

# **Business Plan**

## **Fiscal Year 2021-2022**



## INDEX

The Nebraska Lottery Business Plan for fiscal year 2021-2022 outlines the intentions of the Nebraska Lottery, working in conjunction with their vendor partners, to sell Lottery tickets with the goal of generating funds for good causes across the state.

The Nebraska Lottery operates in a fluid environment, and the Plan will be flexible. Updates to various sections will be made throughout the year.

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## EXECUTIVE SUMMARY

**The mission of the Nebraska Lottery is to generate proceeds for good causes as determined by the voters and the Legislature, while providing quality entertainment options to Nebraskans.**

The Nebraska Lottery Business Plan for fiscal year 2021-2022 builds upon the history of success in meeting our goal to maximize profits for our beneficiaries. The Lottery's fiscal year runs July 1, 2021 to June 30, 2022.

Last fiscal year brought many continuing challenges to the Lottery with the Covid-19 pandemic still in place and the need to continue to be adaptable to ever-changing circumstances. Even with places open and events happening we are still maneuvering ourselves around what is a new normal that we are still not sure how will play out.

FY 2021 brought us our highest year ever with sales exceeding \$205 million. A sales goal of \$205.85 million is set for this year, which would provide approximately \$49 million to our beneficiary funds.

The Nebraska Lottery sells \$1, \$2, \$3, \$5, \$10, and \$20 Scratch tickets with prizes ranging from a free \$1 ticket up to \$200,000 cash. A variety of Scratch games are developed and launched each year. We will continue to develop games with different themes to appeal to a variety of players.

The Nebraska Lottery currently sells seven Lotto (online) games; Powerball, Mega Millions, Nebraska Pick 5, 2by2, MyDaY, Nebraska Pick 3 and Lucky For Life (which was added in August 2017). Nebraska Pick 5, MyDaY and Nebraska Pick 3 are offered exclusively in Nebraska. Powerball, 2by2 and Lucky For Life are operated on behalf of member lotteries by the Multi-State Lottery Association; and Mega Millions is operated by the member lotteries. The price for a single play of the games is \$1 or \$2. Powerball, Mega Millions and Lucky for Life are \$2 per play, while the remaining games are \$1. Mega Millions increased to \$2 per play in October 2017. Lotto prizes range from a free ticket up to a multi-million-dollar jackpot.

Nebraska Lottery Scratch and Lotto game products, equipment and services are provided by IGT Corporation. Tickets and equipment are distributed from the IGT warehouse in Lincoln. The Nebraska Lottery's contract with IGT was through June 2021. An RFP was issued in the spring of 2020. With the awarding of the bid to IGT the contract

that expired in June of 2021 was followed by a new contract that runs from July of 2021 until June of 2028 with the option of up to six, one-year extensions.

The Nebraska Lottery contracts with Smith Kroeger (formerly SKAR Advertising) of Omaha for advertising development and marketing-related services. In June 2015 SKAR was named the successful bidder in an Advertising RFP. SKAR received an initial four-year term and the three available one-year extensions have been exercised, resulting in a contract through June 30, 2022 with Smith Kroeger. The Nebraska Lottery will be issuing an Advertising RFP in this fiscal year for advertising services beginning in July of 2022.

The Business Plan should be reviewed periodically, as sales trends, promotional activities and opportunities and market conditions will necessitate changes to the proposed plan. This will be accomplished during bi-weekly marketing meetings and a comprehensive mid-year review.

## SALES HISTORY AND GOALS

### 5 Year Sales Chart

Game	2016-17	2017-18	2018-19	2019-2020	2020-21
\$1	\$11,051,552	\$11,064,233	\$10,068,739	\$10,408,031	\$10,838,887
\$2	\$9,363,700	\$8,715,023	\$8,873,853	\$7,979,062	\$8,310,767
\$3	\$20,846,625	\$19,164,207	\$19,150,205	\$20,556,544	\$21,355,889
\$5	\$20,811,466	\$20,999,829	\$21,727,578	\$24,341,569	\$27,228,519
\$10	\$22,247,357	\$21,899,214	\$20,799,028	\$22,954,015	\$25,735,663
\$15	(\$15)	\$0	\$0	\$0	\$0
\$20	\$17,259,935	\$18,971,117	\$23,678,878	\$25,693,388	\$29,873,478
Bingo	\$0	\$0	\$0	\$0	\$0
Choosers	\$0	\$0	\$0	\$0	\$0
Instant Total	\$101,580,620	\$100,813,623	\$104,298,281	\$111,932,609	\$123,343,203
Pick 5	\$15,137,581	\$15,456,715	\$13,780,328	\$15,715,564	\$14,906,641
Powerball	\$36,953,225	\$38,615,072	\$35,773,123	\$25,345,290	\$30,031,998
Daily Millions	\$0	\$0	\$0	\$0	\$0
Wild Card	\$0	\$0	\$0	\$0	\$0
Cash4Life	\$0	\$0	\$0	\$0	\$0
Rolldown	\$0	\$0	\$0	\$0	\$0
2by2	\$1,960,402	\$1,922,835	\$1,941,224	\$2,085,559	\$2,273,576
Pick 3	\$5,127,615	\$5,481,295	\$5,830,309	\$6,550,759	\$7,780,637
MyDaY	\$1,834,582	\$1,814,307	\$1,994,275	\$2,167,145	\$2,308,105
Mega Millions	\$11,225,081	\$14,980,937	\$24,436,028	\$15,235,451	\$20,369,086
Lucky for Life	\$0	\$4,283,308	\$4,128,422	\$4,043,148	\$4,269,444
On-Line Total	\$72,238,486	\$82,554,469	\$87,883,709	\$71,142,916	\$81,939,487
Total	\$173,819,106	\$183,368,092	\$192,181,990	\$183,075,525	\$205,282,690
Percent Change					
Instant	5.87%	-0.76%	3.46%	7.32%	10.19%
On-Line	20.72%	14.28%	6.46%	-19.05%	15.18%
Total	12.19%	5.49%	4.81%	-4.74%	12.13%

As the 5 Year Sales chart shows, total sales have grown roughly 18% in the past five years. The past 5 years Scratch sales have increased 21%, even with a slightly down

year in FY 2018. Lotto sales rebounded last year to bring us to 5-year growth of about 13%. While not back to the sales levels of a couple years ago, these numbers are encouraging and we believe upcoming game changes will help to maintain this growth.

### **Fiscal Year 2022 Projection**

Our fiscal year 2021-2022 sales goal is \$205.85 million in total sales. Scratch and Lotto sales are projected at \$122.5 million and \$83.35 million, respectively; averaging \$2.356 million and \$1.603 million per week, or \$3.959 million combined per week.

GAME	2020-2021		2021-2022 Projections	2021-2022 Weekly	Percentage	Percentage over last year
\$1	\$10,838,887	8.79%	\$10,750,000	\$206,730.77	8.78%	-1%
\$2	\$8,310,767	6.74%	\$8,500,000	\$163,462	6.94%	2%
\$3	\$21,355,889	17.31%	\$21,750,000	\$418,269	17.76%	2%
\$5	\$27,228,519	22.08%	\$27,500,000	\$528,846	22.45%	1%
\$10	\$25,735,663	20.87%	\$25,000,000	\$480,769	20.41%	-3%
\$20	\$29,873,478	24.22%	\$29,000,000	\$557,692	23.67%	-3%
Instant Total	\$123,343,203	100.00%	\$122,500,000	\$2,355,769.23	100.00%	-1%
Pick 5	\$14,906,641	18.19%	\$15,250,000	\$293,269	18.30%	2%
Powerball	\$30,031,998	36.65%	\$33,000,000	\$634,615	39.59%	10%
2by2	\$2,273,576	2.77%	\$2,300,000	\$44,231	2.76%	1%
Pick 3	\$7,780,637	9.50%	\$8,000,000	\$153,846	9.60%	3%
MyDaY	\$2,308,105	2.82%	\$2,300,000	\$44,231	2.76%	0%
Mega Millions	\$20,369,086	24.86%	\$18,000,000	\$346,154	21.60%	-12%
Lucky For Life	\$4,269,444	5.21%	\$4,500,000	\$86,538	5.40%	5%
On-Line Total	\$81,939,487	100.00%	\$83,350,000	\$1,602,885	100.00%	2%

## OBJECTIVES BY AREA

### SCRATCH PRODUCTS

Scratch tickets will be managed using a combination of revenue planning and market planning, including strategies for individual games, strategies for price points, strategies for distribution and promotion and policies for game closing. Strategy provided by IGT and reviewed in weekly Scratch Inventory Flow meetings has been incorporated to determine the ideal product mix including:

- Price Point Mix
- Core Games
- Families
- Extended play games
- Innovation Facing (Super Ticket display)
- Theme Variety
- Prize Structure optimization
- Top Prize Diversity Among Same Price Points
- Print Quantity
- Launch/Distribution planning

We will launch approximately 45 new Scratch games in FY 2022 along with our replacement core games. Set monthly launches will usually occur on the last Monday of each month (unless that day is a holiday). We will also continue to distribute core replacement games as inventory is depleted or last top prizes have been claimed, such as \$1 Quick 7s and \$3 Bonus Crossword. The working game launch schedule is fluid and changes will be made as needed. It is reviewed weekly to determine if the plan best suits what is happening in the marketplace or any other needs.

## FY22 Launch Plan

	July	August	September	October	November	December	January	February	March	April	May	June	Total
<b>1</b>		Double It		Merry Match			Family		PC	X			5
<b>2</b>	Count Up Cash	Triple 777		Camo Cash	Bonus Quick 7s		Truck\$ & Buck\$	7-11-21			7		7
<b>3</b>		Lucky Symbols Loteria		Holiday Prize Lines		Slingo		Cashingo		X		X	6
<b>5</b>	Addams Family	Win \$10,\$25, &\$50	Day of the Dead	Grandma got run over by a reindeer	Winter Winnings	\$500 NBE	Family	20X Bingo	X & XWORD	X	X	X	12
<b>10</b>	20X	3 TIER				NBE	Family	3 Tier			WOF&XWORD	NBE	7
<b>20</b>	3 TIER	HTP			LTP	3 Tier/NBE			LTP		3 TIER		5
Large Format (Gen III)	\$10 Glitter is Gold		\$20 Crossword				\$10 Break The Bank					\$10 ST	3
# of Launches	4	5	3	4	4	5	2	5	1	4	4	4	42+3

Ideally, there will be a maximum of 32 games on sale at any given time, and a minimum of 28. Although this number can vary depending on the timing of game closings. Facing counts at retail currently average 18.2 per retailer.

Growth in Scratch sales can also be seen through increased product visibility; exploration of new themes and new play styles; strategic offerings of featured games and add-on promotions; market expansion and continued awareness within Emerging Markets.

### Existing and New Games

Based on a 20 facing retailer, the Nebraska Lottery's current Scratch ideal mix of products consists of the following portfolio of products:

Price Point Strategies:

- \$1      2-3 games on sale at a time at most retailers  
Quick 7s and Pocket Change as core, with 1-2 rotational  
60% average payout
- \$2      2 games on sale at a time  
Truck\$ (or another rotational) and a 7-themed game  
65% average payout



- \$3     3-4 games on sale at a time including Bingo Crossword  
In addition to Bingo and Crossword a rotation of Loteria, Grid Games,  
          or Slingo style games  
65% average payout  
Extended play nature primarily
  
- \$5     5 games on sale at a time, including Crossword  
Standard top prize, low top prize, and a no-break even variety of games  
66-68% average payout
  
- \$10    4-5 games on sale at a time, including Crossword  
1 \$10 Super Ticket on sale at a time  
Mixture of standard top prize, \$500 top prize, no break even, and a  
          Blowout game  
68% average payout
  
- \$20    3-4 games on sale at a time  
1 Ultimate Crossword game (Super Ticket game size)  
Standard top prize, a game with \$1,000 winners and a blowout game  
68-70% average payout

Print quantities of each game are being scrutinized more than in the past. In many instances the current plan is to limit the print quantity to what is needed to create an attractive prize structure, but to still be able to sell out the game at a relatively quick pace. One exception is the quantity of \$2 Truck\$ & Buck\$. Since this game sold very fast the past two years we will increase the print run from 2.1 million tickets printed with seven trucks to 2.688 million with 8 trucks in the game. Distribution will start in late January 2022. A social media poll was taken to determine the color of the truck again this year and blue was once again the winning color, so the 2022 game will award blue trucks again.

Scratch prizing research will be used to help build prize structures that meet player preferences.

We will continue to include \$1,000 prizes as part of the prize structures of games due to the impact they make. (Retail banners, high-tier winner report, and effort to claim vs. impact.)

In 2019 our summer promotion was based on a single game, \$5 Wheel of Fortune. In 2020 the summer promotion was based on the \$5 Caesars Scratch game. The 2021 Summer promotion was based on the ticket we created to feature the 100<sup>th</sup> Anniversary

of the Nebraska State Parks. We are looking at launching \$5 Wheel of Fortune again next spring and featuring it as our 2022 summer promotion.

### **Crossover Products**

We will continue launching an occasional crossover game as a way to introduce Lotto games to our Scratch players. A \$5 fall game (Winter Winnings) will feature Nebraska Pick 5 plays as prizes. However, we have found that our crossover \$1 games have not had much success lately so we will not be doing one this year.

### **Licensed Properties**

The use of licensed properties will be evaluated based on availability from the companies that provide licensed properties and any properties we can obtain privately; and if the value of the property is determined to be worth the licensing fee.

Upcoming licensed properties include \$2 Truck\$ & Buck\$, \$3 Loteria, \$3 Slingo, \$5 Addams Family, \$5 Grandma Got Ran Over by a Reindeer and \$5 Wheel of Fortune. Additionally, we have found the use of IGT slot properties to be very successful and will incorporate a few of those, including \$5 Triple Fortune Dragon into the mix this year.

### **Specialty Games**

We do not have any specialty games planned this year (last year we did Nebraska State Parks Centennial and Brew Bucks), but may consider another Game & Parks themed Scratch ticket in the future.

### **Reaching our Scratch goals will involve:**

- Continue increasing revenues and profitability for core games: Crossword, Bingo, and Quick 7's. Look at ways to increase profitability for all games.
- Launch three holiday games (\$1, \$.3 and \$5) with a holiday promotion and a set close date for the games to allow for fresh inventory after the holiday.
- Revamp and introduce new versions of Scratch games that sold well in the past. Analyze the sales to determine optimal print quantities. This includes continuing a rotation of \$5 Triple Tripler and Fun Fives. Additionally, working into a stable core of \$1 games including Quick 7s and Pocket Change.
- Utilize licensed properties when the best opportunities present themselves.
- Launch \$2 Truck\$ & Buck\$ in January with a 2.688 million print run and eight trucks in the game to extend the run of high sales at the \$2 price point.
- Continue with a \$10 Super Ticket
- Continue with a \$20 Super Crossword Ticket.
- Selling three to four \$20 Scratch games, one with a lower top prize, one with no break even prizes and a crossword game.
- Maintain a blended Scratch payout of approximately 66%

- Monitor when to close Scratch games according to the Game Closing Policy.

## **LOTTO PRODUCTS**

The current portfolio of products consists of seven on-line Lotto games, Powerball Power Play, Mega Millions with Megaplier, Lucky for Life, Nebraska Pick 5, 2by2, Nebraska Pick 3 and MyDaY. Lucky for Life is the newest game as it launched in August, 2017.

While Lotto sales will be largely dictated by Powerball, Mega Millions, and Nebraska Pick 5 jackpots, additional drawings being added to Lucky for Life and to Powerball in July and August of 2021 will help to increase sales of those games. Lucky for Life is going to 7 day draws in July and Powerball is adding a Monday draw in August. Powerball will also feature an add-on game called Double Play which we have decided not to partake in at this time, but it will be monitored and may be added in the future.

Nebraska's static top prize games (2by2, Nebraska Pick 3 and MyDaY) exhibit minimal yearly sales variations. However, Nebraska Pick 3 has seen steady growth every year since its launch in 2005. 2by2 and MyDaY seem to be more sensitive to sales variation based on the availability of promotions. The daily games do respond well to tear pad coupons being offered and some promotions, with sales lifts being seen following these activities.

### **New Games/Game Changes**

Sunday drawings were added to Nebraska Pick 5, Nebraska Pick 3 and MyDaY in November, 2016. Overall, this has generated additional sales, especially with Nebraska Pick 3. In the future, our goal is to be allowed to offer two Pick 3 drawings a day like most other states.

The addition of drawings to Lucky for Life and Powerball in July and August of 2021, respectively, has shown early indications of sales growth similar to that experienced in recent years by Nebraska Pick 5, Nebraska Pick 3 and MyDaY.

Nebraska Pick 5 has not had a prize structure or matrix change in quite a while. This game's sales really begin to increase when the jackpot hits \$100,000. Originally, the plan was to look at some changes to the game for the future, however, based on the success of the Pick 5 \$10k roll promotions, no changes to the game are planned at this time. In calendar year 2022 we will run the \$10k roll promotion every other month (six times) beginning in January. AT this point we are not sure if that will be a permanent move or not, we will evaluate at the end of the year.

### **Reaching our Lotto goals will involve:**

- Powerball and/or Mega Millions having at least 2 or 3 high jackpot runs. The sales trends are skewing a bit higher even with the lower starting jackpots (now at \$20 million).

- Continue to find ways to increase sales of Power Play and Megaplier. Continue to encourage the addition of Power Play to Powerball and Megaplier to Mega Millions through advertising and promotions. Our generic Powerball and Mega Millions coupons both feature the add on. We are still working towards our goal to increase Power Play to 10%. Mega Millions sees Megaplier sales around 10% when the jackpot is lower.
- Continue using the tag line, "Why Wait to Win" for Powerball to promote how much money the low jackpot prizes are.
- A Mega Millions awareness campaign was produced 3 years ago and is still used. The tag line, "You Don't Know What You're Missing" will be used occasionally throughout the year.
- Continue to generate awareness for Lucky for Life and the new seven day draws schedule. A new Lucky for Life campaign was created to showcase the additional draws and the game's top prize.
- An add-on to Nebraska Pick 3 has been discussed and needs to be looked at again. This would most likely be a "kicker" type of add-on.
- Utilize tear pad coupon offers for the daily games and occasionally the other games. More aggressive offers are being considered, or offers for single plays for multi-draws to necessitate players to check their tickets after more than one draw.
- Run the \$10K roll promotion six times per year to increase sales through faster growing jackpots starting in January, 2022
- The continued brand awareness of Nebraska Pick 5, tagged as "It's Our Game" and highlighted by the continuing use of the Alien advertising campaign.
- Run a 2by2 promotion utilizing promotional dollars (up to \$35,000 from MUSL). Also continue to feature 2by2 as the coupon for our birthday card mailer.

## **RETAIL ENVIRONMENT**

Overall efforts within the retailer environment will aim to maximize sales at all retailers, continue to grow our retailer base, and to maintain an excellent working relationship with all retailers and retailer associations.

We will continue to maintain excellent working relationships with our independent retailers and chains. While opportunities for retailer expansion have been limited, it is important to be aware of opportunities that may present themselves, and maintaining current relationships with the Grocer's Association and the Petroleum Marketers Association can help.

Recognize and thank our retailers during the holiday season by presenting retailers a \$5 coupon.

### **Goals in the retail environment include:**

- Always be looking for new ways to expand the retailer base. Expansion of current retail chains has been the best opportunity for retail expansion lately.
- Continue to share commission reports with retailers and corporate offices along with sales reviews. Discuss underperforming stores during these reviews. Promote total market basket information.
- Implement additional chain based promotions such as the Sell, Sign, Win and voucher based promotions.
- Continue to upgrade display units and increase facing where appropriate. Determine appropriate placement for the lighted ticket menu boards and track sales performance in stores where they are placed.
- Track and utilize the Casey's lighted board expansion as a way to encourage placement at other retailers.
- Conduct yearly merchandise agreement compliance survey (in October).
- LSRs will continue their merchandising optimization efforts.
- Continue to work with retailers to find ways Lottery can help to increase in-store foot traffic at c-stores.
- Determine the best way to launch and train retailers on conversion changes and additions, especially focusing on Retailer Wizard, Smart Count and Learning Wizard.
- Ask Lottery retailers to add Lottery information to their websites (example-add winning Lotto numbers).
- Produce generic POS for the LSRs to use at stores (such as beneficiary messages and generic Scratch and Lotto game pieces).
- Run annual retailer appreciation golf event.
- Analyze what is the best option for the RAB meetings or some type of retailer meetings for the future. Due to the pandemic, we haven't had RAB meetings since Feb 2020. And, while the traditional RAB meeting may not be what is best for the future, we would like to hold some type of retailer meeting(s) once or twice a year.
- Using Ticket Talk for retailer education and recognition. Also, spotlight on retailers for more human interest types of feature stories. Additionally, Ticket Talk will spotlight upcoming Scratch Game Initial Distributions.
- Running clerk promotions to both reward and to encourage sales.
- Continue to place the small and large jackpot LED signs as appropriate.
- Increase use of Hispanic POS as appropriate outreach to this growing consumer sector.
- Monitor the Wal-Mart and Dollar General situation and make appropriate plans if it works out for them to sell in Nebraska.

### **ADVERTISING AND RELATIONSHIP MARKETING**

Nebraska Lottery advertising will continue the use of traditional and digital advertising including TV, radio, online, outdoor, retail POS and print publications to provide:

- Advertising support for specific statewide promotions.
- Advertising support for specific products and launches.
- Advertising for beneficiary information.
- Advertising support for Lotto jackpots.

Additionally, the use of some non-traditional marketing tactics will be incorporated along with the use of the Street Team. Non-traditional marketing tactics may include; truck wraps, floor and window decals, rich media mobile and web banners, native advertising and Nebraska football and volleyball schedule posters and wallet cards.

#### Objectives:

- Branding
- Recognition of Scratch games, especially new or feature games at the time of the game launch.
- Lotto game awareness. Powerball/Mega Millions jackpot level awareness, and multiplier feature value. Since Powerball and Mega Millions are not seeing as large of jackpots in the past our threshold for starting jackpot advertising for these games will go back down to \$100 million. Use of Lucky for Life in advertising to continue awareness of the game while educating about 7-day draw feature.
- Introduction and continued awareness of daily games.
- Growing the database and continuing current relationship with players
- Increasing MVP Club membership.
- Engaging MVP Club members as core players and brand advocates.

#### How to Achieve:

- Pick 5 branding–Alien Spokescreatures
  - Continue to feature aliens when appropriate. Utilize the alien tv spots when possible.
- Scratch Branding-Find Your Game, Find Your Fun.
  - Continue using tagline when appropriate. Utilize it with ESMM slides to show a variety of games on sale.
- Continue the Powerball branding-“Why Wait to Win?” and awareness of addition of Monday night drawings
- Utilize 2019’s “Set Your Mind on a Million” campaign
- Continue to use OTT (Over the Top) advertising to reach people that have “cut the cord” and no longer have traditional local or cable tv.
- Mega Millions-Continue to focus on the Megaplier feature in promotions.
  - Utilize new commercials (produced June, 2019) and the tag line, “You Don’t Know What You’re Missing”.
- Beneficiary
  - Utilize the new Beneficiary campaign created last year.
  - Consider another beneficiary billboard campaign this year.
  - Add one or two billboards in the Grand Island area during July and August to showcase our support of the fair.

- Determine how to best incorporate GAPs message into some advertising elements. This includes using the new tag line requested by GAP (Free problem gambling help for Nebraskans at [problemgambling.nebraska.gov](http://problemgambling.nebraska.gov)).
- Campaigns
  - Run a Holiday gift giving and promotion campaign.
  - Run a full Truck\$ & Buck\$ campaign (with :30 and :15 commercials).
  - Run a Ticket to Tunes campaign (no tv)
  - Develop the summer campaign (game/games and promotion tbd).
  - Feature any licensed product games when space is available.
- Daily Draw Games
  - Utilize current commercials to keep awareness up of MyDaY, Pick 3 and 2by2.
- LB252
  - Continue to ensure all advertising conforms with the requirements of LB252.
  - Determine best placement of top prize odds on the different types of advertising materials. Strive for consistent placement whenever possible.
- Player coupons offers
  - Regular schedule of email coupon offers. In this fiscal year all MVP Club Lotto coupons will be for free, not discounted product.
    - Reminder emails to those that didn't click on the offer the first time around.
  - Follow up coupon offers after promotions to those who entered.
  - Tear-pad coupons-focus these on the daily games and are good for multi-draws whenever possible.
- Mobile
  - Utilize new mobile dynamic jackpot display ads with our Always On media buy
  - Continue to promote the ticket scanning feature of the mobile app.
  - Continue to update content, features and functionality of our mobile app including using the new push notification feature for promotions and new Scratch games.
- Digital Media
  - Continue reaching players through ads on desktop, tablet and mobile. experimenting with new ad sizes and placements where appropriate
  - Experiment with native digital advertising tactics to engage players with out-of-the-box creative ads.
  - Utilize OTT and diversify budgets across vendors for the best reach
  - Focus social media on Facebook, Twitter and Instagram.
- Relationship Marketing
  - Continue to select areas to use the Connex developed direct mail piece. Determine where to go from here as all of Nebraska has now been targeted once.
  - The majority of messaging will stay via email with cosmetic changes made at the beginning of the fiscal year for better email view on mobile

- Send timely personalized emails to follow up after interacting with someone at an event, FB promotion, survey, MVP Club promotion, etc.
  - Focus on geo/psychographic targeted email messages
- ESMM Shows
  - Decrease number of slides in show and wording on individual slides.
  - Utilize the rotational slides to be able to quickly feature new games and other messages.
  - Reintroduction of animated slides to the show as appropriate.
  - Utilize ESMM in place of wobblers when appropriate.
  - Create/tailor multiple shows to specific regions (or retail chains) as appropriate.
- MVP Club
  - Increase members and build more rewards for current members.
    - Rewards include MVP Club members only coupon offers
  - Increase the offer for joining the MVP Club to \$5 of Pick 5 tickets.
  - Focus on pool players on the Web and engaging at work or other pursuits.
- Street Team
  - Attend more high impact events in and outside of Lincoln/Omaha
  - Continue to push Scratch, but explore Lotto awareness and sampling; identify a game best suited to sampling.
  - Consider branding coupons for the Street Team.
  - Continue to utilize Instagram as their main social media platform.
  - Strive to tie in beneficiary messaging when appropriate based on the event attended Take beneficiary-specific branding/poster to events where applicable
- Outdoor
  - Continue replacing current vinyl jackpot boards with dual LED jackpot billboards that feature both Powerball and Mega Millions. Continue updating faded/outdated vinyls to keep brand look consistent
  - Run another Beneficiary billboard campaign this summer.
  - State Fair specific messaging on billboards in Grand Island in August and September.

## **PROMOTIONS**

Promotions are developed to increase trial, spending, and frequency of play by the core players group; to increase awareness and trial by players in the occasional or infrequent players group and to increase awareness and trial by players in the lapsed and non-players group.

Additionally, it is important to consider promotions that have an interest from players in the 19-29 demographic and that can reach out to those active on Facebook and other social media outlets.



Summer promotions for sports prizes (football tickets, etc...) were held late this year when we determined we would have the tickets to give away. Next year we anticipate these promotions being back to our normal summer schedule.

While the opportunity or need for promotions will continue to develop throughout the year, planned promotions for fiscal year 2021-2022 include:

- A promotion ran in July and August 2021 to give away our Husker Football tickets. The promotion featured Pick 5.
- Run the New Year's Rockin' Eve Promotion featuring Powerball with Power Play giving 15 players \$2,022 each and entering them into the MUSL promotion
- Plan the holiday promotion based on the three holiday themed Scratch tickets.
- Utilize our 2by2 promotional money from MUSL to run a Ticket To Tunes or Cash Blast promotion in the early spring.
- Determine the summer of 2022 promotion, most likely Wheel of Fortune.
- Run the Pick 5 \$10k Daily Roll promotion six times starting next calendar year.
- Utilize tear pad coupons.
- Run a variety of Facebook (and possibly Twitter/Instagram promotions) throughout the year to give away concert tickets, swag bags, holiday tickets and sports tickets.
- Utilize the discount feature on the terminal to continue to build awareness of Online games among appropriate audiences.

Look again into development of the Coupon Sample Pack to be used for prize giveaways

## **SPONSORSHIPS AND EVENTS**

Due to the pandemic, many sponsorships and events were put on hold, cancelled or postponed for the last three months of FY20 and for the for most of FY2021. Towards the end of FY 2021 we were able to start attending some events, however there were still some that were cancelled. As we enter FY 2022 more events are returning to normal including one of our largest events, the Nebraska State Fair. The outlined items below are our plans in a "normal" environment, but events may continue be modified as our schedule remains fluid in response to the current environment.

The Nebraska Lottery will continue to sponsor teams and events to create and increase brand awareness, sales opportunities and product trial. Additionally, we will use these events to collect data for the relationship marketing program and utilize sponsorship events as an outlet for the Street Team.

Event tickets from sponsorships will be used in promotions and as player/retailer rewards.

While some events will give us the opportunity to have a selling location set up where we will utilize our Special Event Coordinators and Ambassadors, others will just give us a branding and possible Street Team presence. It is important that the Nebraska Lottery is visible all across the state. We will continue to have a presence at major fairs/festivals/events/home shows throughout Nebraska year-round. It will also be important to evaluate all sponsorships based on their cost and the value the sponsorship or event fee brings to the Lottery.

Our prize wheel at events only offers a spin for a \$10 purchase. Use of promotional tickets or coupons for featured games in lieu of certain merchandise prizes has been used more frequently and gives players an option. For variety, the event teams can also use the prize cube, drop and win and other promotional games at events.

The credit card payment system at events was discontinued due to security features in the field that were not practical for the small volume of transactions we encountered a few years ago. Having a cashless payment option is important moving forward in order to keep pace with consumer expectations and work is continuing towards a solution.

**Major sponsorships will include:**

- Husker Athletic Partners (Husker Sports Network)
- Pinnacle Bank Arena (managed by IMG)
- UNO, UNK and Creighton Athletics
- The Omaha Beef indoor football team.
- Five in-state baseball organizations. The Omaha Storm Chasers and the Lincoln Saltdogs, along with new smaller organizations in Scottsbluff, Hastings and Fremont (the Pioneers, the Sodbusters and the Moo)
- Three Junior Hockey Teams, Omaha / Lincoln / Tri-City
- Nebraska State Fair
- Lancaster County Fair
- Lied and Lincoln Symphony
- Merryman Performing Arts Center
- Lincoln Children's Zoo (adult events)
- Dynasty Combat and other possible MMA/boxing events
- Roller Derby, Lincoln
- Nebraska Sports Council-Cornhusker State Games and the Corporate

Other sponsorships or events will include:

- Omaha Summer Arts Festival
- Taste of Omaha

Auto Race Tracks- Eagle and I-80  
Figure Eight races – York  
Omaha Auto Show  
Santa Lucia Festival  
LUDA (Lincoln Ultimate Disc Association)  
Boat, Sports & Travel Shows  
Home & Garden Shows  
Numerous retail based events (Allen's, Speedee Mart etc.)  
Nebraskaland Days – North Platte  
Various county fairs

Participation in many of these events can provide opportunities to broaden awareness of our beneficiary funds.

Continue to use the Events Lotto bundle promotion to increase Lotto sales at events through a discounted package of Lotto tickets. The promotion is an offer of one play of all of our Lotto game for \$10 (a \$12 value).

The creation of our Facebook live events last year gave us a way to connect with our players when we couldn't be out at events. We plan to continue to utilize Facebook Live events to supplement our presence at slower event times and as a way to reach out to players all across the state.

## **PUBLIC RELATIONS AND COMMUNICATIONS**

The Nebraska Lottery's PR efforts will foster as much winner awareness as possible, among the public (players and non-players) news media and retailers; generate increased awareness of Scratch and Lotto games and promotions among the playing public and news media and increase awareness of our beneficiary funds and the contribution Nebraska Lottery retailers make to their efforts, among the public (players and non-players), news media, and retailers.

Audiences to be reached include players, beneficiary funds, news media, the general public, and retailers.

### **Goals in this area include:**

- Continue to evolve our presence on social media. While Facebook is still our primary social media outlet, we will continue developing Twitter and Instagram. Instagram is now the primary social media tool for the Street Team.
  - Continue to add animation or video to social posts.
- Develop new goals for social media beyond fan acquisition, such as event promotion and beneficiary education.
  - Showcase the events team when they are out at events.

- Enhance use of video at events and improve the quality and frequency of in-house digital video.
- Develop a way to conduct polls either through social media, our website or through People Principle's to be able to conduct quick opinion polls on topics such as, Which Scratch ticket design would you rather purchase?
- Continue to build and improve media relationships. Increase outreach to media. Generate winner stories as timely as possible.
- Focus on new ways to increase winner awareness. Many winners are unwilling to be interviewed, so new ways to get winning stories told need to be found. In instances where a player does not want PR, the winning ticket can be featured in social posts.
- Update the furniture in the winner's lounge to make it more comfortable.
- Determine any needs the regional claim centers may have to make it easier for them to take winner photos.
- Continue to make prize presentations more of an event (Trucks presentations for example). A prize pack has been developed for vehicle winners.
- Continue the regularity of Ticket Talk and Lottery Times (Ticket Talk-every other month, Lottery Times-quarterly).
- Increase stories on our blog, The Scratch. Regular posts, at least every other week, are needed to keep people interested. These posts can be shared on social media to drive people to read the stories.
- MVP Club members are emailed eCoupons about every other month. The schedule and offers should be determined to allow our MVP Club members to be aware of offers. Follow up emails are now sent to remind MVP Club members to use their coupon.
- Continue to reward MVP Club members who participate in our research surveys with a coupon at the completion of the survey.
- Continue efforts to convert database members to MVP Club members (monthly drawings, update profile promotions, refer a friend).
- Develop a handout about joining the MVP Club to be given out at events and by the Street Team.
- Continue to promote beneficiary awareness.
  - Hold a Beneficiary Briefing each year where our beneficiary representatives can learn more about the Lottery. Last year these were held virtually; we will need to determine the best way to have these in the future. We did get good attendance/responses to the virtual meetings.

- Explore ways to engage directly with beneficiaries to increase awareness of their work and that of the Lottery in supporting the funds.
  - Additionally, beneficiary messaging should be utilized as part of our advertising messages.
- Continue to update our Crisis Communication Plan on a regular basis.
- Train sales staff to conduct interviews and take photos and video for public relations activities.
- National Lottery Week
  - Participate in National Lottery Week in July and develop plans to further enhance for next year.

## RESEARCH

Research affords the chance to identify audiences, design effective games and promotions, and tailor messages and strategies to bring them together.

A new dashboard has been developed to give quick snapshots of our research results along with quick access to former research results.

Our latest tracking study was conducted in February/March of 2021 and included 1,008 Nebraskans. The prior study was in 2019. We conducted the 2021 tracking study in part because of upcoming changes to the gambling landscape in Nebraska.

According to the 2021 Tracking Study:

- 79% of respondents stated they were not opposed to state Lotteries.
- 53% of respondents stated that they had played the Nebraska Lottery in the past year.
- 24% of respondents stated that they participated in casino games in the past year.
- 49% of Nebraskans had played a Lotto game in the past year.
- 41% of Nebraskans had played Scratch Games in the past year.
- 46% of Nebraskans had played Powerball in the past year.
- 41% of Nebraskans had played Mega Millions in the past year.
- 32% of Nebraskans had played Nebraska Pick 5 in the past year.
- 18% of Nebraskans had played Lucky for Life in the past year.
- 15% of Nebraskans had played MyDaY in the past year.
- 24% of Nebraskans had played Nebraska Pick 3 in the past year.
- 18% of Nebraskans had played 2by2 in the past year.

In 2014 a Lotto Segmentation Study was conducted. This research was designed to provide a framework for understanding the marketplace through the use of identified segments. Five distinct segments were identified. They are:

- Impulse Dabblers
- Engaged Promotion Seekers
- Multi-State Jackpot Chasers
- Lottery Pool Enthusiasts
- In-state Game Advocates

A new Lotto Segmentation Study is planned for 2022.

In 2016 our Identified Scratch segments were updated as follows:

- Value Seeking Dabblers
- Extended Play Enthusiasts
- Visual Dabblers
- Play Value Visuals
- Attentive Players

These segments and other research findings influence the product and promotions development processes.

Since 2009, the Nebraska Lottery has used a web-based continuous customer feedback mechanism. This mechanism continuously monitors multiple marketing, product, economic, and market place elements. In the standard ticket message section of each Lotto ticket, players receive an invitation to provide their feedback. Upon completing one of the approximately 4-5 active surveys, the respondents are entered into a random draw for a monthly prize.

Survey topic modules:

1. Satisfaction at Retail – A survey designed to assist in providing retailer service insights based on the ticketholder's recent retail visit.
2. Consumer Confidence – A survey similar to the bi-monthly National Consumer Confidence survey, designed to monitor lotto players' confidence in both the national and state economic situation.
3. Advertising Impact – A survey highlighting various TV or radio spots where the respondent will watch or listen to the streamed video/audio spot and then answer a series of questions about that TV or radio spot.
4. POS Recall & Usage – A survey designed to identify whether respondents' recall seeing various point of sale material.

5. Ad-hoc Surveys-including consumer response to the COVID-19 pandemic, interest in the various forms of entertainment, and specific game comparisons have also been added.

## Planned Research

There are several areas where the Nebraska Lottery may undertake market and product research in Fiscal Year 2020-2021.

- Continued use of the CFM.
- \$2 Ticket prizing and attribute
- Continue to review which prior attribute and prizing studies to refresh.
- \$3 Extended Play Scratch concept testing.
- \$30 Prizing study to prepare for a \$30 ticket to launch next year.
- Other possible studies depending on the Lottery's needs over the year.

We will continue to utilize Scratch tickets as prizes for research surveys. Additionally, MVP Club members who take one of our surveys are emailed a \$5 Scratch coupon at the end of the survey period as a thank you for their time.

## Current 5-Year Research Plan



## **First Six months of FY 2023**

While the business plan covers the 2021-2022 Fiscal Year it is important to address the first six months of the following year in order to best prepare for the activities that will be in progress before the FY 2022 year is finished.

What the future of the casino industry in Nebraska will become should be clearer to us towards the end of FY 2022 and the beginning of FY 2023. We will need to be aware of and prepare for necessary changes to ensure we stay competitive in a changing gambling market.

Among the items that will need to be addressed are:

- Scratch
  - 2022 Holiday games-what is the right mix of price points
  - Introduction of the Bronco ticket
  - Introduction of a \$30 ticket and the planning needed
  - The life of the Super Ticket
- Lotto
  - Any possible game enhancements
  - Introduction of Lotto America or a different new Lotto game
- Retail
  - Placement of the \$30 Scratch game at retail
  - Combatting challenges with the continued uptick in online grocery ordering and delivery
- Advertising
  - Implementation of a new advertising contract
- Promotions
  - Continuation and wrap-up of the summer promotion.
  - Better planned Husker Football ticket promotional giveaways since the uncertainty of the season should be over
  - 2021 Holiday Promotion and 2022 Summer Promotion (as development of Scratch games for the promotions are needed)
- Sponsorship/Events
  - Looking at new events to take us to new places in Nebraska
- PR and Communications
- Research



## **BENEFICIARY**

With a \$205 million sales goal for fiscal year 2021-2022, the Nebraska Lottery can expect to generate about \$49 million for its beneficiary funds during the fiscal year. Using the formula established by Amendment 4 (passed by Nebraska voters in November 2004), that translates into total transfers of about:

Education (44.5%), \$21.6 million

Nebraska Environmental Trust Fund (44.5%), \$21.6 million

Nebraska State Fair (10%), \$4.85 million

Compulsive Gamblers Assistance Fund (1%, plus \$500,000), \$985,000

Amendment 4 passed by Nebraska voters in November of 2004 established the following distribution formula for Lottery Proceeds, after payment of prizes and expenses: Education as directed by the Legislature (44.5%); Nebraska Environmental Trust Fund (44.5%); Nebraska State Fair (10%); and the Compulsive Gamblers Assistance Fund (1%, plus the first \$500,000 in fund proceeds each fiscal year).

LB286 (2009) updated the language regarding the amounts transferred to Lottery beneficiaries. This legislation requires that the Nebraska Lottery transfer the greater of \$20,229,700 or at least 22% and no more than 25% of tickets sold. If approved by the Tax Commissioner and the Lottery Director, transfers can exceed 25%.

Beyond monetary transfers, the Nebraska Lottery will continue to work to build awareness of the beneficiary funds and the Lottery's relationship to them.

## **TIMELINE**

### **Major milestones by month:**

#### **July**

- Lucky for Life starts 7 day draws
- Lottery Week MVP eCoupon (2by2, 1 play, 7 draws) and other activities
- Lucky for Life eCoupon (1 play, 3 draws)
- Pick 5 Pigskin Promotion

## **August**

- Pick 5 \$10K Roll promotion
- Lucky for Life Tear Pad (1 play, 7 draws for \$10)
- Powerball adds Monday draws
- State Fair back with full activities

## **September**

- Free PB w/PP MVP eCoupon
- Lucky for Life Tear Pad (1 play, 7 draws for \$10)
- New Year's Rockin' Eve promotion (August 30)
- Key Account Golf Outing

## **October**

- System conversion 10/17
- Holiday Scratch games launch 10/25
- Holiday 2<sup>nd</sup> Chance Starts 10/25

## **November**

- Annual Report Due
- MVP eCoupon-Buy \$5 in Scratch, get \$3 in Scratch free (based on holiday tickets)
- Holiday 2<sup>nd</sup> Chance
- Pick 5 \$10k Roll Promotion
- Powerball w/PP Tear Pad (1 play, 3 draws, \$6)
- Gift Giving/Holiday Advertising begins

## **December**

- Retailer Holiday Gift (\$5 Scratch coupon)
- MVP eCoupon-Buy \$5 in Scratch, get \$3 in Scratch free (based on holiday tickets)
- Holiday 2<sup>nd</sup> Chance
- Gift Giving/Holiday Advertising Campaign continues
- Powerball w/PP Tear Pad (1 play, 3 draws, \$6)

## **January**

- Tear Pad (Jan/Feb, Pick 3, 1 play, 7 draws, \$5)
- MVP eCoupon (TBD)

- Pick 5 \$10k Roll Promotion
- Holiday 2<sup>nd</sup> Chance Giveaway ends
- Launch Truck\$

## **February**

- Tear Pad (Jan/Feb, Pick 3, 1 play, 7 draws, \$5)
- MVP Club eCoupon (TBD)
- Ticket 2 Tunes or Cash Blast 2by2 Promotion

## **March**

- Tear Pad (March/April, TBD)
- MVP Club eCoupon (TBD)
- Spring Game Promotion (tentative)
- Pick 5 \$10k Roll Promotion
- Ticket 2 Tunes or Cash Blast 2b2 Promotion continues

## **April**

- Tear Pad offer (March/April, TBD)
- MVP Club eCoupon (TBD)

## **May**

- Pick 5 \$10k Roll Promotion
- Tear Pad (TBD)
- MVP Club eCoupon (TBD)
- Summer Second Chance promotion starts (Wheel of Fortune)

## **June**

- Tear Pad offer (May/June, TBD)
- MVP club eCoupon (TBD)
- Summer promotion continues
- Husker Football ticket promotions start

## **FUTURE**

The activities of the Nebraska Lottery encompass numerous areas and audiences, and span considerable periods of time. While this Business Plan focuses on the core activities of a single fiscal year, much of that work continues year to year and will be complemented by the following long-term elements. It is reasonable to expect these complementary arrangements to span multiple fiscal years, through 2022 and beyond.

### **Operations and Offerings**

The capabilities of the system(s) provided under the Unified Systems contract with IGT present numerous opportunities for sales growth. The opportunities include, but are not limited to, retail network expansion, increased game and promotions offerings, increased market analysis capabilities, and increased operational efficiencies through shared or shifted responsibilities.

Evaluation and implementation of agreed upon Scratch recommendations from IGT continues to evolve. This will be an ever changing process as we determine the best way to move forward with Scratch planning. Among items being reviewed and implemented are: a formal launch plan; expansion of core games (such as Crossword, Bingo and Trucks); expansion of the family of games; reaching maximum retailer penetration earlier; optimization of prize structures; and identifying and focusing on traditionally strong game themes.

### **New/Enhanced Products**

We must continue to enhance our current products through game additions, promotions or changes. Additionally, continuing to evaluate possible new Lotto games or Lotto game add-ons should be considered to increase Lotto sales.

### **Subscriptions and Gift Cards**

A growing trend nationwide, with successful results for many lotteries, is the availability of game subscriptions via the Internet. While the public policy debate on Internet sales continues to be active, there are effective models in place by which subscriptions are managed by lotteries for participating registered players; no tickets, only funds, are exchanged.

Branded gift cards at retail locations are also growing in prominence. Such cards are sold and activated at retail for subsequent use by recipients at that or any other location. This prospect holds potential for increasing gift giving, and introducing the Lottery brand at locations where handling tickets may not be practical.

Both offerings could be subcontracted with any one of a number of possible vendors.

## **Broadening Markets**

Strategies for attracting new and Emerging Markets must continue to go beyond products, promotions and advertising--addressing the following points.

Those strategies should include recruitment of specialized retailers, and modification of inventory standards and terminal requirements to make selling as efficient as possible for non-traditional retailers.

Also, consideration should be given to special POS executions and advertising tactics to reach audiences that patronize specialized retailers.

Additionally, efforts should seek to identify and develop specialized products and allocate necessary resources for licensing and nurturing supporting cross-promotion relationships.

Finally, research should be gathered and rationale should be developed to enable constructive consideration of the addition of in-lane terminals, ITVMs (or similar mechanisms) to the retail environment as a means of better serving retailers and the public by broadening markets and increasing efficiency and convenience-and ultimately generating proceeds for the beneficiary programs.

## **Legislation**

Future legislative proposals are intended to help the Nebraska Lottery remain competitive in the consumable goods marketplace, enhance retailer and player convenience, and increase revenues to beneficiary programs.

Two such proposals include authorization for more than one drawing in a given day for Lotto games, and the ability to offer products in establishment licensed for consumption of alcohol on the premises. Both measures could have the effect of opening new markets for Lottery games; bowling centers and restaurants, for example.

## **Business and Marketplace Relationships**

The Nebraska Lottery has a significant economic impact as a major statewide public business. Developing Nebraska-based marketing and promotional activities will help identify and strengthen audiences (players, retailers, promotional partners, etc.) that are receptive to that message and with whom relationships can be formed.

These relationships could lead to product, promotional, and retail sales opportunities. (Examples include the Nebraska Craft Brewer's Guild, Nebraska Game and Parks Commission, Nebraska Tourism Commission and various hospitality and retail prospects.)

Efforts that would complement and support these initiatives include market development and communication assets such as text messaging and more outbound e-mail via nelottery.com (not just to MVP Club members, but through promotional partners), generation of e-coupons, the availability of subscription services, creation of

a player's club, and a business-to-business marketing effort including trade shows and informational materials and possible employee incentive programs.

### **Customer Service Infrastructure**

Building relationships with other businesses and interests in the state will heighten awareness of the Nebraska Lottery, but effectively managing those relationships will require certain internal resources (staff and infrastructure). For example, resources necessary to capitalize upon marketing and product trends include prize fulfillment resources, data processing resources, training and recruitment resources, and research resources (such as customer intercepts or mystery shopper efforts).

## **CONCLUSION**

Throughout the coming fiscal year, and in the foreseeable future (two to five years), the continuing success of the Nebraska Lottery will depend upon our ability to execute and build upon the various elements enumerated in the preceding pages--focusing continuously on the following objectives:

- Develop, test and field products that appeal to a broad array of consumers.
- Monitor sales and profitability to generate maximum beneficiary revenue.
- Strengthen and broaden the retail environment in order to maximize sales.
- Identify and market efficiently to receptive audiences to maximize sales.