

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by: Beth Bresnahan

March 25, 2014



Lottery Sales Update

- Lottery sales were up \$8 million for the month of February as compared to February 2013. The cash prize payout for the month was 74 percent, far less than the 75.1 percent payout of last February.
- The year-to-date prize payout is now 71.6 percent, well below the budgeted rate of 72.3 percent. Consequently, our net profit is \$46 million ahead of last year's pace despite a sales decrease of \$13 million through the first eight months of the year.
- The Lottery experienced sales increases in several games in February, including Powerball, which was up \$6 million; KENO, which was up \$3 million; Mega Millions, which was up \$2 million; and, The Numbers Game and Mass Cash, which both saw slight increases. In addition, the Lottery benefited from nearly \$500,000 in new sales from Jackpot Poker, which was not in operation last February.
- Instant Tickets and Lucky For Life sales were down \$1 million in February, while Megabucks sales declined slightly. The Daily Race Game did not generate any sales last month because the game officially ended on June of 2013; the game generated over \$2 million in sales in February 2013.

2014 Red Sox Instant Ticket Release (April 1)

2014 Boston Red Sox Instant Ticket

Price Point: \$2

Top Instant Prize: \$50,000

Top Second Chance Prize: \$25,000



- The \$2 2014 Boston Red Sox Instant Ticket marks the Lottery's 7th Instant Ticket offering with the Red Sox.
- Since April 2006, the Lottery's Red Sox-branded Instant games have amassed \$929.6 million in sales and generated approximately \$127.6 million in net profit.
- New \$2 game offers over \$18.9 million in immediate "scratch and win" cash prizes, including 15 top prizes of \$50,000, and 3,168,300 prizes ranging from \$1 to \$5,000.
- The ticket also features second chance opportunities through which players can enter their non-winning tickets online to win unique game-night experiences, team-branded memorabilia and more money – up to \$25,000 cash - in a contest held on the field at Fenway Park during a Red Sox home game.

2014 Red Sox Instant Ticket POS & In-Game Assets



12x18 Poster, also used for Red Sox Magazine print ad



Wobler

2014 Season In-Game/In-Park Assets:

- One (1) 4x18 sign in Right Field Corner.
- Ten (10) games of fixed Home Plate signage.
- One (1) ½ inning of Home Plate signage for 30 game minimum.
- One (1) ½ inning of Main Scoreboard LED signage.
- One (1) in-game video board feature on the Main Scoreboard.
- One (1) pre-game :30 second commercial prior to all regular season home games on the Main Scoreboard.
- One (1) magazine ad in six (6) issues of Red Sox Magazine.
- Twenty (20) :15 in-game drops on NESN.



Introducing the \$30 Price Point

- On May 29, 1974, the Massachusetts Lottery introduced the world's first instant ticket – a move that revolutionized the lottery industry, establishing Massachusetts as a lottery innovator.
- *The Instant Game*, a \$1 ticket, offered a top instant prize of \$10,000, three monthly drawings for \$10,000 and a grand prize drawing of \$1,000 a week for life.
- In the 40 years since *The Instant Game's* release, the Massachusetts Lottery has grown to be the world's leader in instant ticket sales, releasing 29-31 new games each fiscal year (the average U.S. lottery releases 52 new games annually).
- Massachusetts has been extremely measured and thoughtful in its approach to launching new instant ticket price points. It has been nearly seven years since a new price point was introduced in the Commonwealth, while neighboring states and other key state lotteries have diversified their instant portfolios with higher priced offerings.
- Massachusetts' price point introductions, include:
 - \$1 ticket introduced in May 1974
 - \$2 ticket introduced in April 1992; \$5 ticket introduced November 1992
 - \$10 ticket introduced in November 1999
 - \$20 ticket introduced in September 2007
- State lotteries looking for continued growth in their instant ticket portfolio are putting major efforts behind higher priced games (i.e. over \$20), including key states:
 - Florida introduced two \$25 games over the last two years that have been their best-selling games;
 - Ohio introduced a \$30 Anniversary-themed ticket on 1/16/2014;
 - Georgia introduced an Anniversary-themed \$30 ticket on 1/28/2014;
 - And, New Hampshire launched a \$25 ticket on 3/3/2014.
- These latest introductions into the market are by no means precedent-setting in the industry – in fact, the neighboring Connecticut Lottery launched the industry's first \$30 instant ticket in March 2002 and the Texas Lottery offered the first of its \$50 games in May 2007. There have been 59 games released by U.S. lotteries priced at \$25 or greater since 2002.



World Class Millions

- As the leader in the industry, the Massachusetts Lottery is well-positioned to release a \$30 instant ticket that will continue our 40-year record of incredible success in this market.
- This strategic business decision by the Lottery will not only serve to increase overall revenues and local aid return, but also best position our instant portfolio in a rapidly changing gaming environment in the state.
- We envision that the \$30 ticket will replace one of the two (2) \$20 tickets introduced annually, so that future years will see one \$20 ticket and one \$30 ticket (positioned well versus one another) introduced each fiscal year.
- *World Class Millions*, the Lottery's first game at the \$30 price point, will celebrate the innovative and exciting lottery product that was created and launched in Massachusetts 40 years ago. The ticket will be released on April 22, 2014 along with three (\$1, \$2, \$5) other games.
- The game's top instant prize is \$15 million - the highest scratch & win prize ever offered by the Massachusetts Lottery. The game overall will offer over \$600 million in cash prizes.
- There will also be five Second Chance Drawings offered during the sales period of the game that players who enter non-winning tickets via the Lottery's website will have the chance to win cash prizes of up to \$1 million.
- Prize payout for the game is 80.7% - the highest in the history of Massachusetts' instant product (Massachusetts' \$20 games pay out just over 80%)
- The ticket is the same size as the current \$20 game, but will be printed on gold foil paper and use neon inks that will further distinguish the game/price point from the \$20 tickets.



April Instant Ticket Release (April 22)

\$500 A Week For Life!

Price Point: \$1

Top Prize: \$500 a week for life
(20 year min.
guarantee/\$520,000)

\$1,000 A Week For Life!

Price Point: \$2

Top Prize: \$1,000 a week for life
(20 year min.
guarantee/\$1,040,000)

\$2,500 A Week For Life!

Price Point: \$5

Top Prize: \$2,500 a week for life
(20 year min.
guarantee/\$2,600,000)

World Class Millions

Price Point: \$30

Top Prize: \$15,000,000



April Instant Ticket POS



LED Frame



Tear Pad w/2nd Chance Info



5 inch Decal

Additional Advertising Support:

- In addition to the pieces shown, we are also awaiting a poster design featuring all four tickets in the April game release from game vendor Scientific Games that we will print in-house, as well as digital advertising concepts to review from our ad partner Connelly Partners to support the ticket launch.



February Instant Ticket Sales Update

Sapphire Cash

Price Point: \$1

4 Week Sales: \$1,755,843

Lucky Shamrocks

Price Point: \$2

4 Week Sales: \$4,919,704

\$50 Grand

Price Point: \$2

4 Week Sales: \$5,903,524

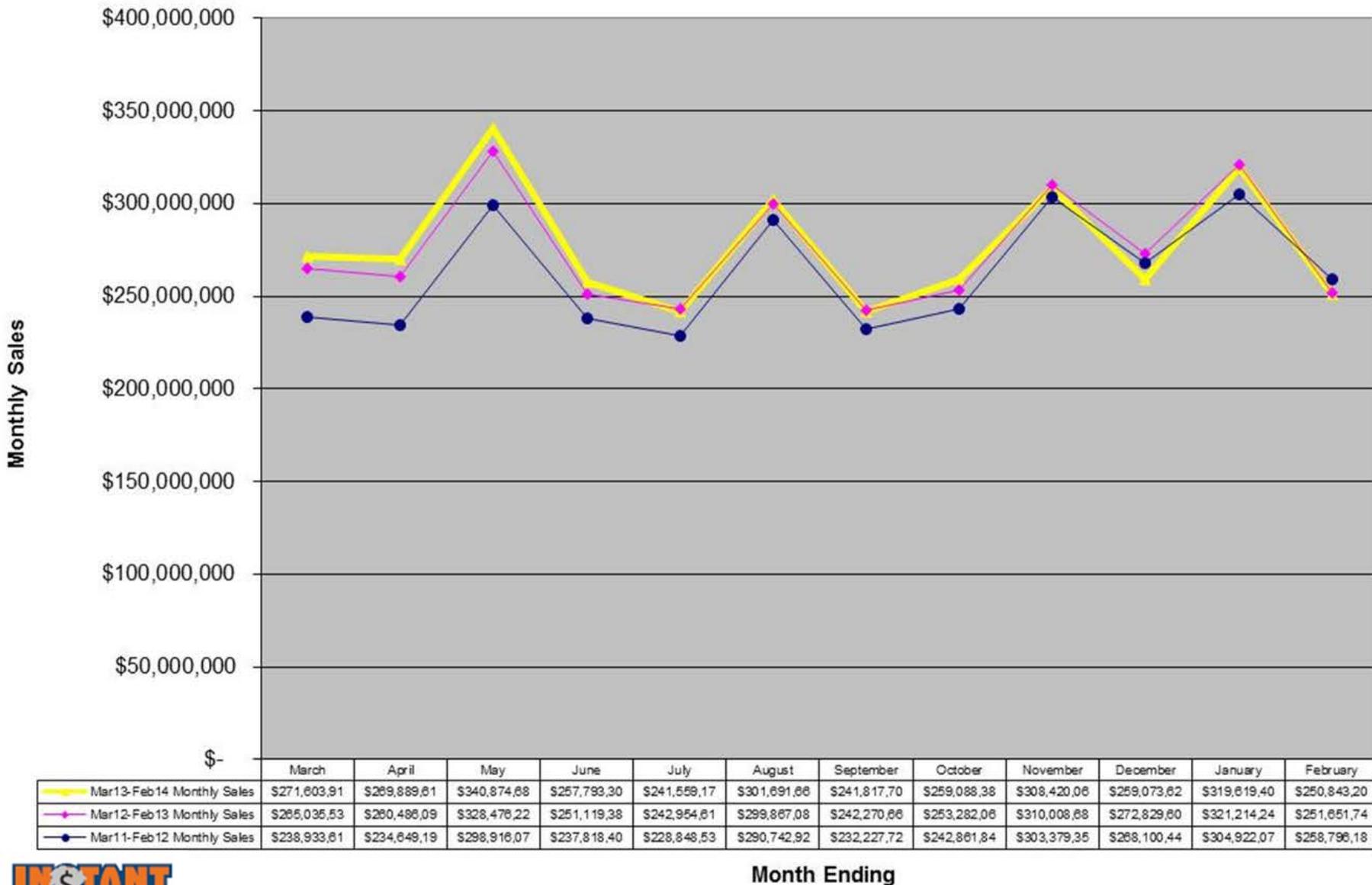
Silver, Gold, Platinum 8s

Price Point: \$5

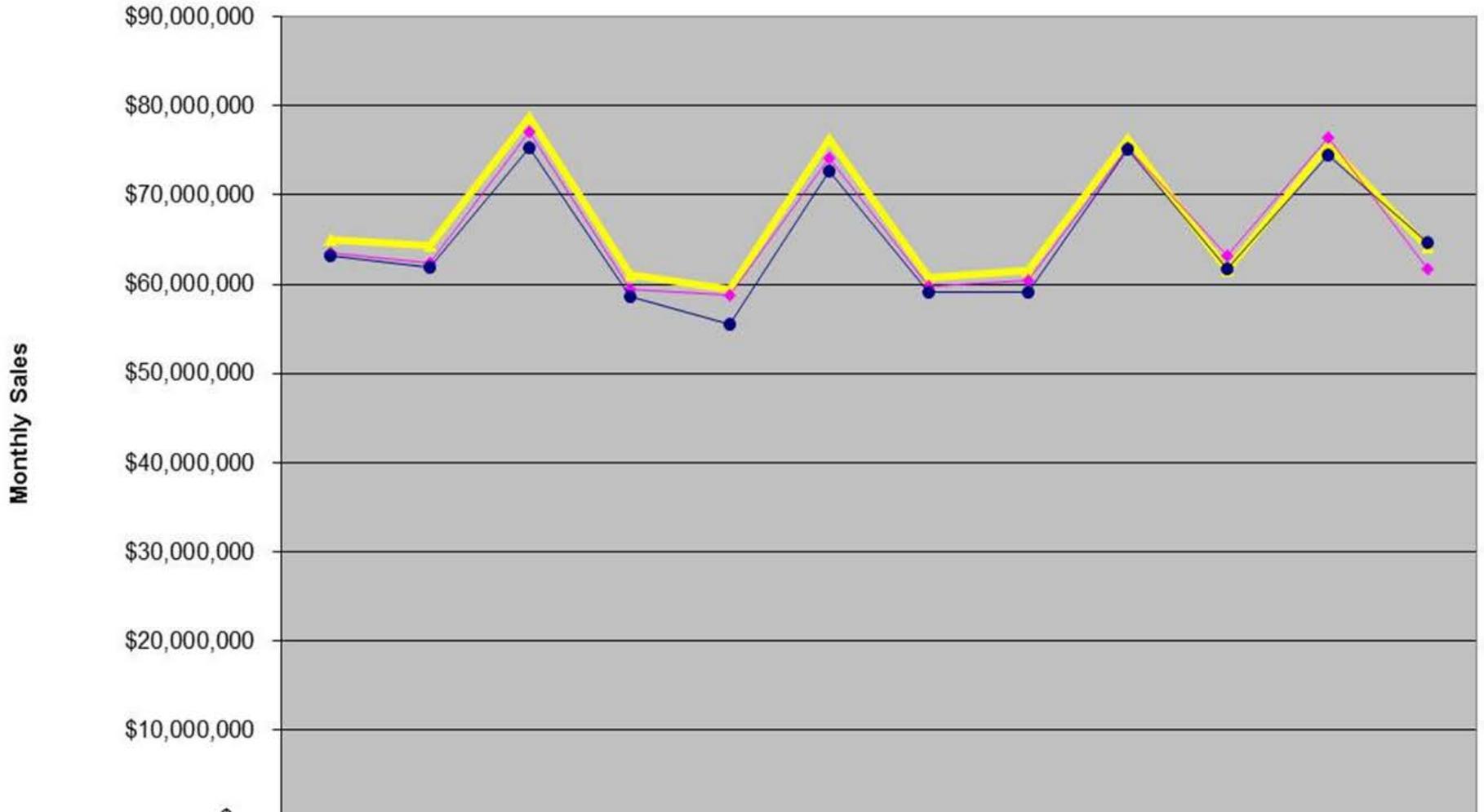
4 Week Sales: \$14,409,640



Instant Game Monthly Sales March 11 thru February 14



KENO Game Monthly Sales March 11 thru February 14

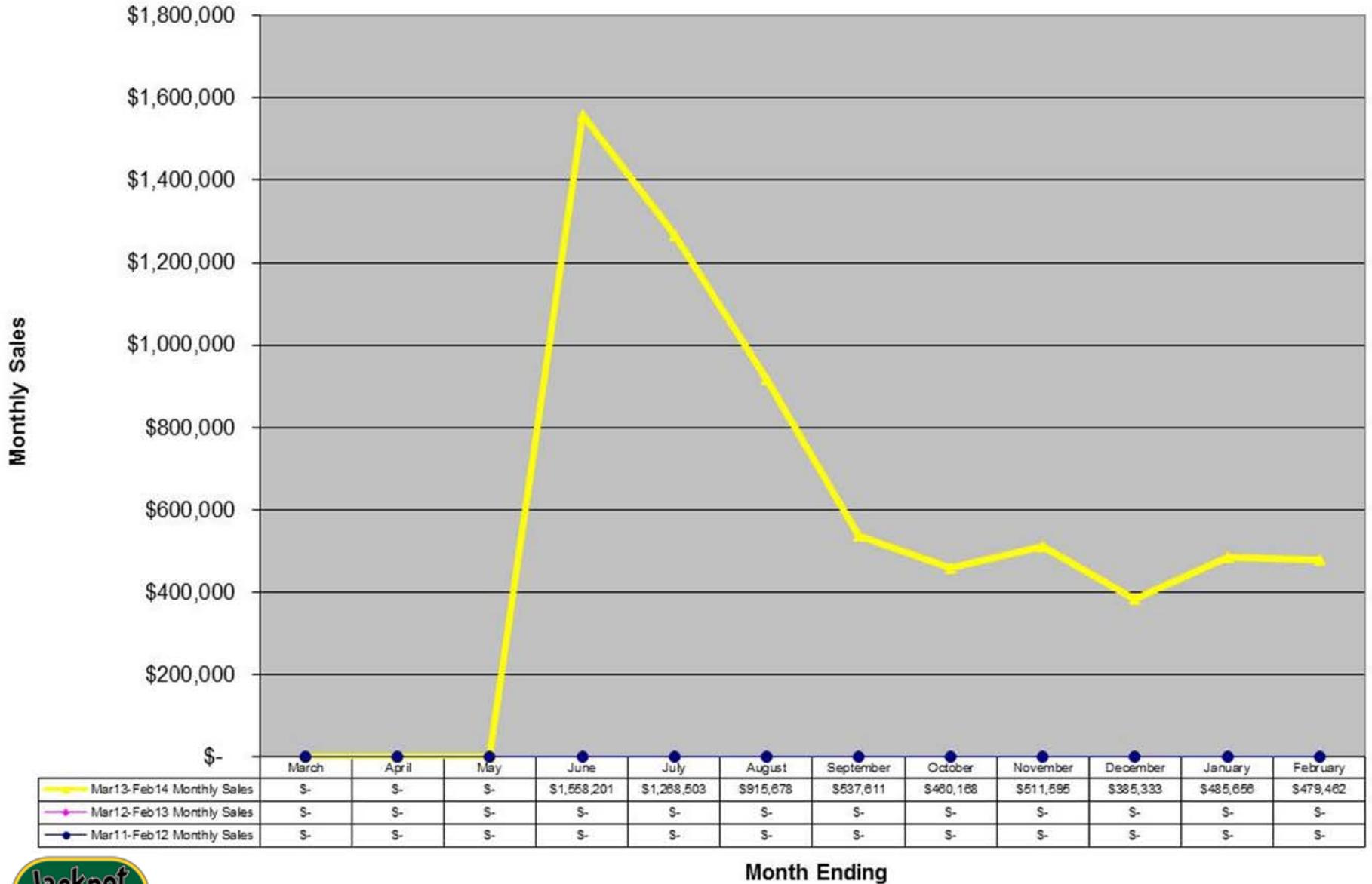


	March	April	May	June	July	August	September	October	November	December	January	February
Mar13-Feb14 Monthly Sales	\$65,033,276	\$64,280,486	\$78,695,207	\$61,032,421	\$59,478,963	\$76,327,447	\$60,687,200	\$61,573,131	\$78,231,749	\$61,571,838	\$75,581,963	\$64,246,191
Mar12-Feb13 Monthly Sales	\$63,579,007	\$62,438,549	\$77,066,745	\$59,496,498	\$58,834,238	\$74,168,553	\$59,776,650	\$60,406,576	\$75,360,152	\$63,209,606	\$76,453,588	\$61,657,662
Mar11-Feb12 Monthly Sales	\$63,268,022	\$61,946,220	\$75,374,599	\$58,609,862	\$55,511,595	\$72,637,541	\$59,167,172	\$59,077,681	\$75,178,823	\$61,681,424	\$74,466,661	\$64,684,172

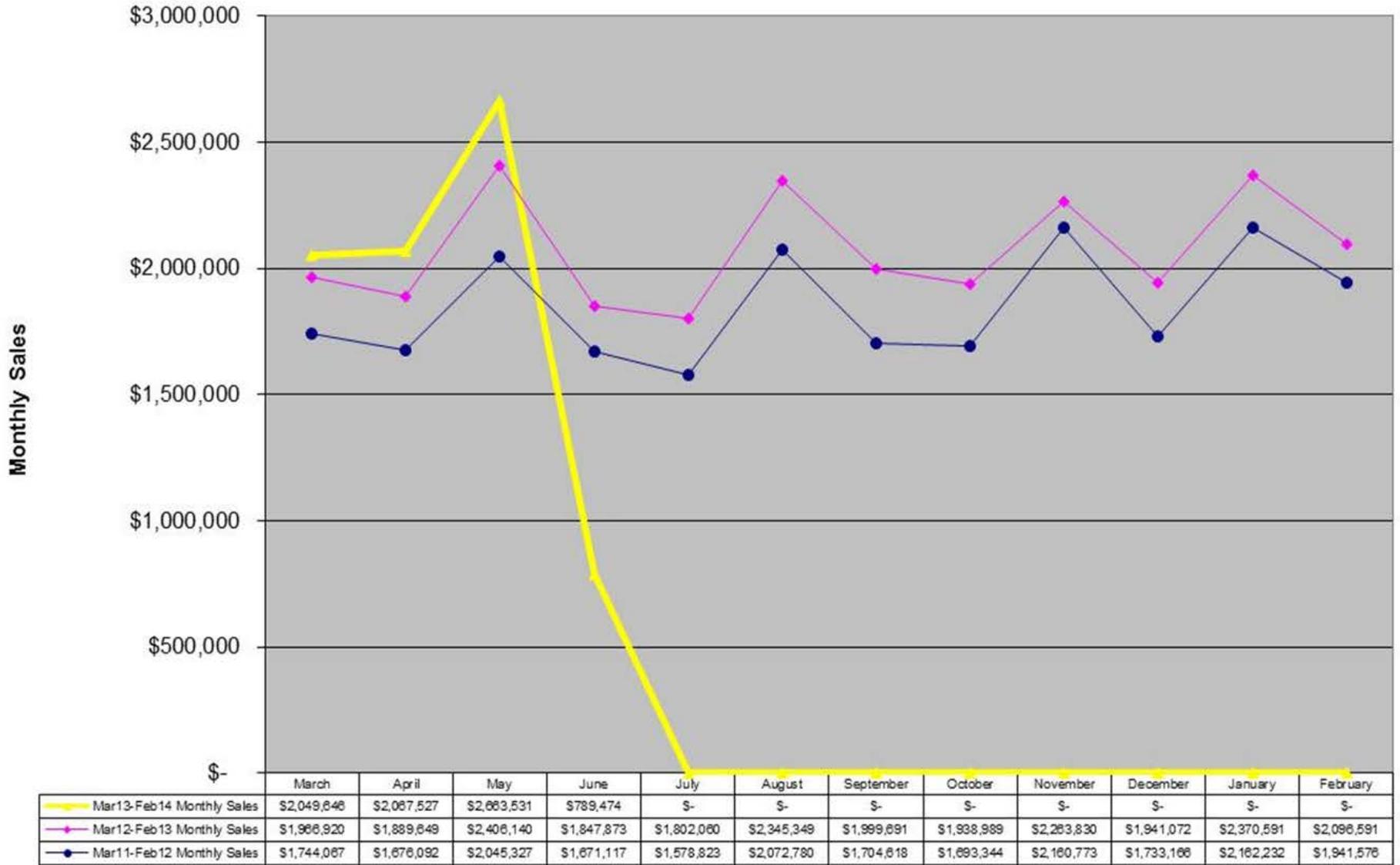
Month Ending



Poker Game Monthly Sales March 11 thru February 14



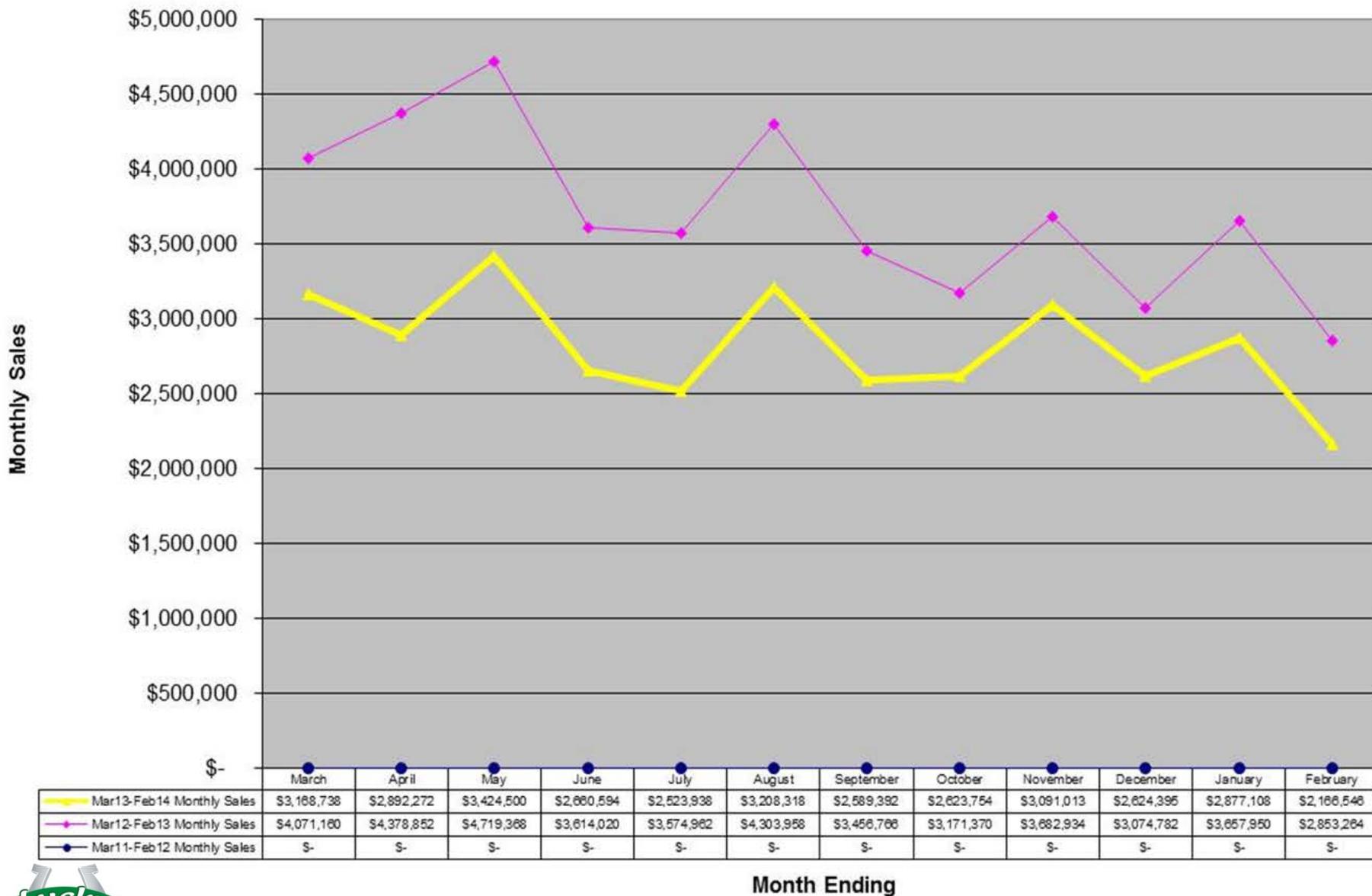
Race Game Monthly Sales March 11 thru February 14



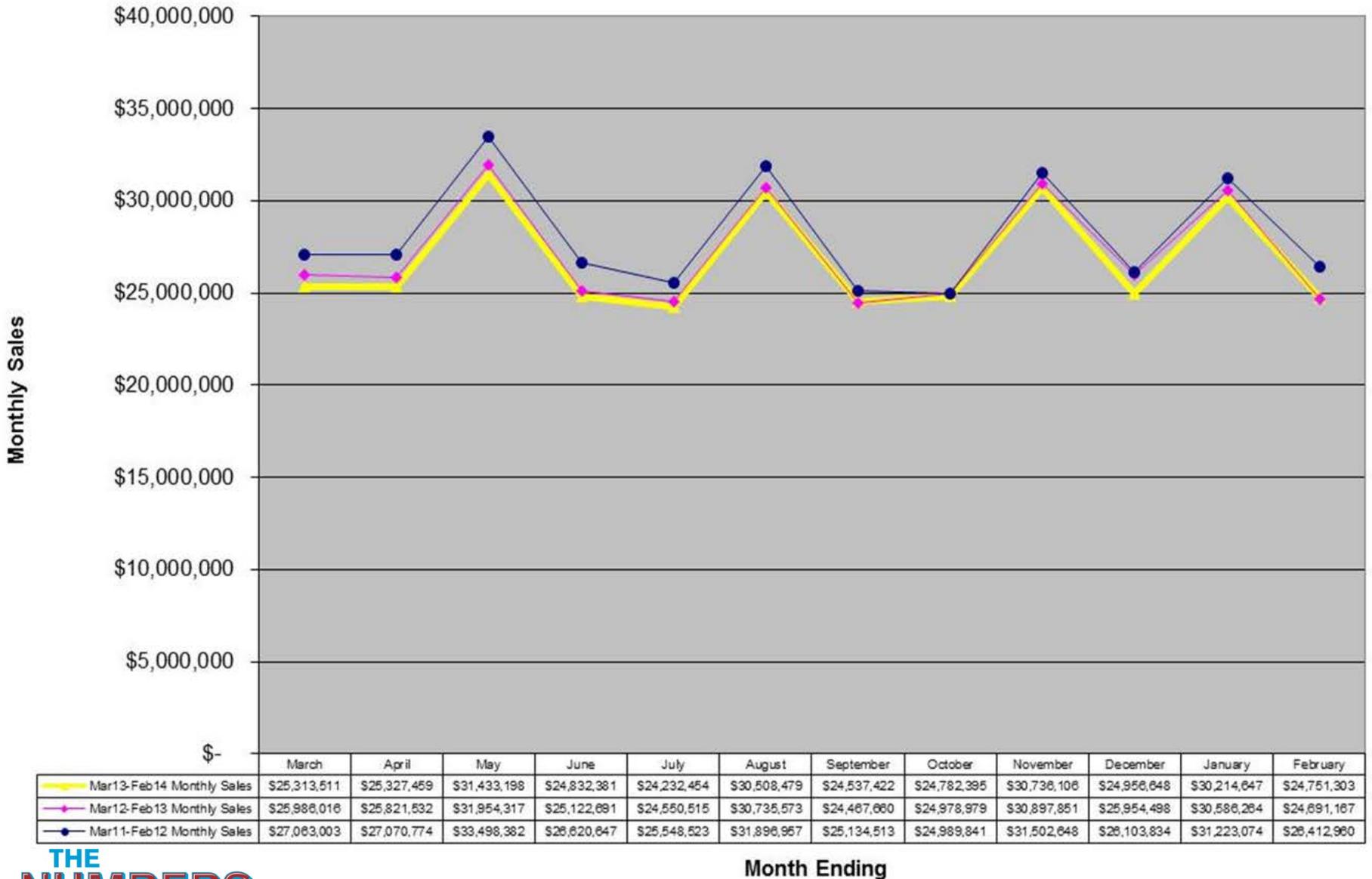
Month Ending



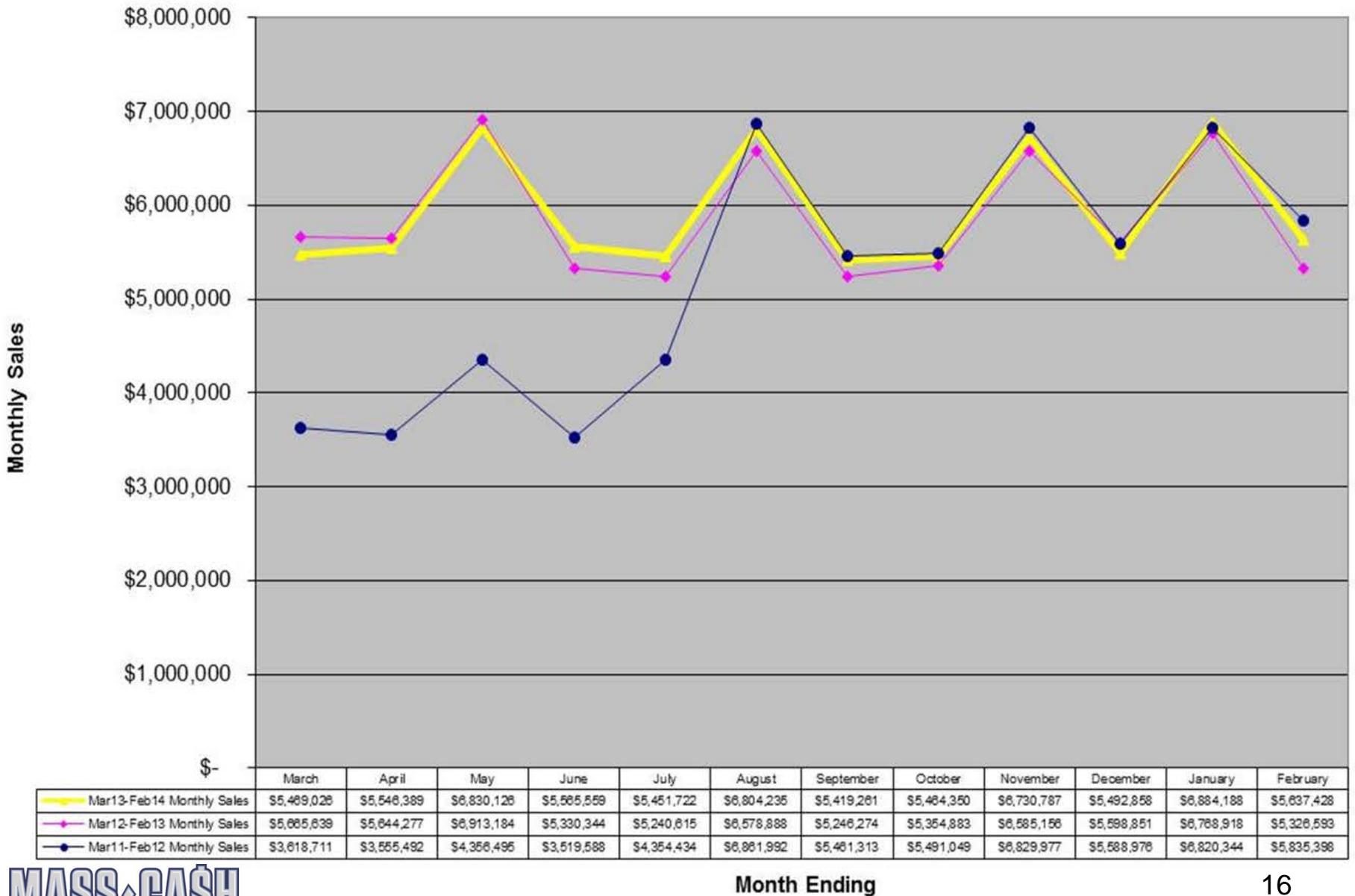
Lucky For Life Game Monthly Sales March 11 thru February 14



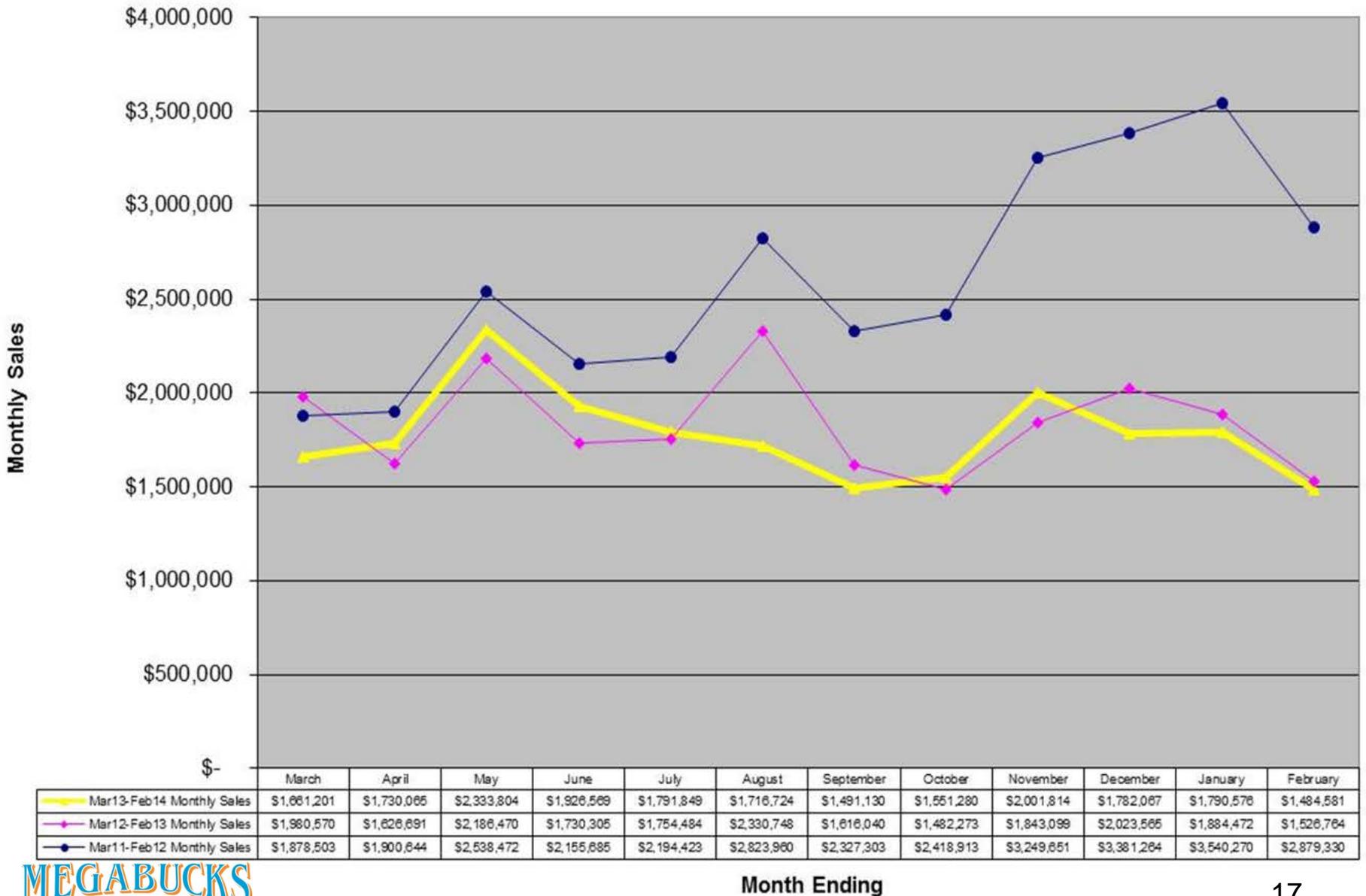
Numbers Game Monthly Sales March 11 thru February 14



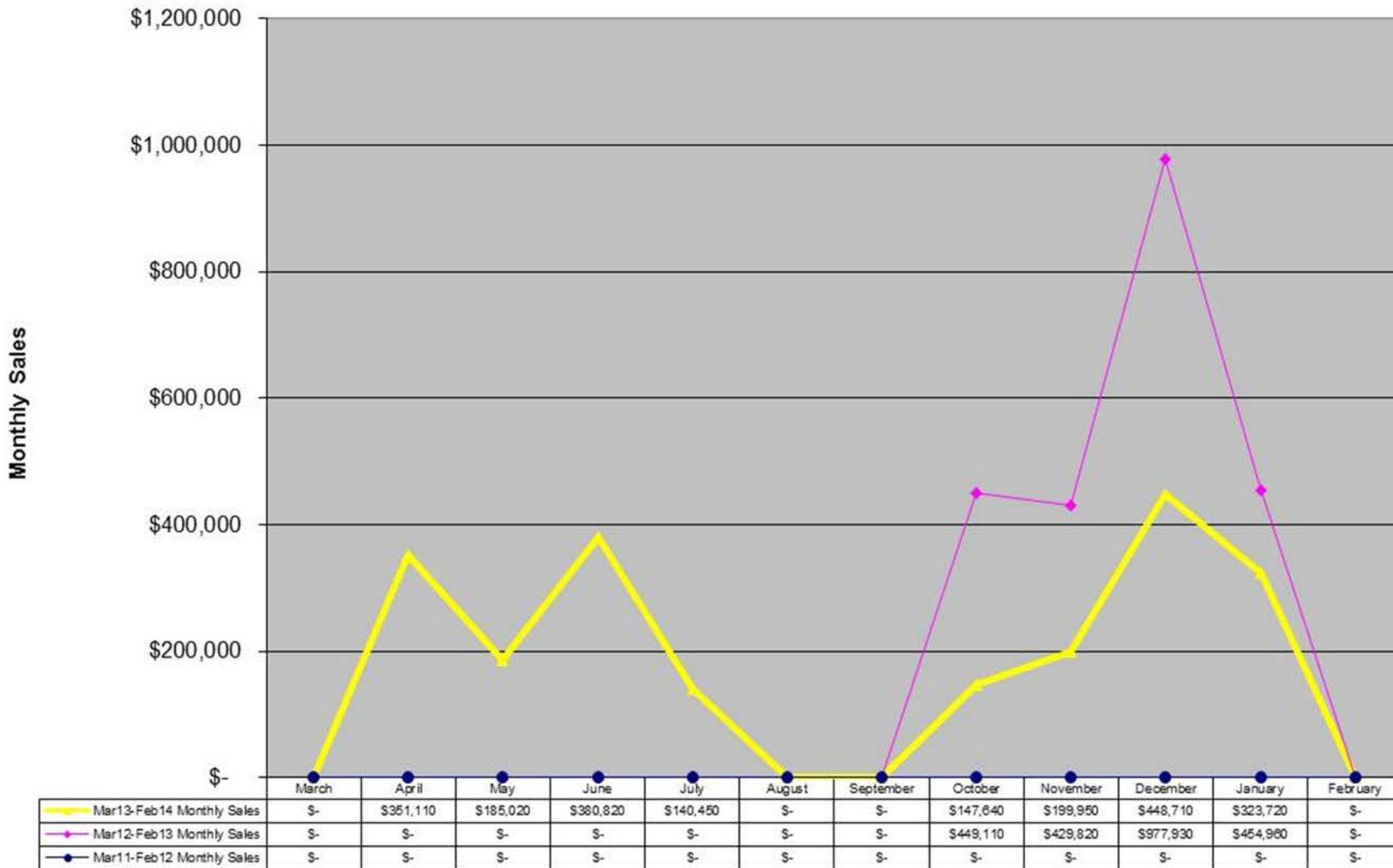
Mass Cash Game Monthly Sales March 11 thru February 14



Megabucks Game Monthly Sales March 11 thru February 14

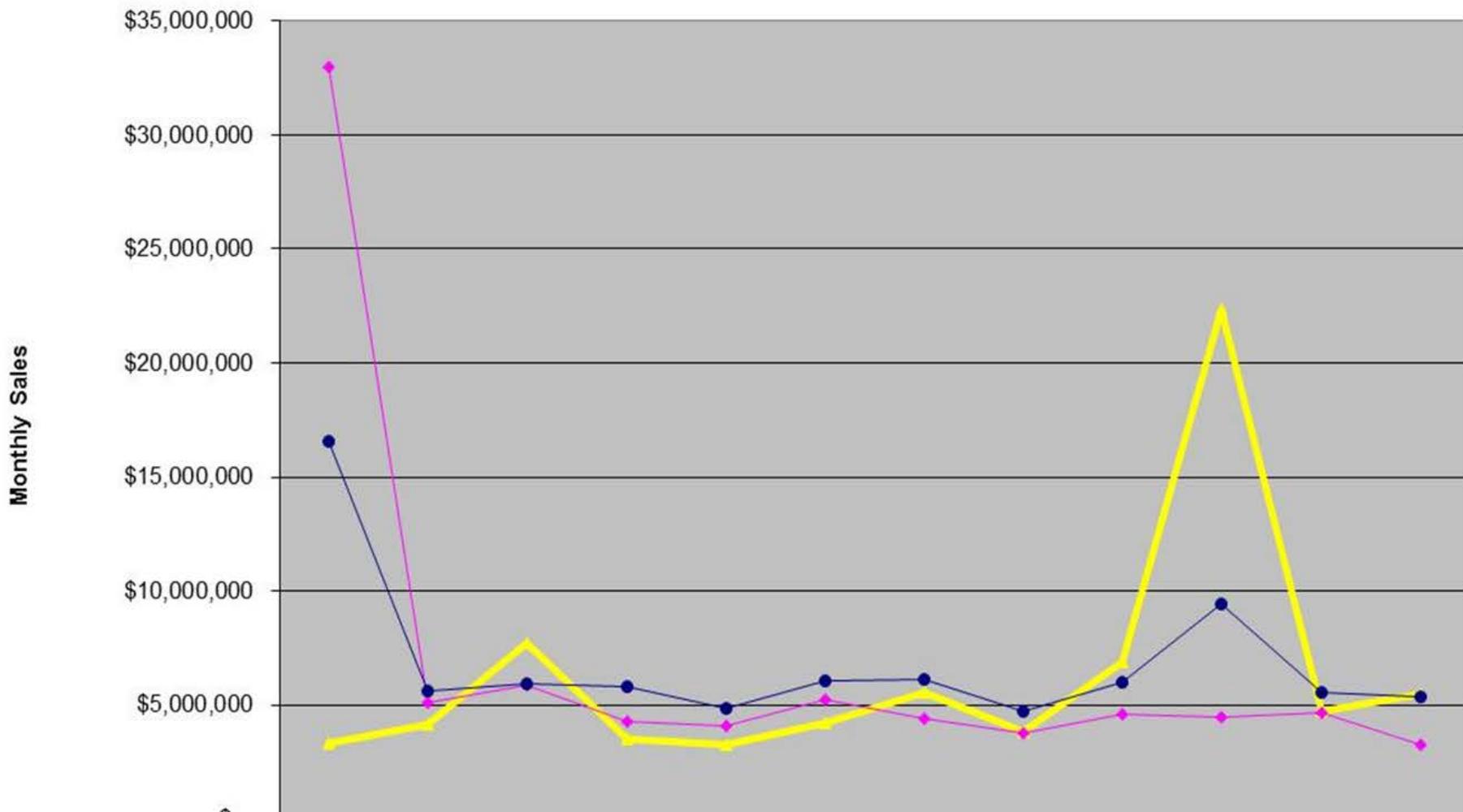


Online Raffle Game Monthly Sales March 11 thru February 14



Month Ending

Mega Millions Game Monthly Sales March 11 thru February 14

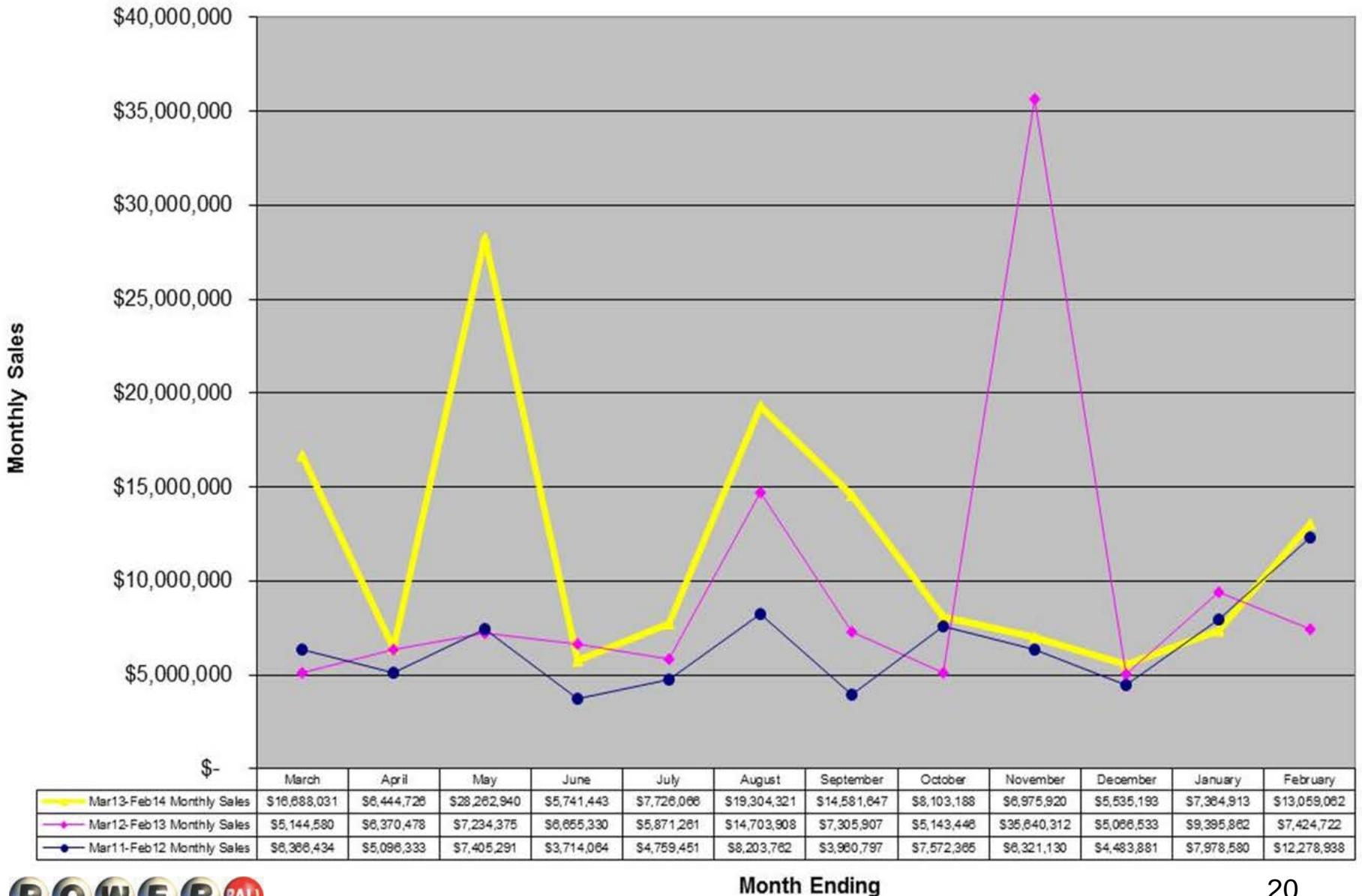


	March	April	May	June	July	August	September	October	November	December	January	February
Mar13-Feb14 Monthly Sales	\$3,339,999	\$4,156,059	\$7,702,167	\$3,524,100	\$3,274,059	\$4,237,931	\$5,540,292	\$3,841,489	\$6,908,127	\$22,380,898	\$4,697,709	\$5,504,599
Mar12-Feb13 Monthly Sales	\$32,974,064	\$5,113,305	\$5,867,252	\$4,288,693	\$4,070,293	\$5,214,203	\$4,408,529	\$3,798,620	\$4,622,314	\$4,464,771	\$4,689,133	\$3,259,650
Mar11-Feb12 Monthly Sales	\$16,576,585	\$5,595,416	\$5,916,940	\$5,824,818	\$4,881,039	\$6,044,294	\$6,093,254	\$4,732,239	\$5,999,489	\$9,455,586	\$5,561,441	\$5,356,677

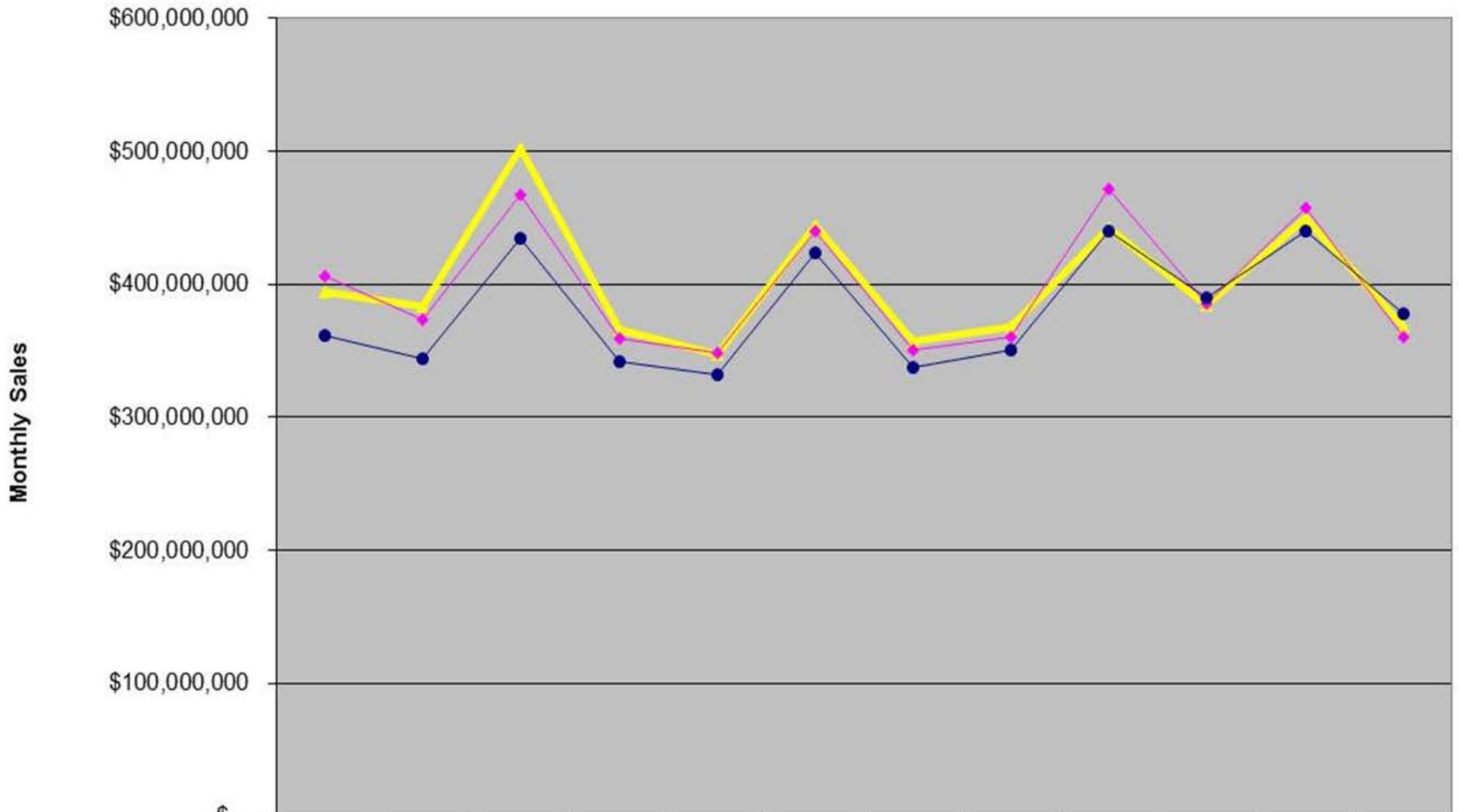
Month Ending



Powerball Game Monthly Sales March 11 thru February 14



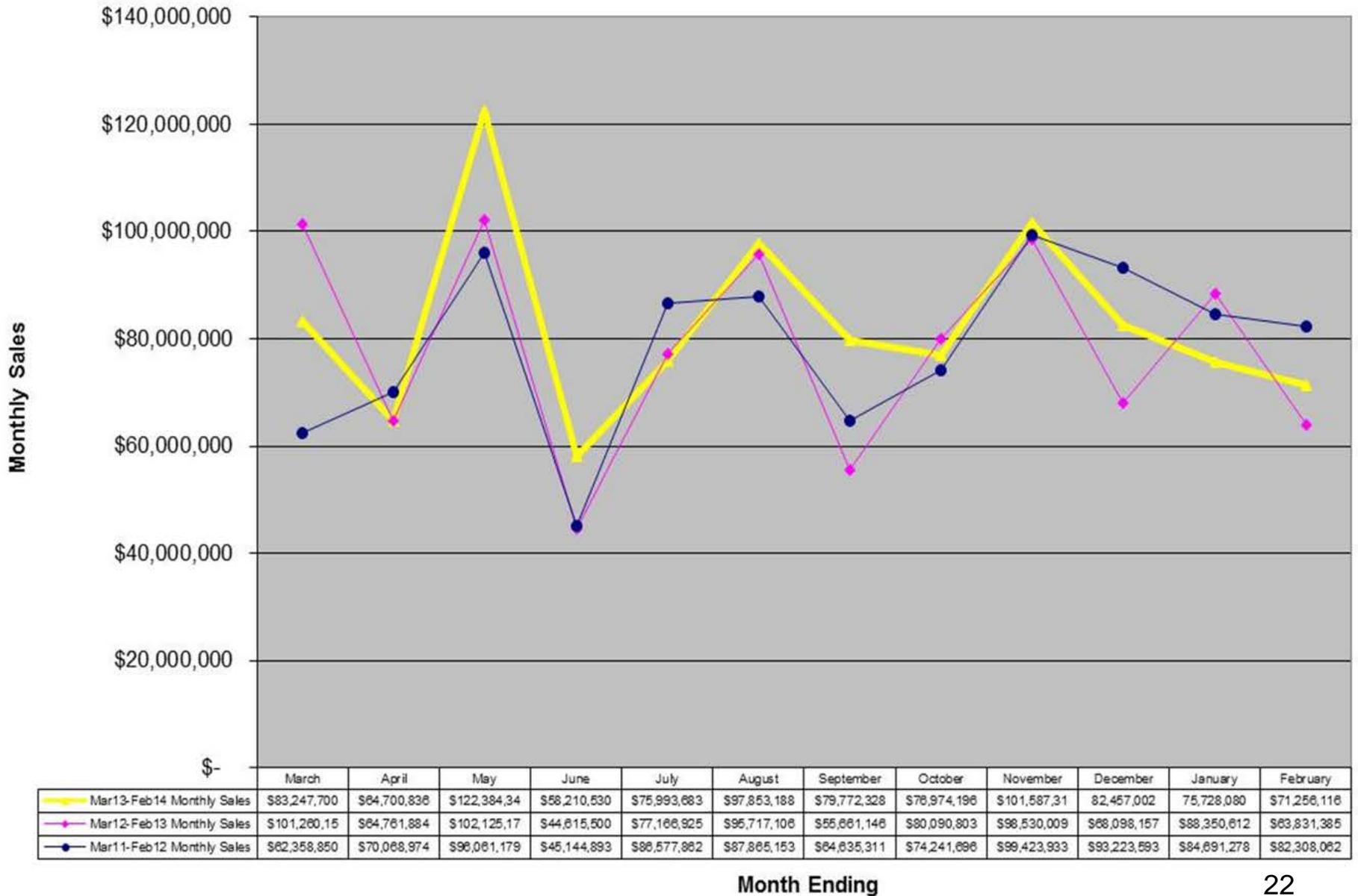
All Game Monthly Sales March 11 thru February 14



	March	April	May	June	July	August	September	October	November	December	January	February
Mar13-Feb14 Monthly Sales	\$394,327,36	\$382,685,71	\$502,405,17	\$385,804,86	\$347,447,17	\$444,714,79	\$357,201,67	\$387,635,77	\$441,807,12	\$384,251,56	\$449,839,88	\$368,172,38
Mar12-Feb13 Monthly Sales	\$406,403,48	\$373,769,43	\$486,824,07	\$359,205,13	\$348,653,04	\$440,248,26	\$350,548,19	\$380,006,31	\$471,334,14	\$385,141,21	\$457,475,98	\$360,488,15
Mar11-Feb12 Monthly Sales	\$361,290,35	\$343,489,86	\$434,978,67	\$341,858,51	\$332,006,02	\$423,385,04	\$337,777,46	\$350,610,08	\$439,409,55	\$389,381,14	\$439,555,90	\$378,185,23

Month Ending

Net Profit Monthly Sales March 11 thru February 14



MSLC Revenue Results

February FY14 vs. FY13

(\$ millions)

Through March 1, 2014

	FY14	% of Total	FY13	% of Total	\$ Change	% Change
Instant Tickets	\$251	68.1%	\$252	69.8%	-\$1	-0.4%
MegaMillions	6	1.5%	3	0.9%	2	66.7%
Powerball	13	3.6%	7	2.1%	6	77.0%
Keno	64	17.4%	62	17.1%	3	4.1%
Mass Cash	6	1.5%	5	1.5%	0	5.7%
Race Game	0	0.0%	2	0.6%	-2	-100.0%
Lucky For Life	2	0.6%	3	0.8%	-1	-24.1%
Numbers Game	25	6.7%	25	6.8%	0	0.4%
Super 50-50 Raffle	0	0.0%	0	0.0%	0	0.0%
Megabucks	1	0.4%	2	0.4%	0	-1.1%
Jackpot Poker	0	0.1%	0	0.0%	0	0.0%
Total	\$368	100.0%	\$361	100.0%	\$8	2.1%
Instant Tickets	\$251	68.1%	\$252	69.8%	-\$1	-0.4%
Online Games	117	31.9%	109	30.2%	8	7.8%
Total	\$368	100.0%	\$361	100.0%	\$8	2.1%

MSLC Revenue Results

Year-to-Date FY14 vs. FY13

(\$ millions)

Through March 1, 2014

	<u>FY14</u>	<u>% of Total</u>	<u>FY13</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
Instant Tickets	\$2,182	69.0%	\$2,194	69.1%	-\$12	-0.5%
MegaMillions	56	1.8%	35	1.1%	22	63.5%
Powerball	83	2.6%	91	2.9%	-8	-8.7%
Keno	536	16.9%	530	16.7%	6	1.1%
Mass Cash	48	1.5%	47	1.5%	1	2.6%
Race Game	0	0.0%	17	0.5%	-17	-100.0%
Lucky For Life	22	0.7%	28	0.9%	-6	-21.9%
Numbers Game	215	6.8%	217	6.8%	-2	-1.0%
Super 50-50 Raffle	1	0.0%	2	0.1%	-1	-43.5%
Megabucks	14	0.4%	14	0.5%	-1	-6.0%
Jackpot Poker	5	0.2%	0	0.0%	5	100.0%
Total	\$3,161	100.0%	\$3,174	100.0%	-\$13	-0.4%
Instant Tickets	\$2,182	69.0%	\$2,194	69.1%	-\$12	-0.5%
Online Games	979	31.0%	980	30.9%	-1	-0.1%
Total	\$3,161	100.0%	\$3,174	100.0%	-\$13	-0.4%

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

