

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg

August 23, 2011



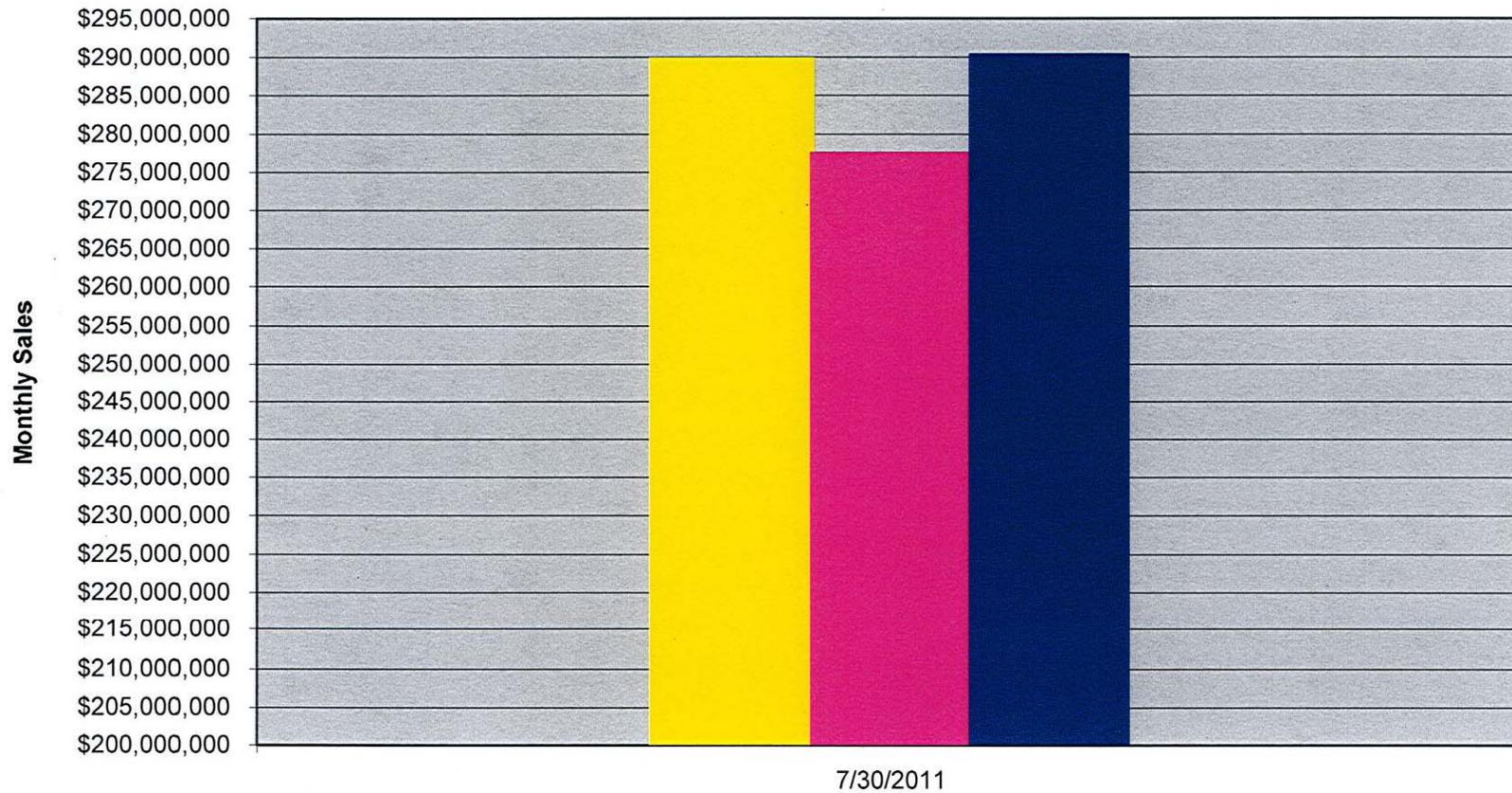


Lottery Sales Update



- Kicked off FY12 with strong overall numbers; sales for the month were \$419 million – a \$16 million increase over last July.
- Instant sales in July were \$12 million higher than last year, an increase we believe is a direct result of the Lottery releasing more appealing and innovative ticket offerings over the course of the last several months.
- Higher Mega Millions jackpots offered this year translated into a \$782,500 sales increase; and, Mass Cash saw a \$1 million increase in sales following the expansion of the game’s drawing schedule on July 17th from three to seven nights-a-week. And as forecasted in last month’s letter.
- Cash WinFall sales also increased over \$2 million following a roll down of the game’s jackpot in mid-July.

**Instant Game Monthly Sales
YTD 2010 thru 2012**



| | 30-Jul |
|--------------------|---------------|
| 2012 Monthly Sales | \$289,540,558 |
| 2011 Monthly Sales | \$277,436,639 |
| 2010 Monthly Sales | \$290,351,366 |

Month Ending

Wheel of Fortune

Price Point: \$5

Weeks on Sale: 2

Total Sales To Date: \$10.7 million



Strike it Witch
 Price Point: \$5
 Top Prize: \$200,000



\$10,000,000
Diamond Millionaire
 Price Point: \$20
 Top Prize: \$10 million



20X The Cash
 Price Point: \$5
 Top Prize: \$1,000,000

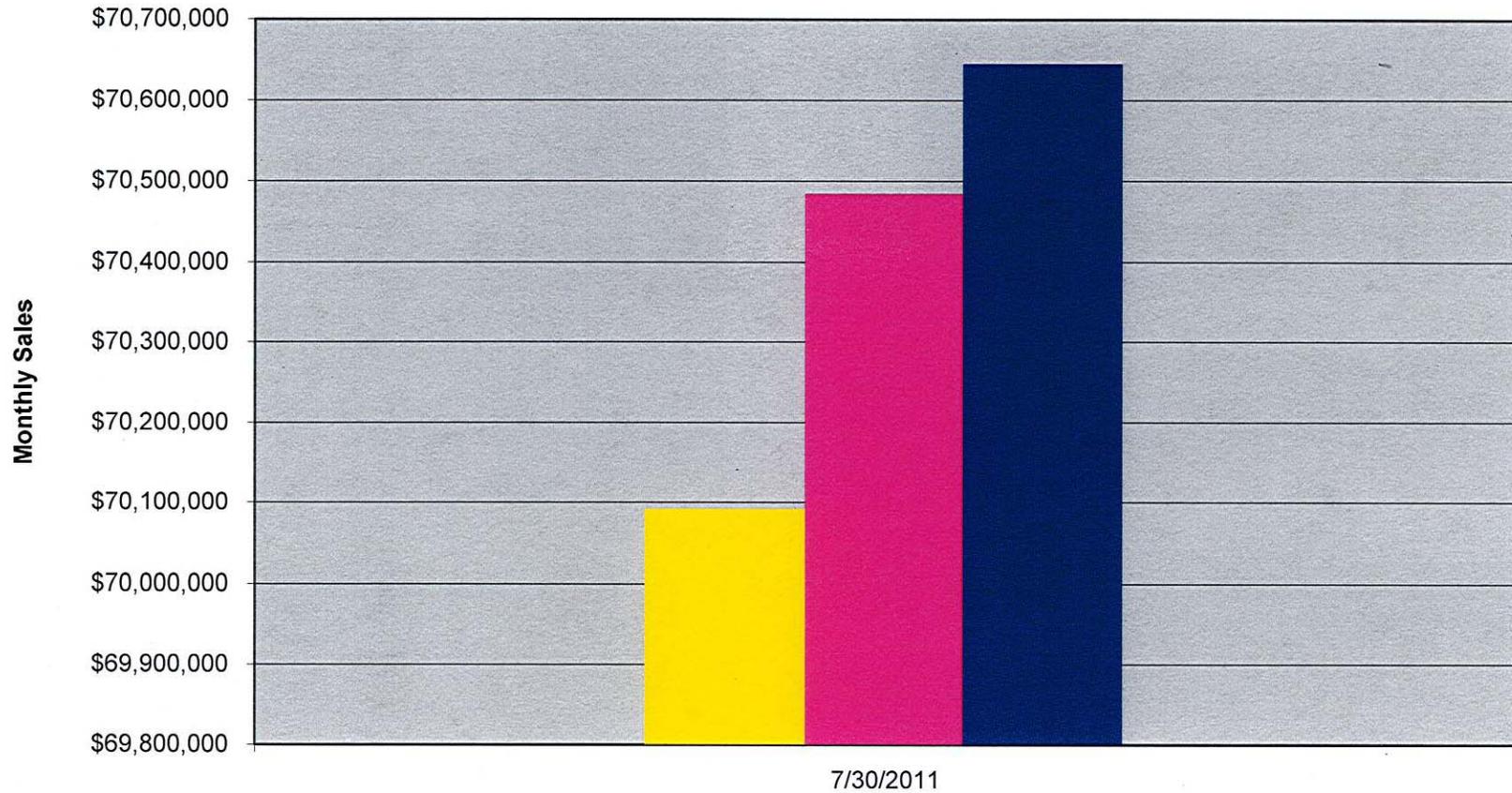




Monthly Sales YTD 2010 - 2012



**Keno Game Monthly Sales
YTD 2010 thru 2012**



| | 30-Jul |
|--------------------|--------------|
| 2012 Monthly Sales | \$70,087,630 |
| 2011 Monthly Sales | \$70,481,804 |
| 2010 Monthly Sales | \$70,642,387 |

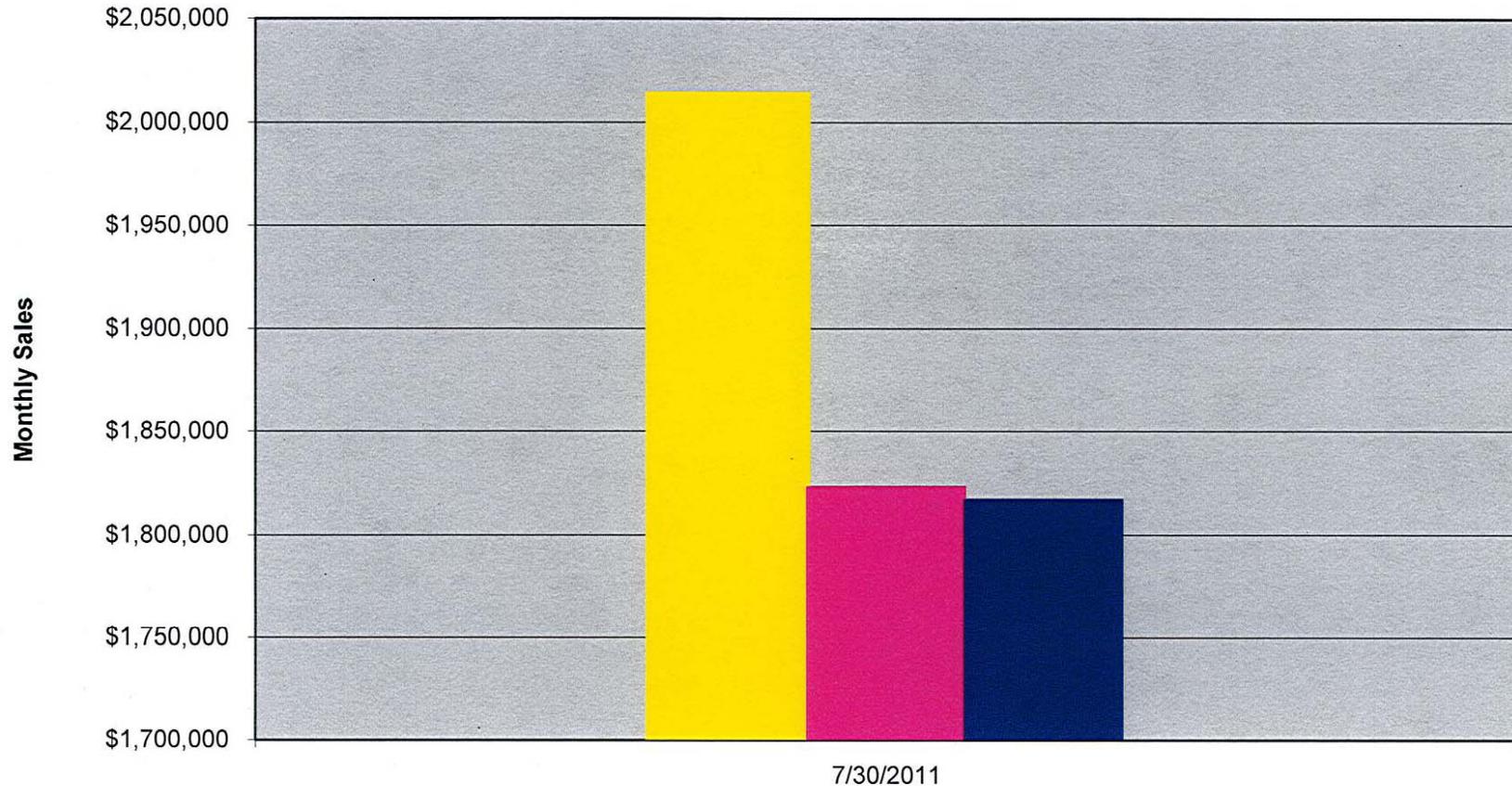
Month Ending



Monthly Sales YTD 2010 - 2012



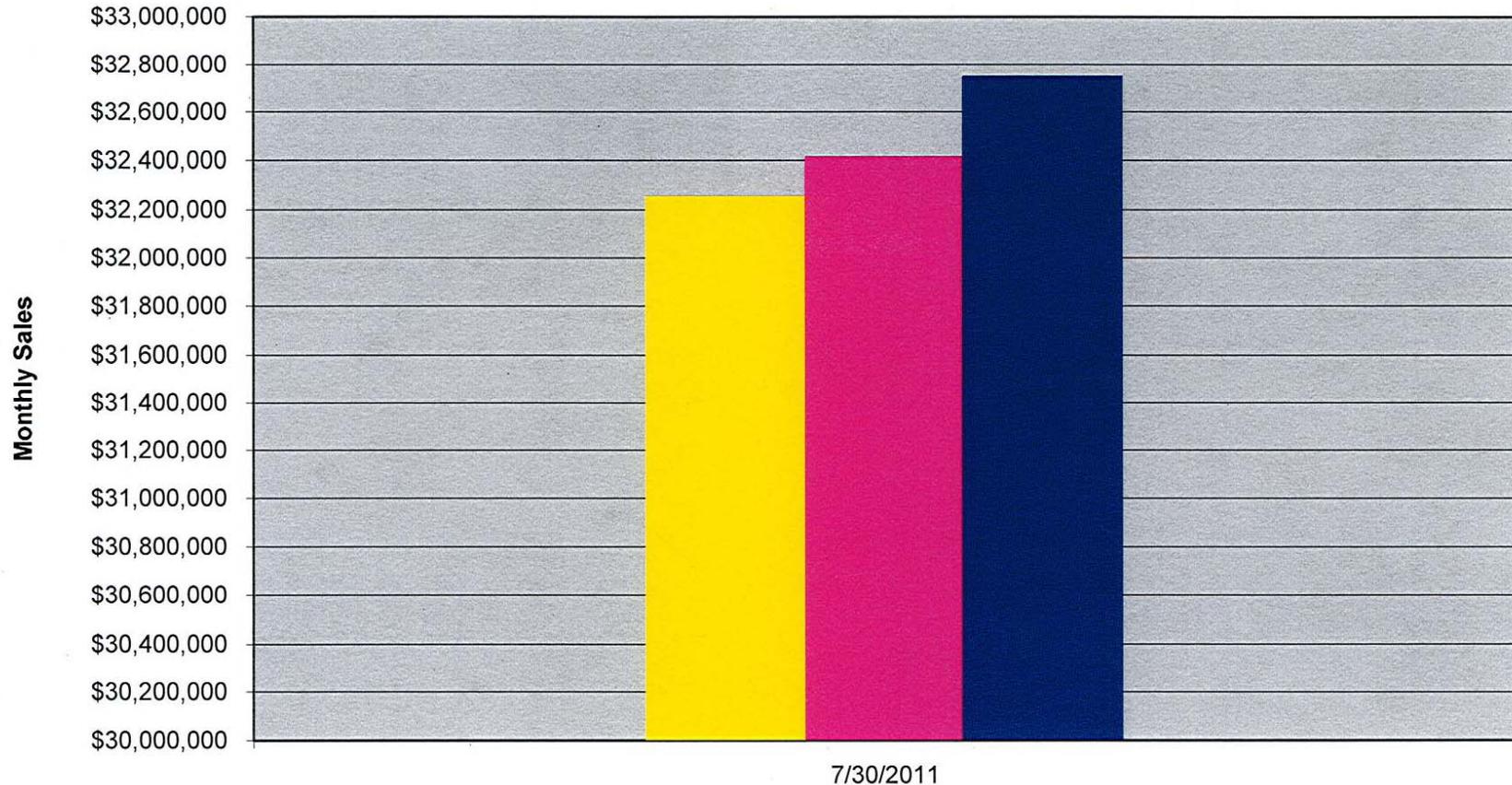
**Race Game Monthly Sales
YTD 2010 thru 2012**



| | 30-Jul |
|--------------------|-------------|
| 2012 Monthly Sales | \$2,012,693 |
| 2011 Monthly Sales | \$1,823,068 |
| 2010 Monthly Sales | \$1,816,897 |

Month Ending

**Numbers Game Monthly Sales
YTD 2010 thru 2012**



| | 30-Jul |
|--------------------|--------------|
| 2012 Monthly Sales | \$32,241,280 |
| 2011 Monthly Sales | \$32,410,221 |
| 2010 Monthly Sales | \$32,746,435 |

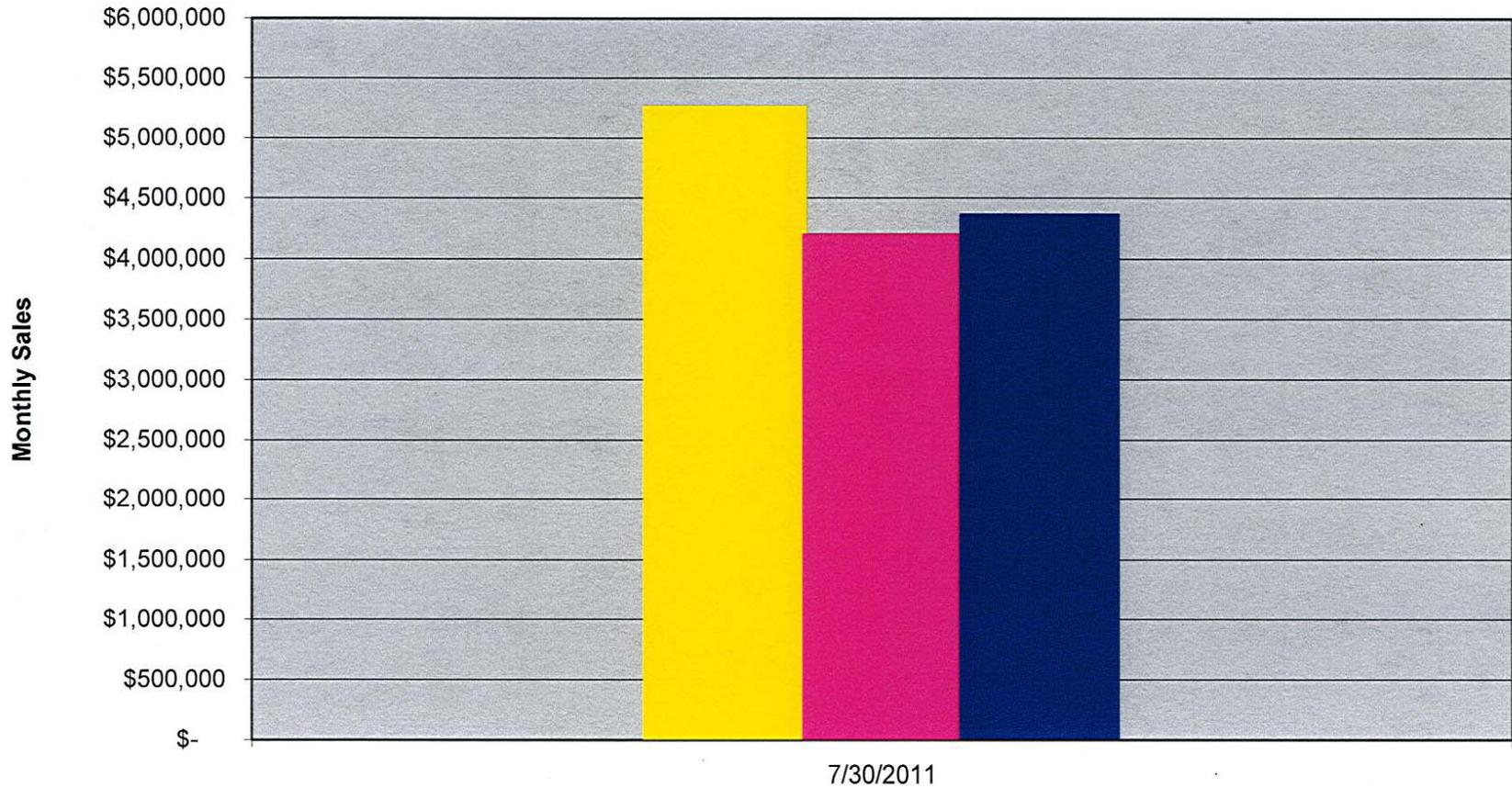
Month Ending



Monthly Sales YTD 2010 - 2012



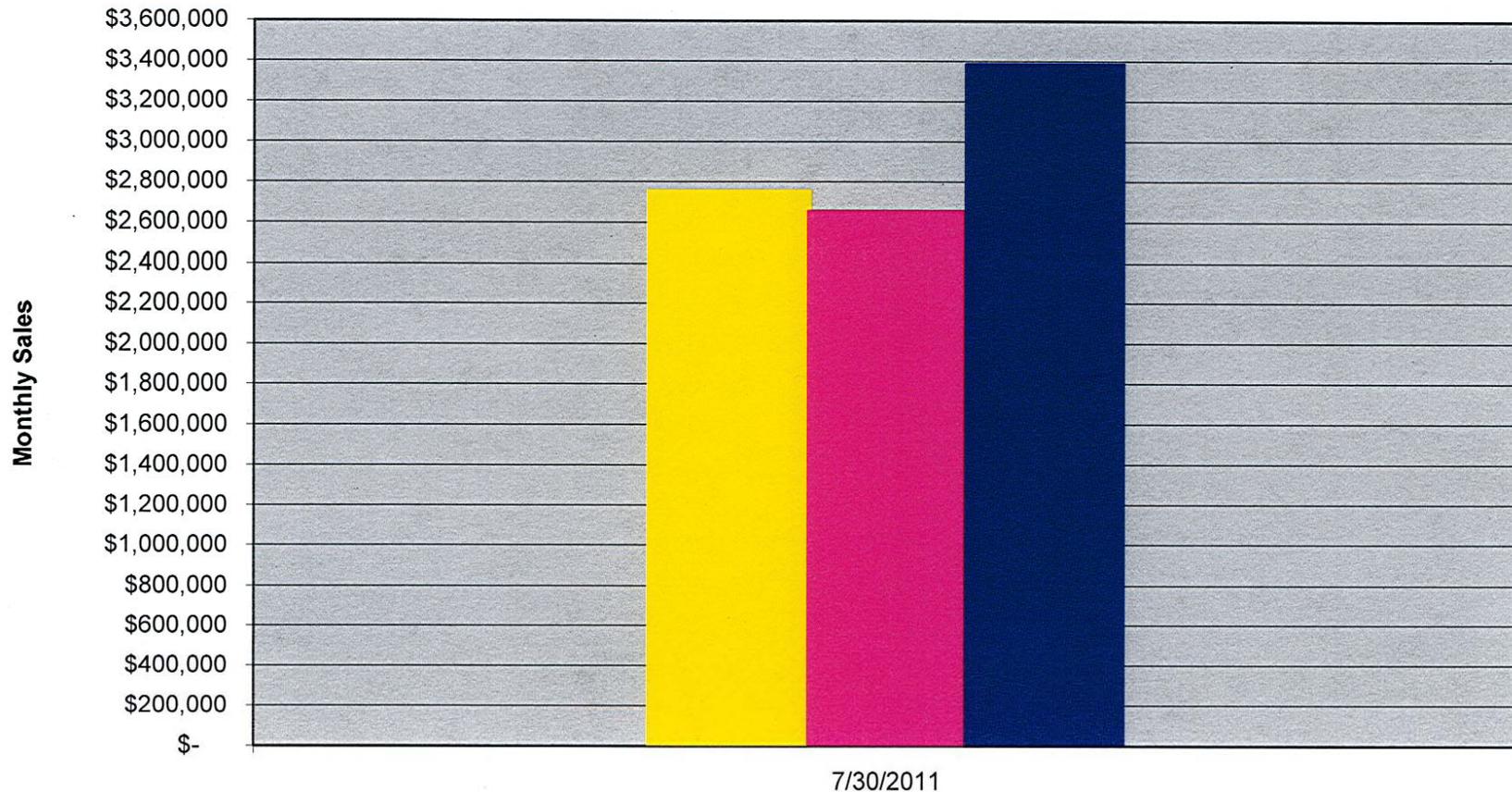
**MassCash Game Monthly Sales
YTD 2010 thru 2012**



| | 30-Jul |
|--------------------|-------------|
| 2012 Monthly Sales | \$5,238,180 |
| 2011 Monthly Sales | \$4,192,059 |
| 2010 Monthly Sales | \$4,365,827 |

Month Ending

Megabucks Game Monthly Sales
YTD 2010 thru 2012



| | |
|--------------------|-------------|
| | 30-Jul |
| 2012 Monthly Sales | \$2,742,547 |
| 2011 Monthly Sales | \$2,652,162 |
| 2010 Monthly Sales | \$3,384,868 |

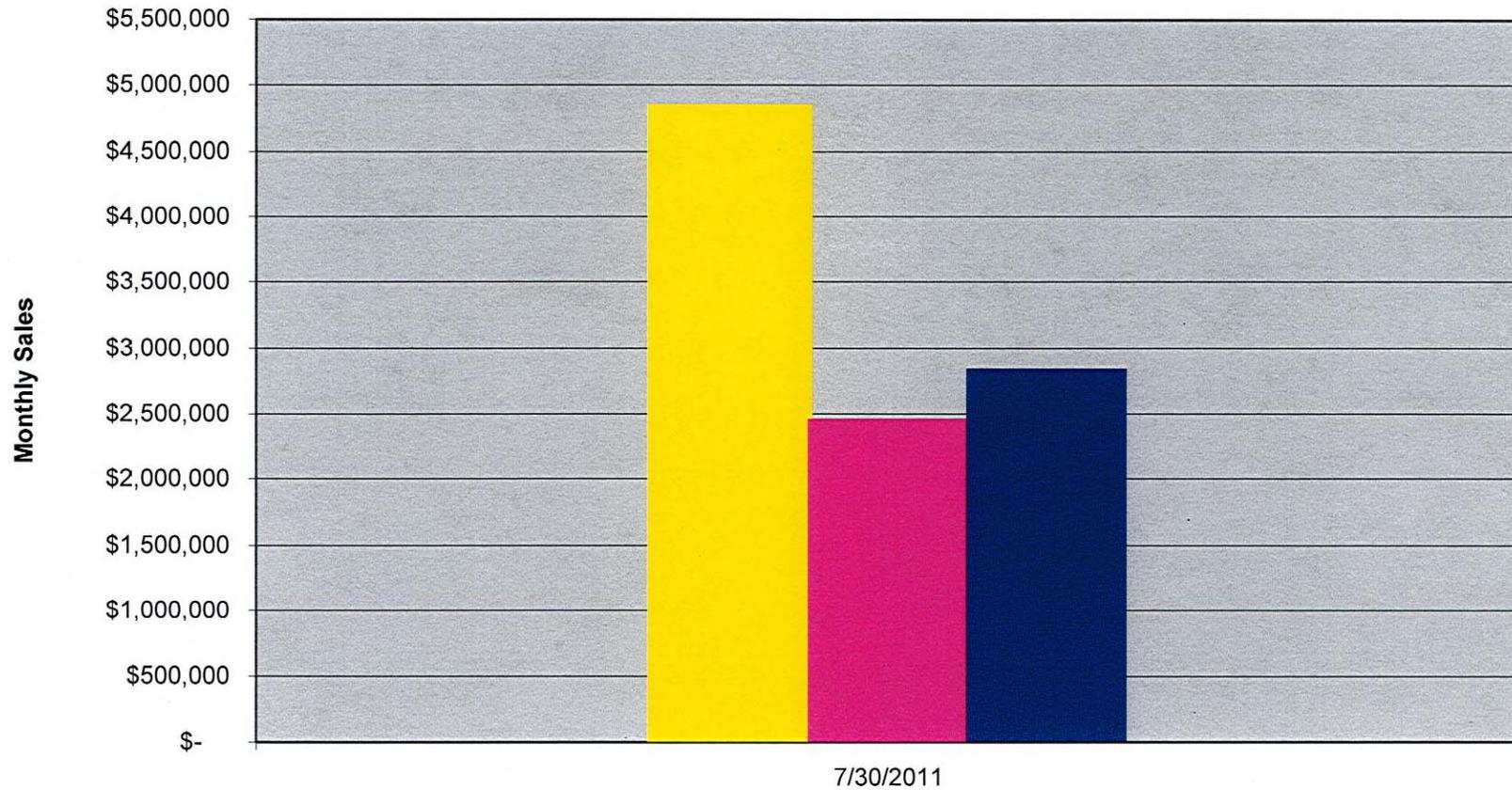
Month Ending



Monthly Sales YTD 2010 - 2012



**Cash WinFall Game Monthly Sales
YTD 2010 thru 2012**



| | 30-Jul |
|--------------------|-------------|
| 2012 Monthly Sales | \$4,825,786 |
| 2011 Monthly Sales | \$2,452,192 |
| 2010 Monthly Sales | \$2,836,678 |

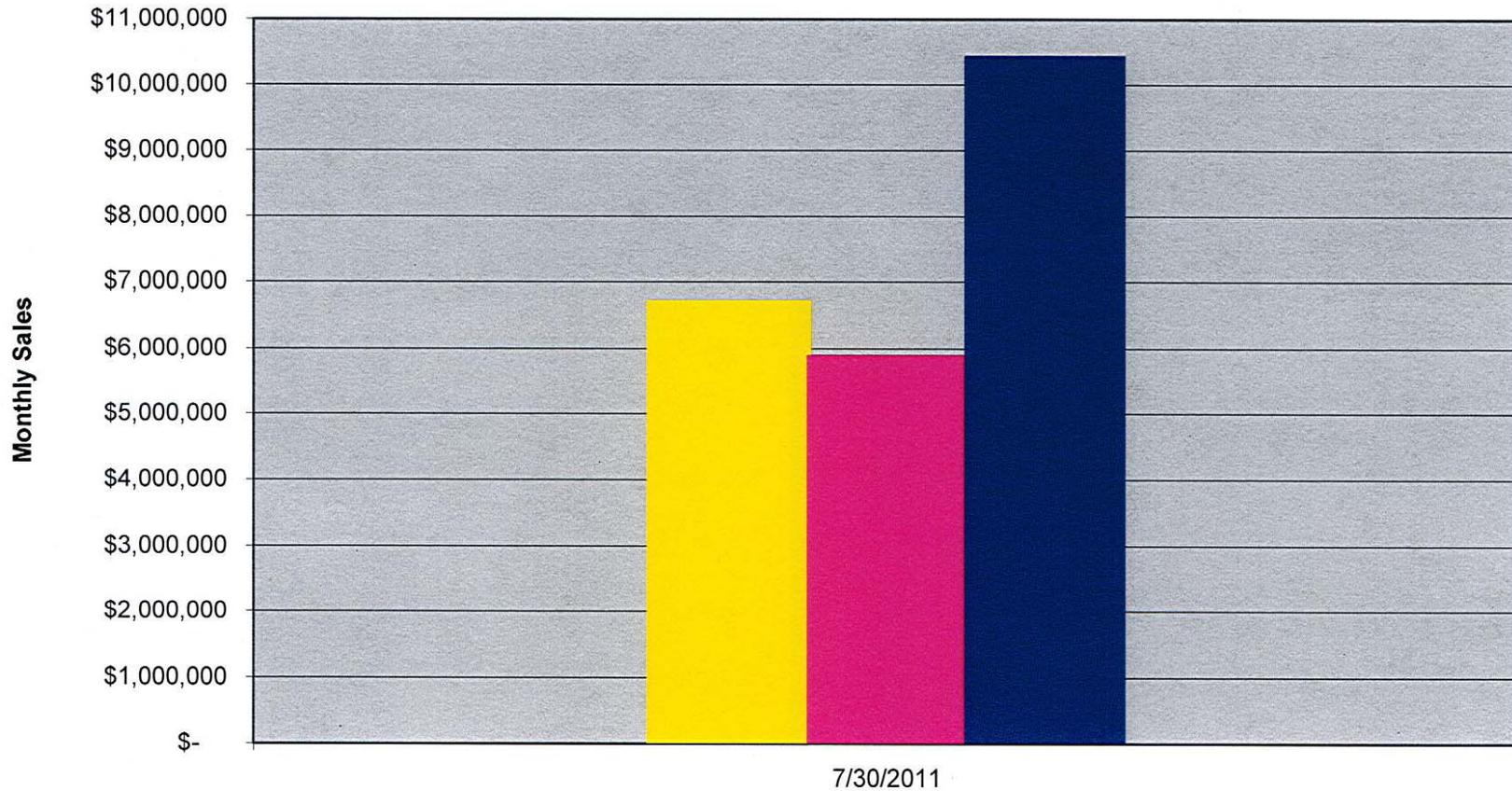
Month Ending



Monthly Sales YTD 2010 - 2012



**Mega Millions Game Monthly Sales
YTD 2010 thru 2012**



| | 30-Jul |
|--------------------|--------------|
| 2012 Monthly Sales | \$6,665,583 |
| 2011 Monthly Sales | \$5,883,069 |
| 2010 Monthly Sales | \$10,418,665 |

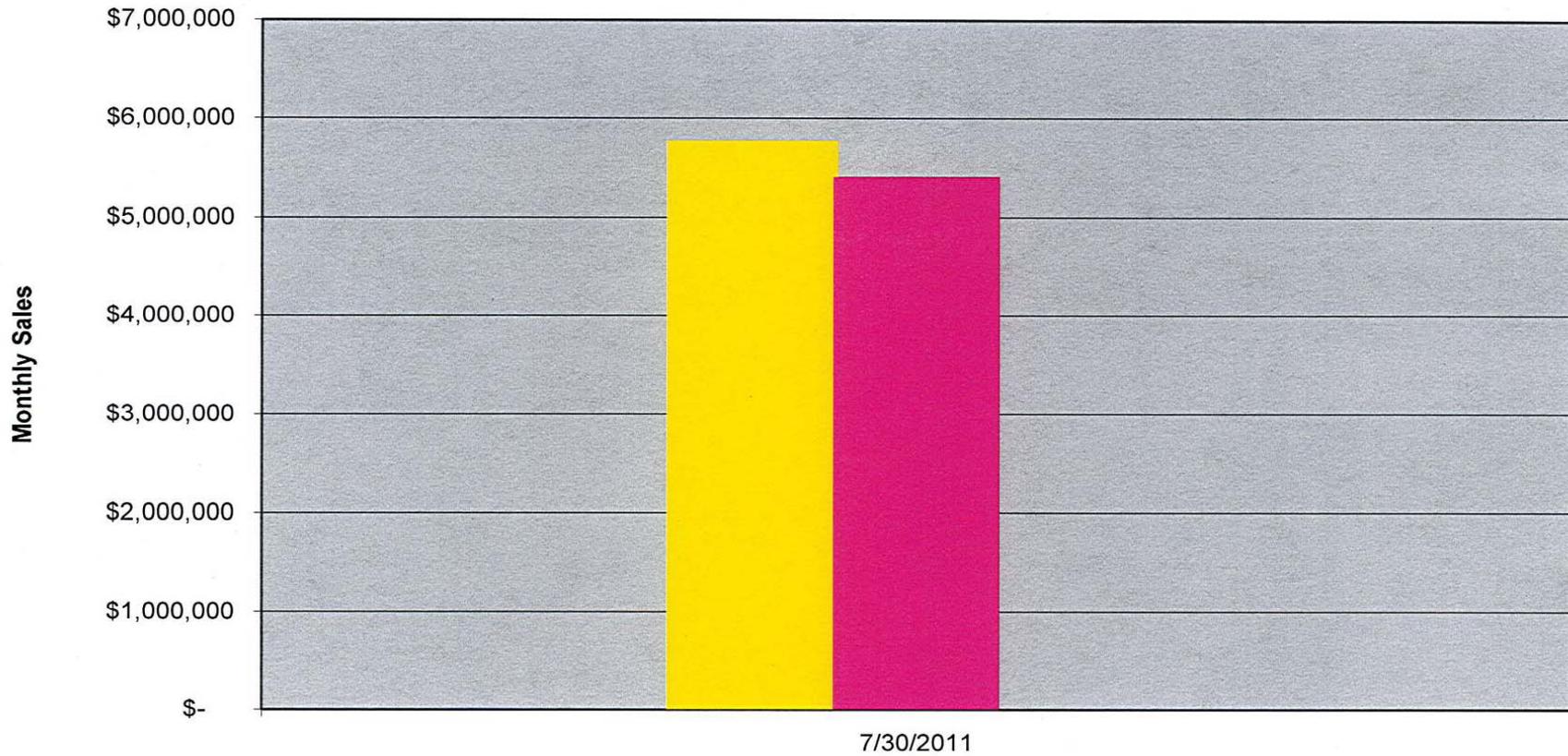
Month Ending



Monthly Sales YTD 2010 - 2012



**Powerball Game Monthly Sales
YTD 2010 thru 2012**



| | |
|--------------------|-------------|
| | 30-Jul |
| 2012 Monthly Sales | \$5,740,306 |
| 2011 Monthly Sales | \$5,395,080 |
| 2010 Monthly Sales | \$- |

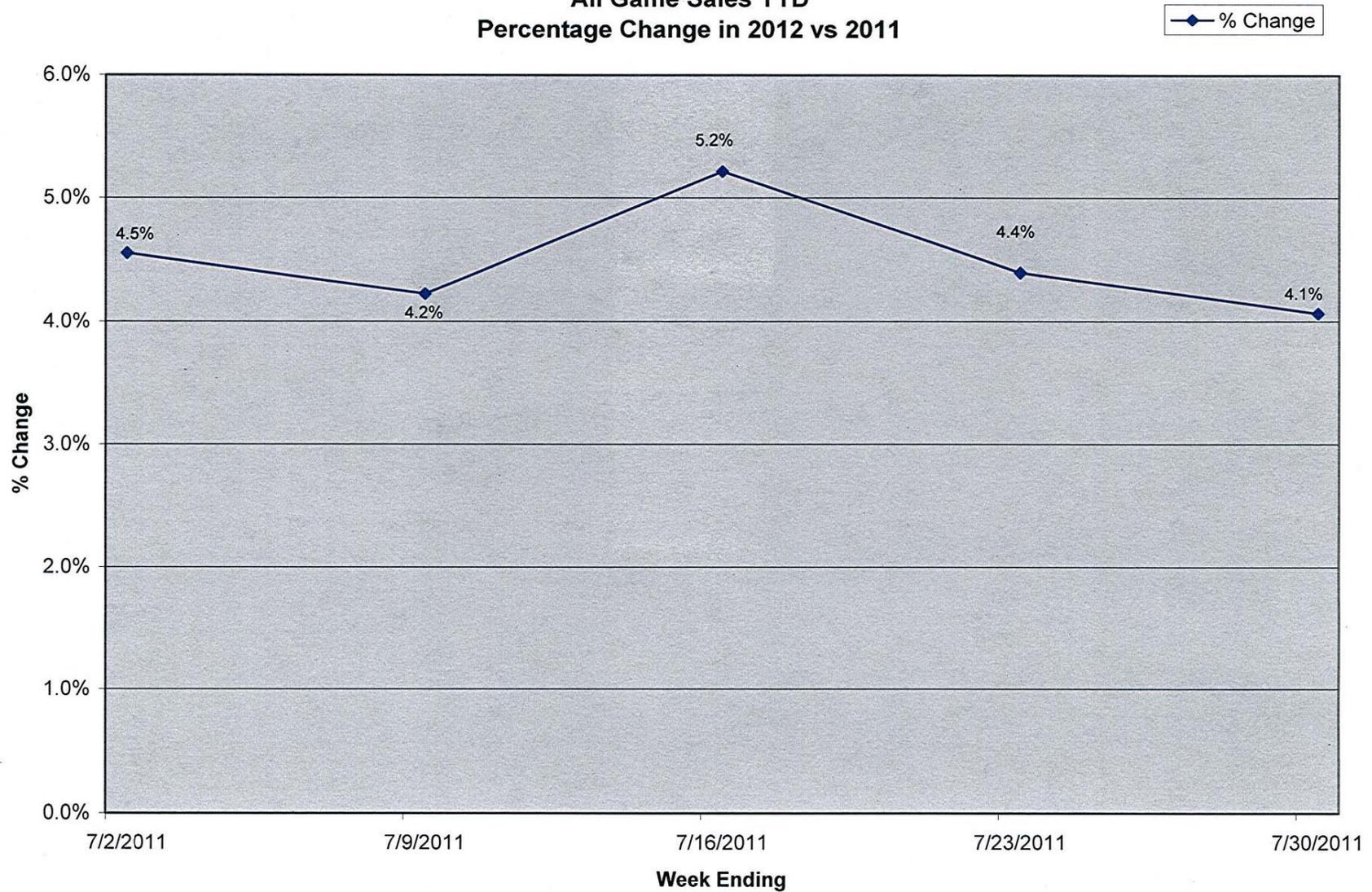
Month Ending



All Game Monthly Sales YTD 2011 - 2012



**All Game Sales YTD
Percentage Change in 2012 vs 2011**





Revenue Results FY11 vs. FY12



MSLC Revenue Results *

FY12 vs. FY11

Through July 30, 2011

(\$ millions)

| | FY12** | % of Total | FY11*** | % of Total | \$ Change | % Change |
|-----------------|--------------|-------------|--------------|-------------|-------------|-------------|
| Instant Tickets | \$290 | 69% | \$277 | 69% | \$12 | 4.4% |
| MegaMillions | 7 | 2% | 6 | 1% | 1 | 13.3% |
| Powerball | 6 | 1% | 5 | 1% | 0 | 6.4% |
| Keno | 70 | 17% | 70 | 18% | 0 | -0.6% |
| Mass Cash | 5 | 1% | 4 | 1% | 1 | 25.0% |
| Race Game | 2 | 0% | 2 | 0% | 0 | 10.4% |
| Cash WinFall | 5 | 1% | 2 | 1% | 2 | 96.8% |
| Numbers Game | 32 | 8% | 32 | 8% | 0 | -0.5% |
| Megabucks | 3 | 1% | 3 | 1% | 0 | 3.4% |
| Total | \$419 | 100% | \$403 | 100% | \$16 | 4.1% |

| | | | | | | |
|-----------------|--------------|-------------|--------------|-------------|-------------|-------------|
| Instant Tickets | \$290 | 69% | \$277 | 69% | \$12 | 4.4% |
| Online Games | \$130 | 31% | \$125 | 31% | \$4 | 3.4% |
| Total | \$419 | 100% | \$403 | 100% | \$16 | 4.1% |

* As reported on MSLC Weekly Sales Report dated July 30, 2011

** Sunday June 26, 2011 - Saturday, July 30, 2011 (5 weeks)

*** Sunday June 27, 2011 - Saturday, July 31, 2011 (5 weeks)



Lottery Reform Scorecard



- **Procurement**

- Upcoming, current, and awards of RFRs are now posted on the Lottery's website. As of this week, for greater transparency, the amount of each award will be posted on our website and on Comm-Pass.
- Introduction of written policy requiring evaluation by respective Department Manager and the General Counsel of all contracts eight months in advance of their expiration to assess whether to proceed with an RFR or exercise an existing option to extend.

- **Operations Policy**

- Review and revision of vehicle policy complete and training underway for all drivers of Lottery-owned vehicles.
- Three trainings by the State Ethics Commission and Office of Campaign and Political Finance are scheduled for this month.

- **Governance**

- Establishing governance page on the Lottery's website. Requesting photograph and biographical summaries from each Commissioner.

- On August 15th, we began drawing all of our in-state games at the Braintree HQ and uploading the videos of each onto the Lottery's YouTube account. We then embed each drawing video on masslottery.com, as well as on the Lottery's Facebook page and broadcast a link to the video via Twitter.
- Additionally, we send the results of each drawing to every television station and daily newspaper statewide for distribution to their respective audiences.
- Since August 15th, we have seen a steady traffic on www.masslottery.com. According to Google's analytics:

301,249 people visited this site





Lottery Drawings Online



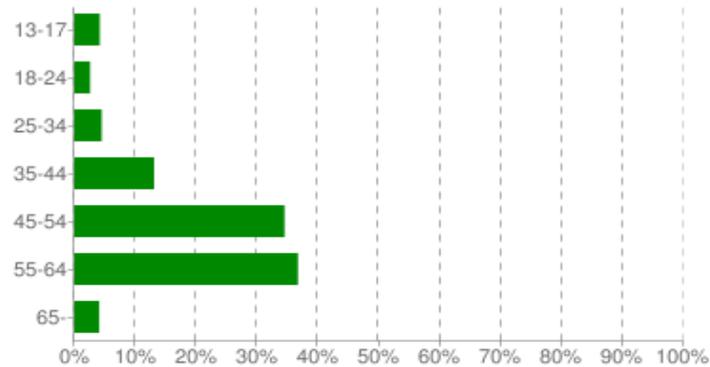
- To provide further insight into who is viewing the drawings, the bullets below and charts to follow give a snapshot of the viewers who are accessing the drawings on the Lottery's YouTube account: www.youtube.com/masstatelottery
 - Of the 51,783 visitors to the YouTube account, 47,974 - or 93.8% - of visitors discovered one of the drawing videos via an embedded link on masslottery.com.
 - 68% of the viewers are male and the majority of viewers (all genders) fall between the ages of 45 – 64).
 - Almost all of the viewers reside in Massachusetts, but the YouTube postings are also getting hits from residents of the other 5 New England states.

Views in the selected date range and region: 51,783

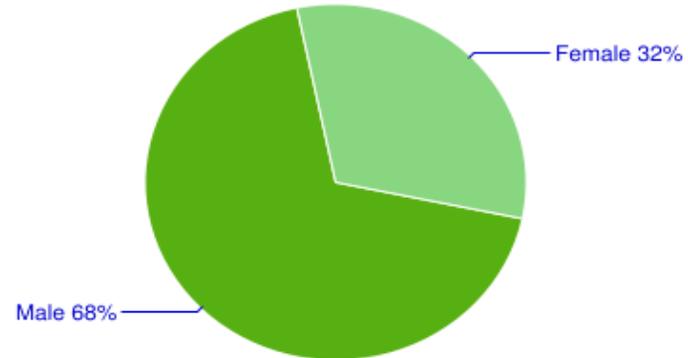
Demographics

[More info](#)

Age ranges for: All Male Female



Genders for all age groups



Date range: Aug 15, 2011 - Aug 22, 2011

Discovery

How are people finding the videos in this channel?

| <input checked="" type="checkbox"/> Links followed to this video | Views | % of total views |
|--|--------|------------------|
| <input checked="" type="checkbox"/> No link referrer - embedded player | 47,974 | 93.8 |
| <input checked="" type="checkbox"/> YouTube other pages | 985 | 1.9 |
| <input checked="" type="checkbox"/> YouTube related video | 491 | 0.96 |
| <input checked="" type="checkbox"/> No link referrer - mobile devices (?) | 487 | 0.95 |
| <input checked="" type="checkbox"/> No link referrer - YouTube watch and channel pages (?) | 425 | 0.83 |
| <input checked="" type="checkbox"/> External website | 328 | 0.64 |
| <input checked="" type="checkbox"/> YouTube channel page | 249 | 0.49 |
| <input checked="" type="checkbox"/> YouTube search | 132 | 0.26 |
| <input checked="" type="checkbox"/> YouTube subscription modules | 51 | 0.1 |
| <input checked="" type="checkbox"/> Google search | 7 | 0.01 |



Update on Initiatives



- **Player Activated Terminals**
 - Bids on the RFR are due on Wednesday, August 24th.

- **Raffle Game**
 - In the process of being programmed.
 - As previously discussed, the Lottery will hold two raffle-style games in FY12. Looking to launch first game in mid-late October for a New Year's Day drawing, second game is planned to launch in Spring 2012 with drawing held at close of fiscal year.

- **Holiday Season Campaign**
 - We continue to formulate a strategy around holiday season sales, which will include the raffle game, as well as holiday-themed instant tickets and season ticket subscriptions.
 - Advertising to support holiday games will likely consist of radio spots, online ads (using some paid and social media sites), email marketing and Point of Sale pieces.

Thank you for this opportunity to share this information. We look forward to your feedback and to further discussion on these, as well as other initiatives.

