis of internal data and the review of results from the Lottery’s Bi-Annual Tracker Studies.
- Develop sound research methodologies for testing new game and marketing concepts.

## **Key Public Information Strategies & Programs**

### **The Wyoming Lottery Brand**

#### **Brand Management**

- Proactively manage the brand to build playership and build advocacy.
- Sponsor high profile events that support the brand positioning and reach community leaders.
- Develop mutually beneficial partnerships with like-minded brands.
- Develop and implement launch campaigns that support product initiatives.
- Continue to grow brand awareness of the WyoLotto brand.
- Evaluate unique and relevant methods to gain high engagement with key audiences.
- Monitor and ensure adherence to Wylotto brand standards.

## **Marketing Communications**

- Exercise proactive public relations leveraging thoughtful leadership tactics that reach key stakeholders and communities.
- Leverage media.
- Enter the social conversation with a thoughtful Facebook, YouTube and Twitter presence.
- Align wyolotto.com with consumer preferences and business objectives.
- Develop a stakeholder communication program that provides for regular updates targeting specific groups, including retailers and front line employees (eNewsletter – FAQs sheets, etc.).
- Implement media and engagement strategies that have impact and are newsworthy.

## **Research & Analytics**

- Measure both the quantity and quality of press coverage generated using media monitoring tools.
- Measure the effectiveness of our digital outreach and web site tools.
- Measure attitudes and favorability with surveys such as the bi-annual tracker.

## **Responsible Gambling**

### **Brand Management**

- Continue to work with the responsible gambling community, both in Wyoming and in other jurisdictions enabling continuous learning and improvements in responsible gambling messaging.
- Participate in learning, educational and training programs.
- Continue to partner with the department of health and develop programs addressing the statutory requirements.

## **Marketing Communications**

- Through active networking, identify stakeholders that can support the problem gambling effort.
- Determine and implement the best methodologies for communicating the helpline phone number to broad audiences.



## **Research/Analytics**

- Determine the methodology most effective to measure lottery's messaging regarding problem gambling awareness and access to help.

## **FY 2016 Draw Game Product Plan**

### **Introduction**

In order to achieve greater efficiencies and return on investment, the draw game portfolio will continue to evolve into a fully operational end-to-end gaming management system. This effort includes reliability on product data sufficient to manage product operations, minimize costs and increase revenues. Expectations include:

- Available analytics integral to operating the business and data considered as our strategic competitive asset.
- Analytics provided rapidly; are agile and provide operational insight.
- Ensuring analytical tools are available at the point of decision.
- Continue to evolve product line and embed analytics into decision and operational gaming processes.

In FY2016, the Lottery will focus on player acquisition. To do so effectively requires that we consider next generation products and programs. Cooperatively working with our gaming, marketing and advertising vendors and retailers, we will explore new product opportunities. We will also collect product information from other lotteries and integrate that information into our product development efforts.

Through the use of our 2015 - 2016 tracker study, utilize the information we are given regarding who, what, where and why players play.

## **FY 2016 JACKPOT GAMES PRODUCT PLAN**

### **Introduction**

Since the launch of the Lottery on August 24, 2014, Powerball and Mega Millions have steadily proved their popularity in the Wyoming market. Players are favoring the game with the highest jackpot amount, although, sales levels have become somewhat predictable even at the lower jackpot amounts. Cowboy Draw launched on March 15, 2105 and experienced total sales of \$3,622,045 for FY 2015.

Lottery acknowledges that MUSL required changes to Powerball are eminent with a matrix change launching on October 4, 2015. Other changes may occur with limited notice. It is quite possible that additional changes will occur in FY 2016. Because MUSL changes are not negotiable and any game introductions scheduled for release in 2016/2017 may be delayed.

Cowboy Draw is Wyoming's favored game. Since launch, the lottery has experienced increased average weekly sales by adding this game to our portfolio. As of 6/30/15, Lottery sales averaged



\$368,467 before Cowboy Draw and \$401,991 after the launch of Cowboy Draw. With encouraging sales results and a Wyoming following, this product is performing as expected.

Product branding, jackpot visibility, product promotions and player acquisition will be our primary focus. We will develop programs in support of jackpot visibility and product promotion. We will promote the cross-play of our jackpot games.

### **Jackpot Game Performance**

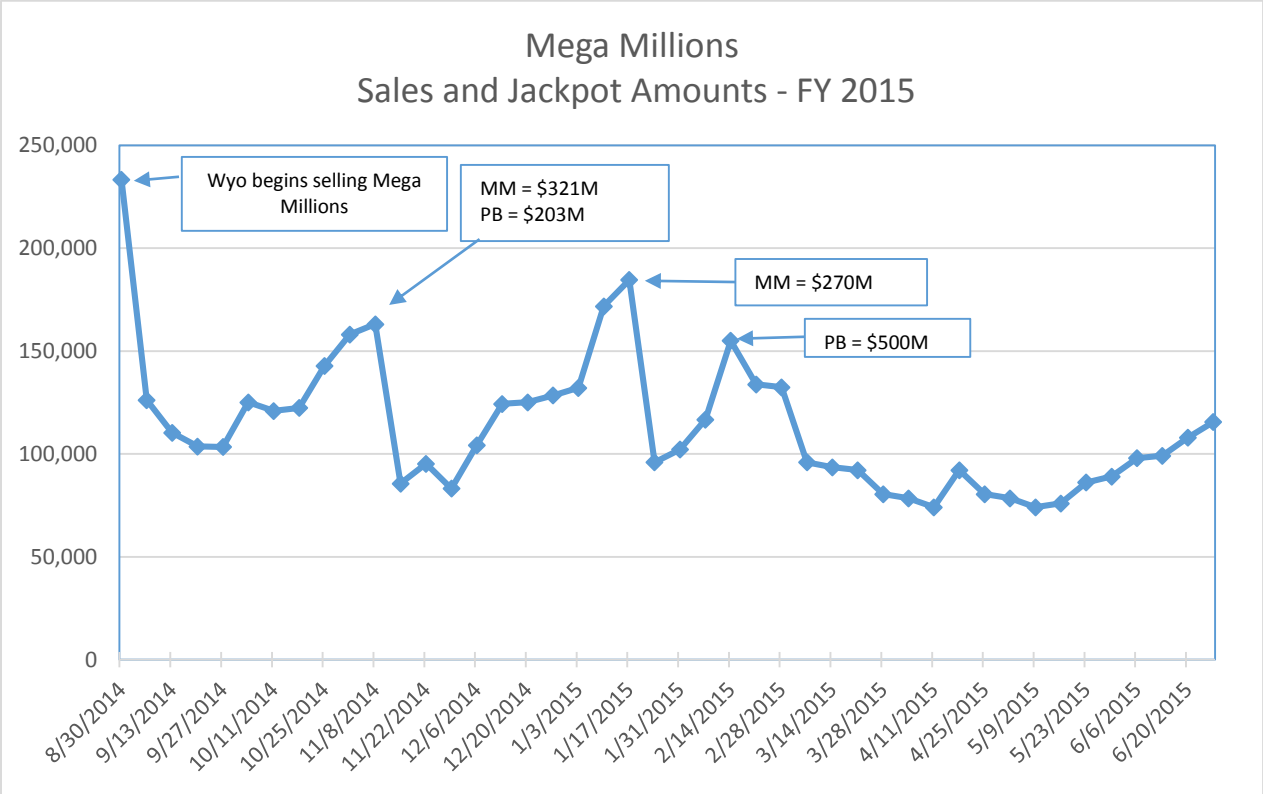
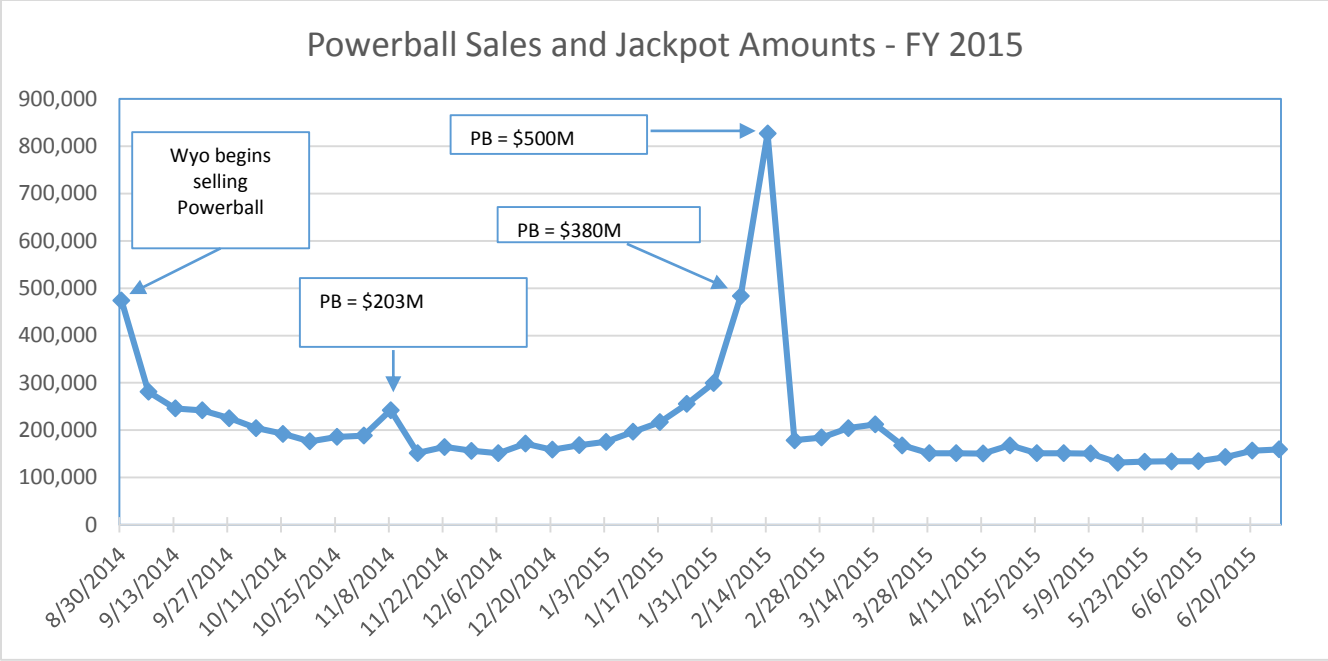
#### **Value Proposition / Contribution to the Lottery's Game Portfolio**

- Powerball and Mega Millions are projected to account for 52.81% of Lottery game sales in FY2016.
- Broad, diverse player base. 84% of adult Wyoming players have played Powerball and 79% have played Mega Millions since January 1, 2015. Both Powerball and Mega Millions saw a slight decline since the first tracker. (*Source: June 2015 Tracker Study*)
- The main reasons players stated for playing both Powerball and Mega Millions were the "Possibility of Winning Money" and "Size of Jackpots". (*Source: June 2015 Tracker Study*)
- Low overhead and administrative cost with a broad player base
- Powerball and Mega Millions have a low 50% prize payout percent

#### **Net Sales History**

In FY2015 Powerball reached a net sales of \$9,210,725. Mega Millions reached a net sales of \$5,005,640.

The charts below reflect the volatile nature of jackpot game sales which are highly correlated with jackpot amount.



## **Powerball and Mega Millions Profitability Risk**

The profitability risk to both Powerball and Mega Millions is very low.

## **Jackpot Games Playership**

Overall Powerball playership was 84% and Mega Millions was 79% since January 1, 2015 (June 2015 Tracker study). From the December 2014 Tracker Study to the June 2015 study, Powerball playership has changed from 93% to 84%. This slight decrease could be a result of introducing Cowboy Draw into the portfolio. During this same time period, Mega Millions playership decreased from 89% to 79%.

## **Jackpot Games Risk Analysis**

With Powerball at a \$2 price-point and Mega Millions at the \$1 price point there is little distinction between game play other than the jackpot amount. Wyoming players have been gravitating to Cowboy Draw because the odds are favorable.

Powerball and Mega Millions make a significant contribution to Lottery Traditional game sales and any significant change to Wyoming population, discretionary spend or increases in the employment rate could have a negative effect on game sales.

## SWOT Analysis – Jackpot Games

### Multi-State Games

#### Powerball & Mega Millions

<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> <li>• Powerball and Mega Millions have a loyal player base</li> <li>• Powerball and Mega Millions provide a high contribution margin with a 50% prize payout</li> <li>• High cross-play between the games</li> <li>• Powerball and Mega Millions have moderate, growing jackpots</li> <li>• Easy, low retailer labor games</li> <li>• High visibility of jackpots in-store</li> </ul>	<ul style="list-style-type: none"> <li>• Powerball and Mega Millions are multi-state games and game play is dictated by MUSL</li> <li>• Wyoming has a limited ability to impact MUSL decision-making due to low population</li> <li>• Players don't feel that they have as good of an opportunity to win with Powerball and Mega Millions</li> <li>• Powerball &amp; Mega Millions games are non-cancellable creating retailer and player frustration</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage cross-play between games through promotions</li> <li>• Co-brand games together to capitalize on advertising efficiencies</li> <li>• Develop a Quick Pick Option offering all three Jackpot Games</li> <li>• Acquire new players</li> <li>• Increase outdoor jackpot presence</li> <li>• Increase digital presence</li> </ul>	<ul style="list-style-type: none"> <li>• MUSL could develop and execute Powerball and Mega Millions changes further eroding game play and sales</li> <li>• MUSL could require the addition of another (new) draw game further cannibalizing the draw game mix</li> <li>• Key stakeholders could find exception to these games and push for opposing legislature</li> <li>• Competition from other forms of adult gaming options could impact revenue</li> </ul>

### FY 2016 Cowboy Draw

#### Introduction

Wyoming's own, Cowboy Draw, successfully launched on March 15, 2015. The response to this iconic game has been and continues to be positive among players. The lottery's approach to marketing this game which included a horse give-away promotion (\$10,000) proved successful with over 5,000 web entries.

Although the lottery did not invest heavily in marketing and advertising, the game continues to lead week-over-week sales when Powerball and Mega Million jackpots are low.

The ability to provide players in Wyoming with an opportunity to win hundreds of thousands of dollars to over a million dollars, makes this game worth the \$5 wager.

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## FY 2016 Product Plan

### Introduction

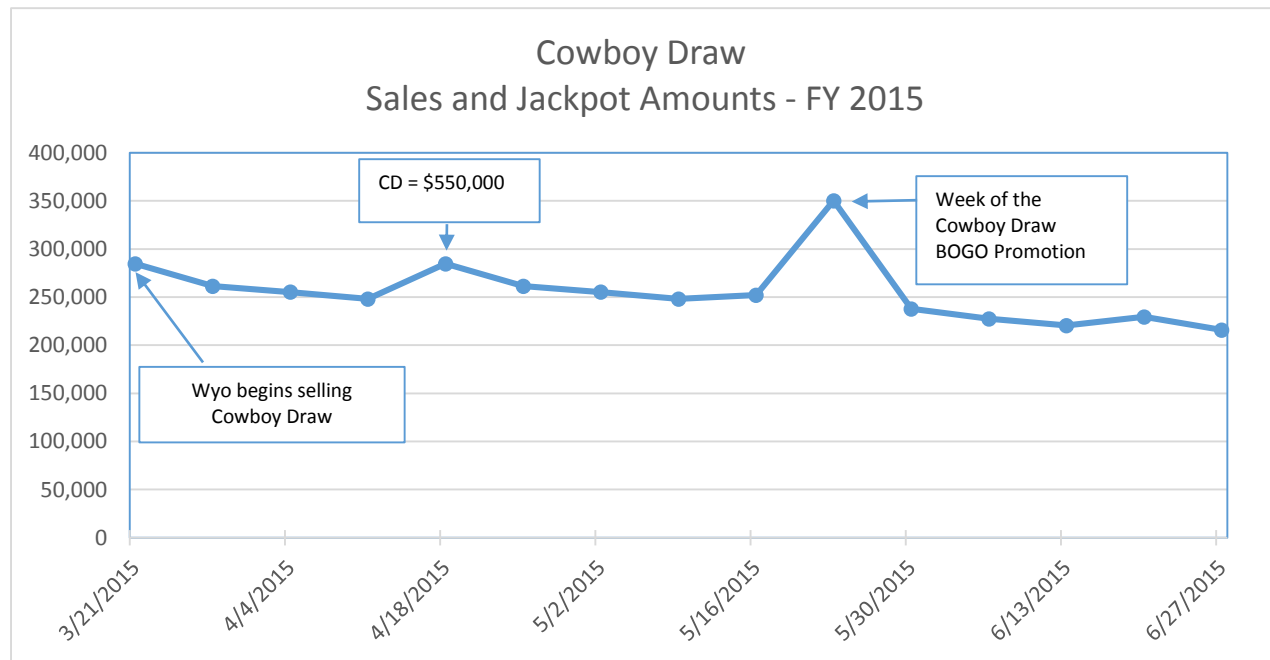
The success of Cowboy Draw in our draw game portfolio cannot be understated. Although this game has a narrow profitability margin, its performance allows stability of revenue within the portfolio. Negative trends must be addressed swiftly.

Leveraging analytical data to include, week-over-week (daily) sales comparisons, jackpot performance and other indicators are important resources that must be reviewed often. Responding to shifts in play and expanding playership are two performance indicators. Measuring game performance among players and lapsed players will allow lottery to make product decisions, including potential enhancements, to retain game interest.

### Net Sales History

In FY2015 Cowboy Draw reached net sales of \$3,622,015.

The charts below reflect the volatile nature of jackpot game sales which are highly correlated with jackpot amount.



### Cowboy Draw Profitability Risk

The profitability risk is moderate with Cowboy Draw due to its narrow profit margin. Addressing risk through a financial mitigation plan is prudent with this game. The specifications of this game

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includes a game performance index that is monitored with each drawing. This standard of review allows the lottery to respond to performance indicators swiftly; reducing risk.

### **Cowboy Draw Playership**

Cowboy Draw was introduced on March 15, 2105. The second tracker study indicates that 74% of survey respondents have played Cowboy Draw since it began. When asked the reason for making a Cowboy Draw Purchase, 40% of respondents state it was because of the odds.

### **Cowboy Draw Risk Analysis**

Powerball and Mega Millions are games that are not only profitable but are largely dependent on high jackpots to significantly contribute to Lottery revenues. Conversely, Cowboy Draw with its lower jackpot is largely popular because the odds of winning are greater.

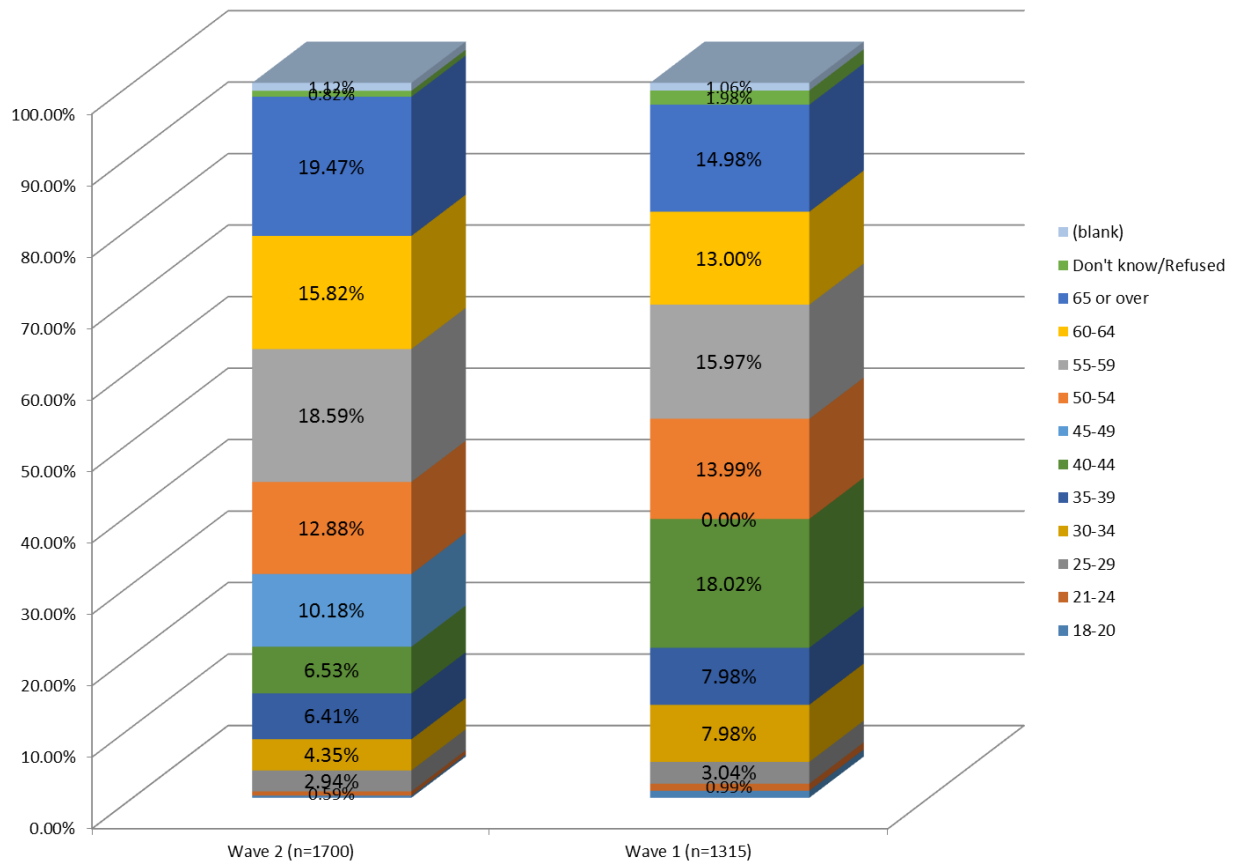
The risk to Cowboy Draw is primarily tied to discretionary income and the competition from other forms of gaming (i.e., OTB, Historical Slots, Casinos, etc.). Wyoming lottery players will largely play the national games when the jackpots exceed \$100 million and play significantly increases as jackpots approach \$300 million. Wyoming players have demonstrated their loyalty to Cowboy Draw at the minimum jackpot level. As long as discretionary income is available, we expect the sales trend to continue.

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## SWOT Analysis

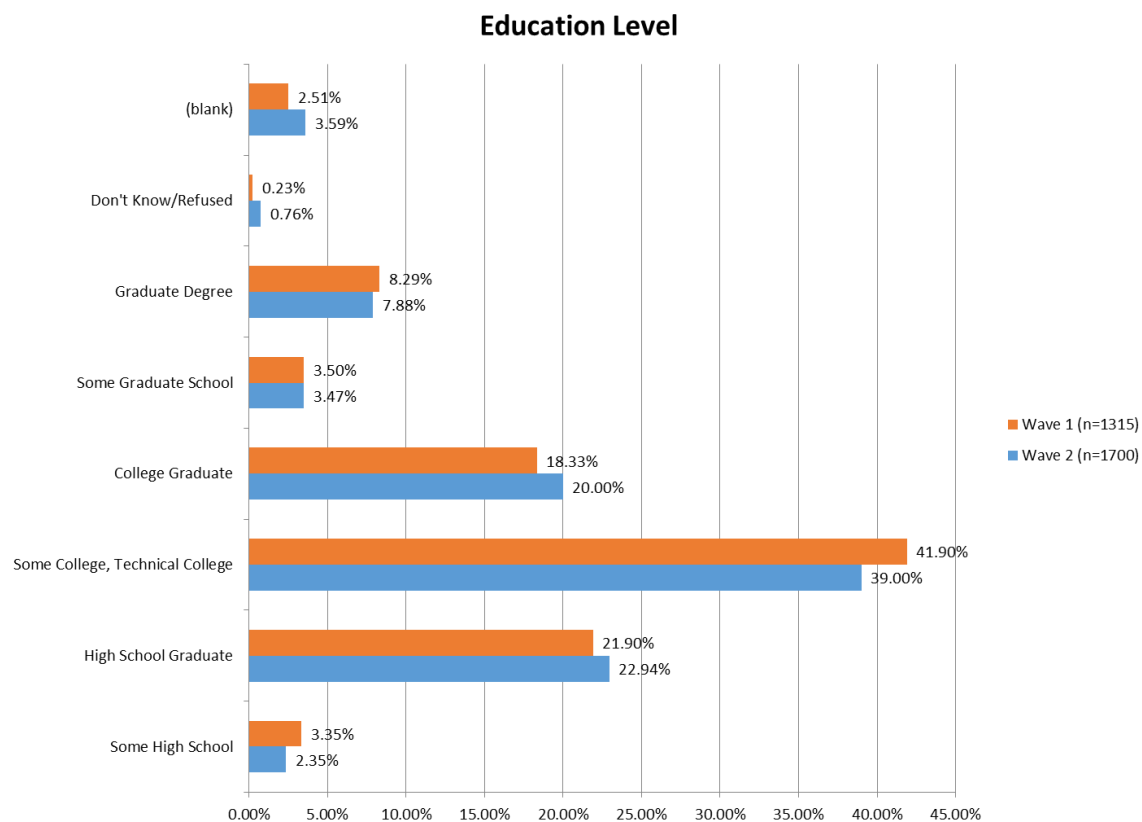
### Cowboy Draw

<i><b>Strengths</b></i>	<i><b>Weaknesses</b></i>	<i><b>Opportunities</b></i>	<i><b>Threats</b></i>
<ul style="list-style-type: none"><li>• Cowboy Draw tickets are cancellable which makes it easier for the retailer to correct a mistake ticket</li><li>• Provides opportunity to win with better odds for Wyoming players</li><li>• \$5 gets the player 2 chances to win</li><li>• Has a moderate, quick growing jackpot</li><li>• Easy for retailer to understand and sell</li><li>• High visibility of jackpots in-store</li><li>• Loyal Wyoming player base</li><li>• 68% prize payout</li><li>• 1:5.7 chance of winning</li></ul>	<ul style="list-style-type: none"><li>• Smaller jackpot than Powerball and Mega Millions</li><li>• Small population leads to smaller jackpot growth rate when compared to Powerball and Mega Millions</li><li>• Potential cross cannibalization among games</li></ul>	<ul style="list-style-type: none"><li>• Cross-promote with Powerball and Mega Millions</li><li>• Develop a loyal playerbase by focusing on "Wyoming's Game"</li><li>• Promote the great odds and payout percent; educate players and non-players</li><li>• Develop retailer relationships so they market and advertise the game</li><li>• Provide incentives for retailers and LSR's</li></ul>	<ul style="list-style-type: none"><li>• Changes in Wyoming economic forecast could have a negative impact on game sales</li><li>• Competition from other forms of adult gaming options could impact revenue</li></ul>

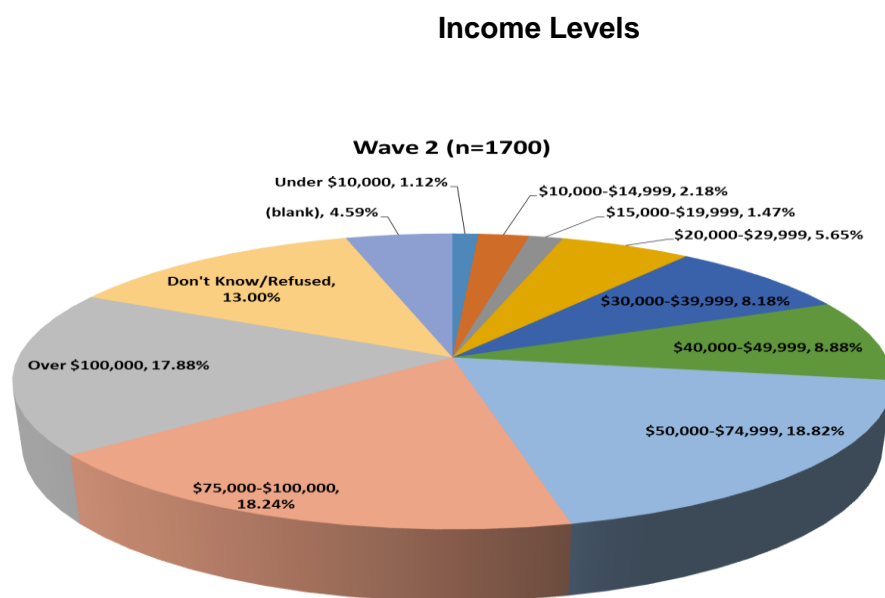


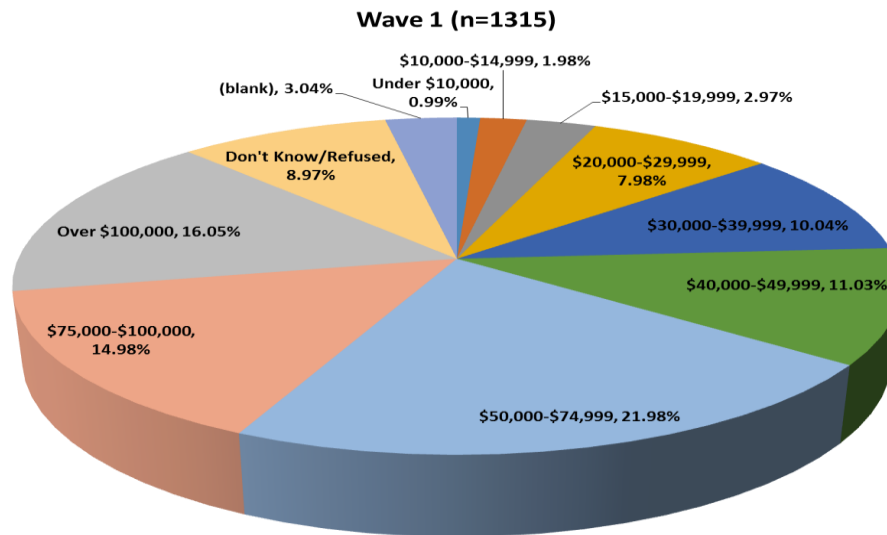
In Wave 2, the largest age segment was over 65 while the largest age segment in Wave 1 was 55-59. In both waves, the Lottery is highly dependent on an older demographic respondent rate with 54% of Wave 2 survey participants being over 55.





Educational levels were relatively consistent with more than 70% of both waves having some education after high school.





More than 53% of participants indicated an average household income above \$50,000 with a modal answer of \$50,000-\$74,999.

## **Jackpot Games FY 2016 Business Strategies and Product Recommendations**

### **Marketing Communications Objectives**

The Lottery has several important objectives in supporting Jackpot games in FY2016:

- Increase cross-play between all games
- Drive jackpot game awareness and jackpot total awareness across all three major games: Powerball, Mega Millions and Wyoming's Game Cowboy Draw
- Communicate promotions to gain trial
  - Cross-play with Buy One Get One (BOGO) and an Every Nth promotion

### **Marketing Communications Support**

Communications pertaining to our jackpot games are designed to reach the broadest audience possible by extensively utilizing low-cost per thousand advertising media to achieve statewide player reach. Support may include:

- In-store Jackpot Signs
- Billboards
- Television and radio
- Digital media
- Social media
- Mobile media
- Point-of-purchase collateral materials
- Television and radio jackpot bulletins

- Trigger campaigns to drive excitement and awareness when Powerball and Mega Millions jackpots exceed \$200 million and Cowboy Draw is over \$500,000
- Public relations
- Game Promotions

## **Channel Strategy**

Channel strategy refers to the locations that Powerball, Mega Millions and Cowboy Draw are placed and the activities to support sales. There are two channels that sell the majority of these products: Multi-register and Convenience store segments. Over the next year, we will focus on developing specific channel strategies leveraging business intelligence systems to guide retailer strategies.

## **Research Initiatives**

Ongoing analysis of internal data and results from the Lottery's Bi-Annual Tracker Studies will be leveraged in portfolio decision making. Surveys will be used to evaluate potential interactions across Powerball, Mega Millions and Cowboy Draw and monitor shifts in playership. Additional games and promotional enhancements to Cowboy Draw will be at the forefront of newly planned research and analysis along with the opportunity to focus test new games.

## **FY 2016 Research and Analytics Plan**

### **Marketing Research Team's Mission**

The Lottery's Sr. Research Analyst manages data collected through primary research, internal databases and from secondary sources to provide strategic and tactical consultation that supports the Lottery's business planning, performance tracking and decision-making. Research also works with the Lottery's Finance & Accounting and Product Marketing resources to share the latest sales data, player trends and emerging Lottery issues internally and with the public.

### **FY2016 Marketing Research and Analytics Objectives**

The market research and analytics plan for FY2016 is designed to support the strategies and business initiatives developed by the product marketing and sales functions. Game-specific research and analyses are presented as part of each product overview. The following sections summarize the goals and objectives associated with additional cross-product, programmatic and/or program-specific research or analysis to be conducted in FY2016.

### **Cross-Product Research and Analytics**

The bi-annual **Behavior and Attitude Tracking Study** which focuses on tracking Wyomingites' perceptions of, and attitudes about, the Lottery as well as understanding how the incidence and frequency of game play has changed over time. This study helps the Lottery to stay true to its mission by providing an ongoing means for Wyomingites to share their opinions, attitudes and preferences about the Wyoming Lottery.

- **Community Leader (i.e. Key stakeholder) Tracking Research** will be conducted to track awareness, knowledge, engagement and attitudes among key stakeholders and community leaders regarding Lottery efforts.
- **Business Analytics and Modeling.** In FY2016, advanced analytical techniques will be employed to gain a better understanding of new game options, new revenue options and other initiatives that could potentially provide a positive impact on revenues.

PRODUCT RESEARCH EFFORTS	
December & June tracking studies	Ongoing tracking studies that are conducted twice per fiscal year which tracks the behavior and attitudes of Wyoming current, lapsed and non-players.
Quarterly promotional surveys	Addresses business initiatives relative to tracking promotion and advertising effectiveness across games (i.e., Powerball, Mega Millions and Cowboy Draw). These surveys will be conducted via the web two times per fiscal year to better understand core Lottery players' awareness and interest in recent game launches, promotions and ad campaigns.
Key stakeholder and community leader tracking research (key stakeholders)	Track awareness, knowledge, engagement and attitudes among Wyoming community leaders regarding causes funded by the Lottery.
Focus Group Testing	Research and test new game options. Determine which games would be suitable for marketing in FY17.

## Game Research

Test player receptivity and preferences related to potential new games concepts.

## Retail

In addition to the ongoing analysis of internal data, the following research will be conducted to ensure that the Lottery continues to maintain a positive relationship with our retailers and remains informed regarding best practices in other lottery jurisdictions related to retail operations activities.

- The **Retailer Survey**, an annual practice, will be conducted once again to track retailers' satisfaction with the support they receive from the Lottery and its vendor, Intralot. This survey will include questions about Lottery equipment performance in order to determine types of support that are working well and areas for improvement
- **Mystery Shop Program.** Mystery shops are employed by hundreds of retail companies to ensure that performance across all aspects of the consumer experience are in alignment with company expectations. In FY2016, the Lottery will launch a reward mystery-shop program. The goal of the program is to reward clerks who are actively upselling and cross-selling lottery products. In advance of the program, Lottery will inform retailers that the program exists and

the rewards available to clerks. Lottery will examine results quarterly and make adjustments as necessary.

## **FY 2016 Marketing Communications Plan**

### **Overview**

Effective marketing communications is an important competency in the successes at the Wyoming Lottery. Effective communications and those of the different Lottery games and messages across numerous channels simultaneously, takes logistical precision. In order to maximize the number of right decisions we make and in FY2016, we will evolve our processes and continue to leverage the expertise at Warehouse Twenty One, our marketing and advertising partners.

### **Social and Digital Media**

Digital Marketing rapidly ascended to one of the most important media in terms of communicating with consumers across any and all (age, gender, social, income, etc.) demographics. It is now common practice for consumers to research, provide feedback about and even personally engage online with the brands they purchase and patronize.

In FY2015, the Lottery invested in establishing a stronger digital presence by leveraging Warehouse Twenty One's knowledge of the digital landscape to expand the Lottery's web site and engage consumers via mobile technology. In FY2016, the Lottery plans to make wholesale strides in engaging consumers (players, retailers and key stakeholders) where they spend the majority of their time; online. A social media launch coupled with design enhancements of [wyolotto.com](http://wyolotto.com) will allow the lottery to fluidly communicate and increase engagement among these three groups. Lottery will continue its efforts of developing integrated marketing and promotional campaigns that have a digital component for the purpose of reaching broad audiences.

### **Media Buying and Planning**

Lottery will continue to evaluate marketing spend by understanding consumer preferences. Lottery will monitor the Key Performance Indicators (KPI's) and analyze those results with those of the Tracker Studies to determine shifts and opportunities.

FY2016 will mark the first full year that the Lottery will have data regarding the Wyoming market place and how our players consume media. This important analysis will guide marketing and advertising spend. Taking our Tracker study and combining it with other marketing media analyses will allow us a view into an up-to-date consumer media profile for each of our products, public information and responsible gambling audiences. These new profiles will allow us to reach the right prospects efficiently and on the media platform that they view the most.

## FY 2016 Public Information

### Marketing Communication Plan

#### **Lottery Solvency**

The Lottery has been directed to become solvent by the end of FY2016 and this means focusing on payments to Jonah Bank for the start-up costs borrowed in FY2014-15. The Lottery understands that cities, towns and counties are waiting for Lottery dollars and the benefits that these dollars will bring to communities for years to come. Communicating updates and providing reassurance and facts on Lottery's progress in this area will be an important communication strategy.

**Winner Awareness & Storytelling.** In FY2015, the highest winner of a Lottery prize (Cowboy Draw) was \$628,630 and the winners were from the town of Douglas. Sharing the story behind the win and the intentions of how winners plan to spend their winnings are fun facts that not only generate excitement, they inspire play. With winner permission, the Lottery will take an active role in utilizing multiple formats to communicate information about winners and winning tickets. Lottery will develop the wyolotto.com web site and find other unique digital outlets for sharing winner stories throughout the Wyoming territory. Lottery will leverage the selling terminal to notify retailers about winners and place winning information on tickets so players are equally aware.

**Reaching Business Leaders and Community Key stakeholders.** Beginning in mid FY2015, the Lottery made intentional appearances at committee meetings, association events and other community-related proceedings for the purpose of key stakeholder outreach. These appearances were an effort to extend our reach more purposefully to connect with community business leaders and key stakeholders to provide Lottery updates, share information regarding Lottery expenses and educate this segment on the reality of loan payback and revenue transfers. We recognize the importance of continuing this effort and in FY2016 we will continue to perform outreach and leverage digital communications to extend our reach and frequency.

**Sponsorships.** The Wyoming Lottery understands its value in supporting key events through sponsorships. Not only do sponsorships provide Lottery with invaluable opportunities to connect with players, non-players and communities at-large, we are able to network with key business owners and develop strategic partnerships.

Our sponsorship opportunities for FY2016 will include the following venues:

<b><u>Event Name</u></b>	<b><u>Rationale</u></b>
Cheyenne Frontier Days	High Attendance / Broad Audience
University of Wyoming	High Attendance / Diverse Audience (demographic)

**Responsible Gambling Outreach**

The Wyoming Lottery will continue to promote responsible gambling messages tied to Lottery messaging.

Lottery will continue to meet monthly with the Department of Health for the purpose of developing treatment messaging and problem gambling support. As part of this effort, Lottery will assist in developing and implementing a recruitment strategy that would expand the monthly group to include individuals that can sufficiently support this effort.