



# New Mexico Lottery Authority For Revenue Stabilization and Tax Policy Committee

December 18, 2014

## *Mission Statement*

*Maximize revenues for education by conducting a fair and honest lottery for the entertainment of the public.*

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**New Mexico Lottery Authority  
Statements of Revenues and Expenses  
Periods ended:**

|  | <u>FY 2015<br/>10/31/14</u>   | <u>FY 2014<br/>10/31/13</u>   |
|--|-------------------------------|-------------------------------|
| <b>OPERATING REVENUES</b>                    |                               |                               |
| Instant ticket sales                         | \$24,956,272.00               | \$22,737,580.00               |
| Powerball sales                              | 8,242,249.00                  | 14,547,119.00                 |
| Mega Millions sales                          | 3,752,803.00                  | 2,662,623.00                  |
| Roadrunner Cash sales                        | 2,403,492.00                  | 3,840,183.00                  |
| Monopoly Millionaires' Club sales            | 113,320.00                    | 0.00                          |
| Hot Lotto sales                              | 2,221,825.00                  | 1,757,219.00                  |
| Pick 3 sales                                 | 1,562,781.00                  | 1,217,036.00                  |
| Quickster sales                              | 249,678.00                    | 208,218.00                    |
| Less tickets provided as prizes              | (665,463.00)                  | (768,595.00)                  |
| Less spoiled, stolen and promotional tickets | (55,402.00)                   | (32,876.00)                   |
| Net ticket sales                             | <u>42,781,555.00</u>          | <u>46,168,507.00</u>          |
| Retailer fees                                | 4,600.00                      | 4,290.00                      |
| Total operating revenues                     | <u>42,786,155.00</u>          | <u>46,172,797.00</u>          |
| <b>NON-OPERATING REVENUES</b>                |                               |                               |
| Interest income                              | 3,912.09                      | 5,542.49                      |
| Other income                                 | (18.79)                       | 565.41                        |
| Total non-operating revenues                 | <u>3,893.30</u>               | <u>6,107.90</u>               |
| <b>GROSS REVENUES</b>                        | <u>42,790,048.30</u>          | <u>46,178,904.90</u>          |
| <b>GAME EXPENSES</b>                         |                               |                               |
| Prize expense                                | 23,472,868.32                 | 25,492,691.66                 |
| Retailer commissions                         | 2,786,206.11                  | 2,982,622.58                  |
| On-line vendor fees                          | 685,276.81                    | 738,497.77                    |
| Advertising                                  | 658,166.43                    | 471,418.33                    |
| Ticket vendor fees                           | 378,926.77                    | 352,483.73                    |
| Promotions                                   | 38,275.66                     | 31,027.20                     |
| Retailer equipment                           | 8,400.00                      | 19,360.75                     |
| Shipping and postage                         | 94,534.12                     | 131,058.22                    |
| Responsible gaming                           | 23,332.32                     | 29,132.99                     |
| Game membership                              | 61,931.22                     | 40,585.37                     |
| Drawing game                                 | 37,151.00                     | 33,072.00                     |
| Total game expenses                          | <u>28,245,068.76</u>          | <u>30,321,950.60</u>          |
| <b>OPERATING EXPENSES</b>                    |                               |                               |
| Salaries, wages and benefits                 | 1,195,252.58                  | 1,198,628.06                  |
| Leases and insurance                         | 136,779.36                    | 136,141.41                    |
| Utilities and maintenance                    | 145,582.02                    | 151,641.25                    |
| Depreciation and amortization                | 81,042.38                     | 59,393.23                     |
| Professional fees                            | 82,267.70                     | 89,149.71                     |
| Materials and supplies                       | 18,455.32                     | 55,376.78                     |
| Travel                                       | 27,749.15                     | 28,664.90                     |
| Other  | 19,556.12                     | 20,080.75                     |
| Lottery Tuition Fund contingency reserve     | 0.00                          | 161,000.00                    |
| Total operating expenses                     | <u>1,706,684.63</u>           | <u>1,900,076.09</u>           |
| <b>OPERATING INCOME</b>                      | <u>12,834,401.61</u>          | <u>13,950,770.31</u>          |
| <b>NET INCOME</b>                            | <u><u>\$12,838,294.91</u></u> | <u><u>\$13,956,878.21</u></u> |

# FY14 Net Compared to FY15 Budget

|   | FY 2015<br>Original Annual<br>Budget* | FY 2014<br>Consolidated Income<br>Statement** |
|---|---------------------------------------|---|
| <b>NET SALES</b>                        |                                       |   |
| Instant ticket sales                    | \$ 71,893,000                         | \$ 69,804,813                                 |
| Powerball sales                         | 37,859,200                            | 34,027,555                                    |
| Mega Millions sales                     | 8,994,900                             | 13,410,732                                    |
| Roadrunner Cash sales                   | 6,992,800                             | 8,592,684                                     |
| Monopoly Millionaires' Club<br>sales*** | 2,992,800                             | -   |
| Hot Lotto sales                         | 4,988,800                             | 5,700,311                                     |
| Pick 3 sales                            | 4,195,700                             | 3,828,187                                     |
| Lucky Numbers Bingo sales***            | 3,396,300                             | -   |
| Quickster sales                         | 1,498,500                             | 638,322                                       |
| Retailer fees                           | 12,000                                | 22,453  |
| Bad debts                               | (24,000)                              | -   |
| <b>Total operating revenues</b>         | <u>142,800,000</u>                    | <u>136,025,057</u>                            |
| <b>NON-OPERATING REVENUES</b>           |                                       |   |
| Interest income                         | 24,000                                | 18,753  |
| Other income                            | -                                     | 13,604  |
| <b>Total non-operating revenues</b>     | <u>24,000</u>                         | <u>32,357</u>                                 |
| <b>GROSS REVENUES</b>                   | <u>142,824,000</u>                    | <u>136,057,414</u>                            |

- \*FY 2015 Consolidated Original Annual Budget approved on May 6, 2014.
- \*\*FY 2014 financial audit completed. The audit report not released.
- \*\*\*New lottery games being launched during second quarter of FY 2015.

# FY14 Net Compared to FY15 Budget: continued

|                      | FY 2015                 | FY 2014                         |
|----------------------|-------------------------|---------------------------------|
|                      | Original Annual Budget* | Consolidated Income Statement** |
| <b>GAME EXPENSES</b> |                         |                                 |
| Prize expense        | 77,125,000              | 74,060,246                      |
| Retailer commissions | 9,511,000               | 8,782,855                       |
| On-line vendor fees  | 2,296,000               | 2,177,205                       |
| Advertising          | 2,500,000               | 2,267,772                       |
| Ticket vendor fees   | 1,400,000               | 1,188,107                       |
| Retailer equipment   | 297,000                 | 345,786                         |
| Promotions           | 291,000                 | 221,036                         |
| Shipping and postage | 414,000                 | 335,679                         |
| Drawing game         | 140,000                 | 102,880                         |
| Responsible gaming   | 75,000                  | 83,050                          |
| Game membership      | <u>81,000</u>           | <u>43,718</u>                   |
| Total game expenses  | <u>\$94,130,000</u>     | <u>\$89,608,334</u>             |

|                               | FY 2015                 | FY 2014                         |
|-------------------------------|-------------------------|---------------------------------|
|                               | Original Annual Budget* | Consolidated Income Statement** |
| <b>OPERATING EXPENSES</b>     |                         |                                 |
| Salaries, wages and benefits  | 4,085,000               | 3,726,941                       |
| Leases and insurance          | 437,000                 | 423,932                         |
| Utilities and maintenance     | 455,000                 | 448,166                         |
| Depreciation and amortization | 287,000                 | 188,505                         |
| Professional fees             | 206,000                 | 186,035                         |
| Other expenses                | 115,000                 | 69,711                          |
| Materials and supplies        | 121,000                 | 135,260                         |
| Travel                        | 140,000                 | 61,980                          |
| Operational reserve fund      | <u>-</u>                | <u>267,000</u>                  |
| Total operating expenses      | <u>5,846,000</u>        | <u>5,507,530</u>                |
| OPERATING INCOME              | <u>42,824,000</u>       | <u>40,909,193</u>               |
| NET INCOME                    | <u>\$ 42,848,000</u>    | <u>\$ 40,941,550</u>            |

# Salaries and Wages, Employees, and Operating Expenses to Gross Revenues (FY07–FY14)

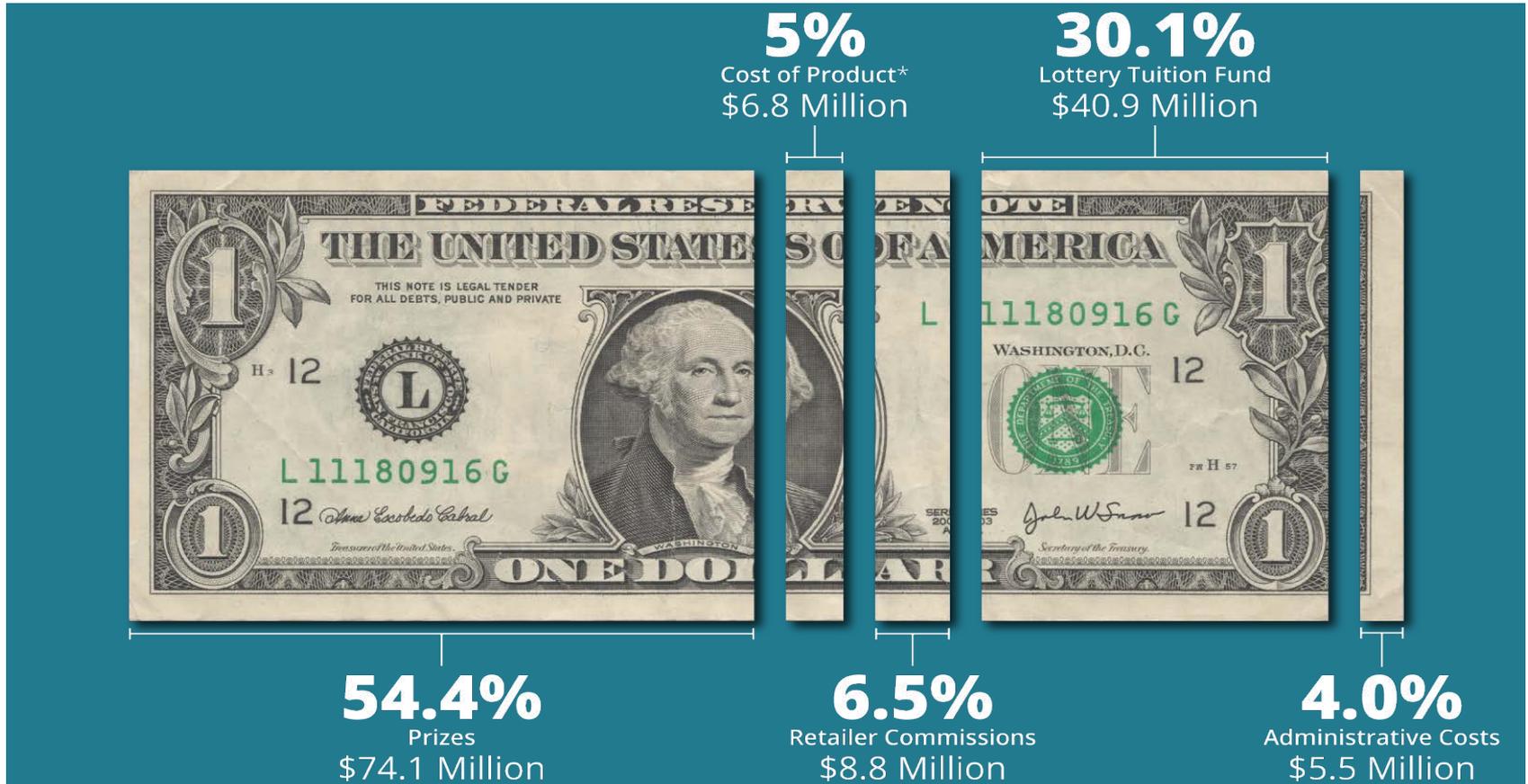
|   | FY 2007        | FY 2008        | FY 2009        | FY 2010        |
|---|----------------|----------------|----------------|----------------|
| GROSS REVENUES                                      | \$ 148,793,062 | \$ 147,807,335 | \$ 142,564,565 | \$ 143,605,806 |
| Total Salaries and Wages                            | \$ 2,688,945   | \$ 2,563,597   | \$ 2,716,754   | \$ 2,621,468   |
| Salaries and Wages % to Gross Revenues              | 1.81%          | 1.73%          | 1.91%          | 1.83%          |
| Change in Salaries and Wages from Prior Fiscal Year |                | \$ (125,348)   | \$ 153,157     | \$ (95,287)    |
| Average Number of Employees                         | 68             | 52.5           | 55             | 55             |
| TOTAL   |                |                |                |                |
| OPERATING EXPENSES                                  | \$ 5,781,829   | \$ 5,272,119   | \$ 5,393,674   | \$ 5,010,629   |
| Operating Expense % to Gross Revenues               | 3.89%          | 3.57%          | 3.78%          | 3.49%          |

# Salaries and Wages, Employees, and Operating Expenses to Gross Revenues (FY07–FY14): continued

|   | FY 2011   | FY 2012        | FY 2013        | FY 2014        |        |
|---|---|----------------|----------------|----------------|--------|
| GROSS REVENUES                                      | \$ 135,576,662  | \$ 133,855,535 | \$ 141,814,113 | \$ 136,057,414 |        |
| Total Salaries and Wages                            | \$ 2,592,511  | \$ 2,675,583   | \$ 2,704,968   | \$ 2,800,467   | Note A |
| Salaries and Wages % to Gross Revenues              | 1.91%   | 2.00%          | 1.91%          | 2.06%          |        |
| Change in Salaries and Wages from Prior Fiscal Year | \$ (28,956)   | \$ 83,072      | \$ 29,385      | \$ 95,499      | Note A |
| Average Number of Employees                         | 53  | 55.5           | 55.5           | 54.5           |        |
|   | Note A: \$165,000 is included in FY 2014 for the payout to a former employee; without this amount, Salaries and Wages would be \$2,635,467.42, or 1.94% of Gross Revenues, and a \$69,500.82 reduction in Salaries and Wages from fiscal year 2013. |                |                |                |        |
| TOTAL OPERATING EXPENSES                            | \$ 4,975,089  | \$ 5,146,244   | \$ 5,080,047   | \$ 5,507,530   |        |
| Operating Expense % to Gross Revenues               | 3.67%   | 3.84%          | 3.58%          | 4.05%          |        |

# Where the Money Goes: FY 14 \$136.1 Million in Gross Revenues

Numbers are rounded



\*Cost of Product includes: On-line vendor fees, advertising, ticket vendor fees, retailer equipment, promotions, shipping and postage, responsible gaming, game membership and drawing game costs. By statute, the Lottery is required to return a minimum of 50% of proceeds to players in the form of prizes and 30% to the Lottery Tuition Fund. The remaining funds are allocated to cover the cost of product as well as prizes, retailer commissions, and administrative costs.

# Internal Controls & Expense Management:

## ◇ Media Buys: Annual buys vs. Spot buys

Approximately \$900,000 in added value. *MORE media for LESS ad dollars*–

TV: Approx. 3,900 spots in FY14 vs. 6,700 spots in FY15

Radio: Approx. 36,000 spots in FY14 vs. 56,000 spots in FY15

Advertising in New Places:

- Buses
- Railrunner
- In-Store Radio Announcements: All New Mexico Smith's and Albertson's stores
- Digital Outdoor Billboards

## ◇ Instant ticket contracts:

Using existing contracts more effectively, including successful **renegotiation of better pricing options for printing** instant tickets.

- Saved over \$90,000 by paying a per thousand fee for two \$5 games and one \$20 game
- Six License games at no cost – \$200,000 savings in license fees
- Reduced the fees and new pricing for % of sales – cost saving

## ◇ In-house animator:

- Estimated \$7,000 savings per : TV 15 spot
- Estimated \$150,000+ savings annually
- In the last 6 months, has created more than 14 TV spots: \$98,000 in estimated savings
- Time Savings

# Internal Controls & Expense Management: continued

## ▶ **Back Office System Migration:**

- This provides the lottery with a dual data center architecture with fully redundant processing in two separate locations.
  - Initial cost saving of approximately \$137,500
  - Annual savings \$268,000 (human resource and system).
  - Additional, staff cost savings are undetermined at this time. Two positions have been eliminated.

## ▶ **Drawing Automation:**

- Annual Cost savings of approximately \$50,000 the first year and 150,000 in subsequent years.
  - Eliminated maintenance and upgrade cost for equipment
  - Eliminated cost of external auditors
  - Eliminated overtime compensation for evening and Saturday draws

# Internal Controls & Expense Management: continued

## Jackpot signage:

- New cost-effective electronic jackpot signs purchased to replace old, outdated, high maintenance signs. Annual savings of approximately \$24,000.

## Pick 3: (Budgeted \$4.2 million for sales in FY14)

- Added a midday drawing in the fourth quarter of FY14, resulting in a 9.6% increase from FY13.
- Tracking for the first quarter in FY15 (as of 10/14/14) shows a 28% increase to date over FY14 (\$291,000).

## Retailer Credit:

Discontinued a practice of crediting retailers for online damaged tickets. Retailers must now seek a credit per event.

## Organizational Restructuring:

Restructuring of divisions, functions, and staff.

# Portfolio of Games

- ▶ National Lottery Draw Games

NEW MEXICO





- \$2 jackpot game
- Jackpot starts at \$40 million
- Always win something by matching the Red Powerball
- Add Powerplay for \$1 and multiply the prize won by 2X, 3X, 4X or 5X
- Payout 50%



- \$1 jackpot game
- Jackpot starts at \$20 million
- Always win something by matching the Gold Ball
- Add the Megaplier for \$1 and multiply prize won by 2X, 3X, 4X, or 5X
- Payout 50%



- \$1 jackpot game
- Jackpot starts at \$1,000,000
- Always win something with the Hot Ball
- Add Sizzler for \$1 and triple the prize won
- Payout 50%

# Powerball FY15 sales comparisons

November 24, 2014

| Member Lottery | POWERBALL      |                           |                           |  | YTD FY15 Sales compared to Total FY14 Sales | YTD FY15 Sales compared to YTD FY14 Sales |
|----------------|----------------|---------------------------|---------------------------|--|---|---|
|                | FY14 Sales     | FY14 YTD Sales (42 draws) | FY15 YTD Sales (42 draws) |  |   |   |
| AR             | \$ 28,989,404  | \$ 14,525,770             | \$ 7,858,894              |  | -72.89%                                     | -45.90%                                   |
| AZ             | \$ 108,142,840 | \$ 51,740,216             | \$ 29,548,868             |  | -72.68%                                     | -42.89%                                   |
| CO             | \$ 70,212,862  | \$ 34,292,394             | \$ 20,816,616             |  | -70.35%                                     | -39.30%                                   |
| CT             | \$ 73,356,102  | \$ 36,436,102             | \$ 21,138,654             |  | -71.18%                                     | -41.98%                                   |
| DC             | \$ 13,411,912  | \$ 6,619,862              | \$ 3,841,568              |  | -71.36%                                     | -41.97%                                   |
| DE             | \$ 25,449,162  | \$ 12,808,686             | \$ 7,231,620              |  | -71.58%                                     | -43.54%                                   |
| FL             | \$ 427,422,582 | \$ 205,489,990            | \$ 116,544,314            |  | -72.73%                                     | -43.28%                                   |
| IA             | \$ 54,750,918  | \$ 26,475,868             | \$ 16,099,470             |  | -70.60%                                     | -39.19%                                   |
| ID             | \$ 33,777,676  | \$ 16,121,092             | \$ 10,193,396             |  | -69.82%                                     | -36.77%                                   |
| IN             | \$ 98,799,814  | \$ 48,932,200             | \$ 28,314,934             |  | -71.34%                                     | -42.13%                                   |
| KS             | \$ 39,412,956  | \$ 18,649,924             | \$ 12,070,466             |  | -69.37%                                     | -35.28%                                   |
| KY             | \$ 75,647,228  | \$ 36,782,456             | \$ 22,658,850             |  | -70.05%                                     | -38.40%                                   |
| LA             | \$ 93,562,316  | \$ 45,669,870             | \$ 27,489,832             |  | -70.62%                                     | -39.81%                                   |
| MD             | \$ 101,131,274 | \$ 48,380,134             | \$ 29,231,378             |  | -71.10%                                     | -39.58%                                   |
| ME             | \$ 18,166,162  | \$ 8,650,136              | \$ 6,084,586              |  | -66.51%                                     | -29.66%                                   |
| MN             | \$ 77,459,146  | \$ 38,611,482             | \$ 22,606,166             |  | -70.82%                                     | -41.45%                                   |

| Member Lottery | FY14 Sales           | FY14 YTD Sales (28 draws) | FY15 YTD Sales (28 draws) | YTD FY15 Sales compared to Total FY14 Sales | YTD FY15 Sales compared to YTD FY14 Sales |
|----------------|----------------------|---------------------------|---------------------------|---|---|
| MO             | \$ 98,005,426        | \$ 47,548,640             | \$ 28,131,010             | -71.30%                                     | -40.84%                                   |
| MT             | \$ 13,501,858        | \$ 6,401,220              | \$ 4,192,608              | -68.95%                                     | -34.50%                                   |
| NC             | \$ 132,302,550       | \$ 64,817,630             | \$ 38,247,578             | -71.09%                                     | -40.99%                                   |
| ND             | \$ 10,368,600        | \$ 4,860,160              | \$ 3,480,322              | -66.43%                                     | -28.39%                                   |
| NE             | \$ 37,887,516        | \$ 17,638,624             | \$ 11,880,530             | -68.64%                                     | -32.64%                                   |
| NH             | \$ 33,167,264        | \$ 16,667,896             | \$ 10,089,356             | -69.58%                                     | -39.47%                                   |
| <b>NM</b>      | <b>\$ 31,138,038</b> | <b>\$ 14,970,826</b>      | <b>\$ 8,957,592</b>       | <b>-71.23%</b>                              | <b>-40.17%</b>                            |
| OK             | \$ 48,570,056        | \$ 24,057,386             | \$ 13,420,798             | -72.37%                                     | -44.21%                                   |
| OR             | \$ 41,232,842        | \$ 20,143,968             | \$ 11,514,802             | -72.07%                                     | -42.84%                                   |
| PA             | \$ 274,559,638       | \$ 139,022,902            | \$ 76,643,830             | -72.08%                                     | -44.87%                                   |
| PR             | \$ -                 | \$ -                      | \$ 8,884,320              | 100.00%                                     | 100.00%                                   |
| RI             | \$ 28,888,634        | \$ 14,211,048             | \$ 8,838,364              | -69.41%                                     | -37.81%                                   |
| SC             | \$ 77,976,916        | \$ 36,876,324             | \$ 24,165,274             | -69.01%                                     | -34.47%                                   |
| SD             | \$ 14,738,414        | \$ 7,158,488              | \$ 4,397,226              | -70.16%                                     | -38.57%                                   |
| TN             | \$ 89,011,870        | \$ 42,613,638             | \$ 25,467,310             | -71.39%                                     | -40.24%                                   |
| TX             | \$ 230,006,716       | \$ 112,683,916            | \$ 65,537,862             | -71.51%                                     | -41.84%                                   |
| VI             | \$ 2,409,104         | \$ 1,108,584              | \$ 701,182                | -70.89%                                     | -36.75%                                   |
| VT             | \$ 8,021,196         | \$ 3,866,276              | \$ 2,572,558              | -67.93%                                     | -33.46%                                   |
| WI             | \$ 81,521,922        | \$ 41,004,708             | \$ 23,246,750             | -71.48%                                     | -43.31%                                   |
| WV             | \$ 37,291,122        | \$ 17,629,840             | \$ 11,705,738             | -68.61%                                     | -33.60%                                   |
| WY             | \$ -                 | \$ -                      | \$ 2,358,746              | 100.00%                                     | 100.00%                                   |
| CA             | \$ 472,778,248       | \$ 239,549,988            | \$ 127,785,564            | -72.97%                                     | -46.66%                                   |
| GA             | \$ 127,308,140       | \$ 63,202,778             | \$ 36,907,590             | -71.01%                                     | -41.60%                                   |
| IL             | \$ 154,539,428       | \$ 79,694,450             | \$ 41,453,850             | -73.18%                                     | -47.98%                                   |
| MA             | \$ 101,716,904       | \$ 53,271,408             | \$ 32,393,506             | -68.15%                                     | -39.19%                                   |
| MI             | \$ 124,146,110       | \$ 62,952,184             | \$ 36,069,628             | -70.95%                                     | -42.70%                                   |
| NJ             | \$ 224,556,396       | \$ 119,223,668            | \$ 53,725,680             | -76.07%                                     | -54.94%                                   |
| NY             | \$ 381,959,710       | \$ 199,773,384            | \$ 94,164,310             | -75.35%                                     | -52.86%                                   |
| OH             | \$ 112,488,984       | \$ 56,932,670             | \$ 31,817,010             | -71.72%                                     | -44.11%                                   |
| VA             | \$ 106,253,794       | \$ 52,405,106             | \$ 30,475,418             | -71.32%                                     | -41.85%                                   |
| WA             | \$ 54,355,612        | \$ 26,732,272             | \$ 14,721,560             | -72.92%                                     | -44.93%                                   |
|                | \$ 4,490,395,362     | \$ 2,237,206,164          | \$ 1,265,677,484          | -71.81%                                     | -43.43%                                   |

# INSTATE LOTTERY DRAW GAMES

- New Mexico Draw Games
- Best Odds



- ▶ \$1 jackpot game
- ▶ Jackpot starts at \$25,000
- ▶ Win by matching 2 or more of the 5 white balls
- ▶ Payout approximately 55.38%



- \$1 game with \$500 top prize
- Win by matching 3 numbers
- STRAIGHT (exact order)
- \$500 Prize
- BOX (any order)
- \$160 prize
- STRAIGHT/BOX (split between exact and any order)
- \$40 prize
- Payout approximately 59%



- Combines the instant play style of Scratchers with tickets printed at the terminals like other draw games.
- \$1 and \$2 games have low top prizes of \$100 – \$200
- \$5 Red Hot Jackpot Bingo has a rolling jackpot that starts at \$1,000
- Payout approximately 57.33%



- \$2 game with two ways to win
- It is a Bingo game with an added bonus – Your Lucky Numbers
- Top prize \$10,200
- Payout approximately 62.80%

# SCRATCHERS



# \$1 Games



- ▶ Top Prizes range between \$500 up to \$5,000
- ▶ 13 games launched FY14 – 16.1% of total sales
- ▶ Average Payout 55.73%

# \$2 Games



- Top Prizes range between \$7,000 and \$20,000
- 10 games launched in FY14 – 13.87% of total sales
- Average Payout 57.62%

# \$3 Games



- Top Prizes range between \$25,000 and \$35,000
- Extended play games like Crossword and Bingo
- Crossword players very loyal
- 10 games launched in FY14 – 22.49% of total sales
- Average payout 57.94%

# \$5 Games

# \$10 Games

# \$20 Games



- ▶ Top Prizes range between \$50,000 and \$70,000
- ▶ 10 games launched in FY14 – 25.41% of sales
- ▶ Average payout 60.34%
- ▶ Best selling price point



- Top Prizes between \$500 and \$100,000
- 5 games launched in FY14 – 12.31% of total sales
- Average payout 65.12%



- Top Prize between \$200,000 and \$250,000
- 1 game launched in FY14 – 9.82% of total sales
- Average payout 68.13%



- Started in March– Scratchers launch once a month on a Tuesday
- FY15 scratcher sales are up \$3,611,588 +11.87% increase (7-1-14 thru 12-11-14) »»

# The Future



# Millennials or Generation Y

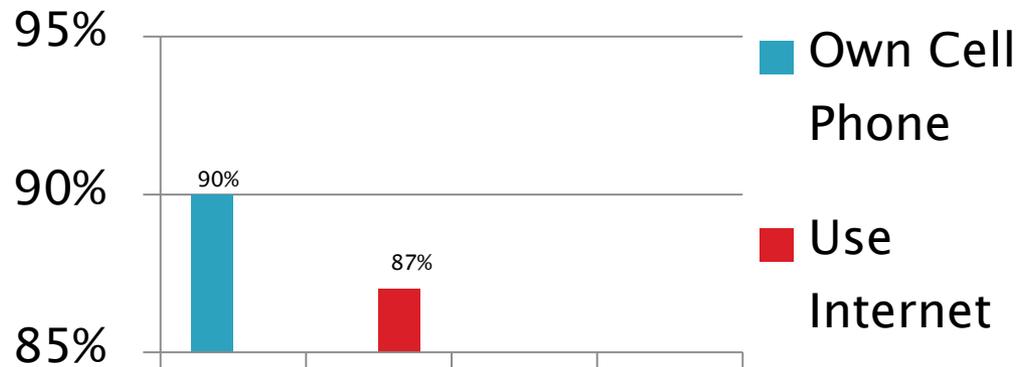
(loosely defined as those born between 1982 and 1999)

- ▶ The largest, most diverse generation in the U.S. population.
- ▶ Have been **shaped by technology**.
- ▶ Value community and family.
- ▶ Are heavily influenced by their peers.
- ▶ Shop differently and more frequently.
- ▶ Seek **value and rewards**, but will pay extra to support a charity.
- ▶ The **convenience** of shopping online is very important.
- ▶ They do not shop with cash.

# The Next Generation of Consumers



▶ Adult Americans as of January 2014:



# The Mobile Revolution

people check their  
**mobile phones**

**120**  
**times**  
a day

“The mobile revolution has been dubbed by many as the trillion dollar revolution. From news consumption, to photo sharing, to gaming, to hailing a cab to depositing a check, **every moment has become a mobile moment.**”

–Flurry

# Two NMLA Sales Facts:

- ▶ 82% of all lottery sales occur at “C” stores
  - (convenience stores)
- ▶ 73% of all “C” store customers never enter the building (NACS).
- ▶ **Observation:** the lottery has to expand its sales base from traditional retail solutions to more mobile solutions to remain relevant with future customers.



# PLAY <sup>AT</sup> <sup>THE</sup> PUMP

Enables the sale of lottery at ATMs and other unmanned POS devices. This represents an extremely cost effective tool for lotteries to reach new customers. By leveraging existing kiosks in the field, lotteries can massively expand their retail footprint at very little cost. Games such as Mega Millions and Powerball are offered on these terminals.

California and Missouri lotteries plan to sell at the pump. Minnesota realized a 3% in-store lift in addition to sales at the pump.