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To: Lottery, Video Gaming & Racino Executives  
Interested in Growth, Expansion & Added Success

Public Gaming Research Institute Inc.'s

International

## Morning Report

Your weekly supplement to  
**Public GAMING International  
Magazine**

January 3, 2005

**MARK YOUR CALENDARS!**

### SMART-TECH 2005

Where smart people  
exchange

smart ideas in gaming!

*When:* February 28 – March 3

*Where:* Bellagio Hotel, Las Vegas

*For details:* Call Susan Jason

Tel. 425-985-3159

Or check: [www.publicgaming.org](http://www.publicgaming.org)


**BEST WISHES FOR 2005**

We at PGRI hope that 2005 is  
an especially happy and  
prosperous year for you  
and your loved ones .

### COMPANY ANNOUNCEMENTS

#### **PALTRONICS OPENS NEW HEADQUARTERS.**

Paltronics Inc. announced the opening of its new corporate office on Dec. 20, 2004. The custom designed building in Crystal Lake, Ill. stretches over 35,000 sq. ft., increasing total warehouse and production space by more than 50 percent. The facility will house more than 100 employees on two levels of administration and engineering departments, and serve all domestic and international business transactions. It will also be the primary location for showroom demonstrations to prospective clients.



**3 New monitor games**  
to excite your players  
and accelerate  
your online revenues.

#### **SOLVIX TO PROVIDE MOBILE BETTING IN**

**CHINA.** Solvix Technology is setting up a joint venture with China Unicom's official contents provider to start a mobile lottery and Lotto service for Chinese handset users. Subscribers are allowed to buy lottery, Lotto, Toto and horse racing tickets through online payment.

### PEOPLE

As of January 2005 **Hans Christian Madsen**, previously CEO of Coop Denmark (one of Denmark's largest retail chains) will be the new managing director of Dansk Tipstjeneste. Madsen's is experienced as a top-ranking leader of large organizations within the retail trade business and the financial world. He has been managing director of both Ilva and IKEA Denmark before he became managing director of Coop Denmark. The position as managing director of Dansk Tipstjeneste A/S has been vacant since Per Schütze died earlier this year. Jean Jørgensen has been acting CEO up to this date.



**WATCH PLAYERS EAT IT UP... CC**  
**PAC-MAN**  
CLICK HERE FOR A PDF BROCHURE  
A SCIENTIFIC GAMES COMPANY

### VIDEO GAMING/RACINOS

#### **BATAVIA TO LAUNCH RACING, VLTs IN 2005.**

After receiving state approval from the New York Racing and Wagering Board to relaunch racing at Batavia Downs, the track is preparing for the installation of approximately 600 VLTs in a second-floor clubhouse. The VLT parlor is expected to open in March or April.

The track will launch a 53-day racing season on August 3, hosting nightly races on Wednesdays, Thursdays, Fridays and Saturdays until Sept. 17; Thursdays, Fridays and Saturdays through Oct. 29; and Fridays and Saturdays until Nov. 19.



#### **OR LINCOLN BRACES FOR SMOKING BAN.**

Lincoln, Nebraska is preparing for a possible dip in keno revenues. The city, which contracts with Big Red Keno to offer keno games at more than 30 sites within the city limits, received \$1.8 million in keno proceeds during FY04. In 2005, the city's new smoking ban goes into full effect, and there is some speculation that many bar patrons will seek establishments outside the city limits. The city has budgeted for \$1.2 million in keno revenue for 2005. Proceeds from the game benefit city parks, libraries and human services.

**MA RACINO BILLS FILED.** Three bills have been filed in Massachusetts that would allow slots at the state's four racetracks. One of the bills would also create two resort casinos that house slots – one in Bristol County and another in Hampden or Worcester County. A fourth bill was filed that would allow the Raynham-Taunton track to simulcast and take bets on races from other states. The bill seeking slots at tracks and the two casinos would also create a commission to oversee the casinos and put the slots under the control of the Lottery Commission. It's been estimated that a casino/racino package could generate an extra \$1 billion for the state.

## **LOTTERY NEWS**

**MN CAMPAIGN INCREASES SALES.** The Minnesota Lottery's recent gift-giving advertising campaign contributed to an increase in Scratch Game sales. Since the ad campaign began on December 3, Scratch Game sales exceed \$11 million - the \$6,059,117 sold the week of December 14-20 is the second highest Scratch Game sales week ever recorded in December. Scratch sales for this fiscal year are up 23 percent from the same period last year, while total lottery sales are up 11 percent.



**LA CROSS-PROMOTES WITH PEPSI, HORNETS.** The Louisiana Lottery will team up with Pepsi Americas and the New Orleans Hornets for a statewide promotion in January built around the \$2 basketball-themed scratch-off, Power Break. Besides the chance to win up to \$10,000, Power Break scratch-offs will also include approximately 400,000 free 20-ounce Sierra Mist "prizes." This means that more than two-thirds of all Power Break tickets will be winners. In addition, nonwinning Power Break scratch-offs can be redeemed for a "Buy One, Get One Free" offer for a 20-ounce Pepsi, Diet Pepsi, Mountain Dew, Diet

Mountain Dew, Sierra Mist or Diet Sierra Mist. In turn, specially marked eight packs, 12 packs, 20-ounce and two-liter bottles of Pepsi, Diet Pepsi, Mountain Dew, Diet Mountain Dew, Sierra Mist and Diet Sierra Mist will include a coupon for a free Power Break scratch-off ticket when the customer purchases a Powerball ticket with the Power Play option, a \$2 purchase. The New Orleans Hornets will offer fans a \$10 discount off the purchase of a regular season home game ticket of \$41 or more when they redeem three non-winning Power Break tickets during the month of January. Finally, the Hornets will conduct a grand finale drawing on Feb. 4 from all non-winning Power Break tickets submitted as part of the ticket discount or brought to its arena box office by players. Prizes to be given away include courtside seats for the home game against the San Antonio Spurs on Feb. 16, 2005, an expense-paid trip to an away game, two free passes for a single home game, and an autographed basketball.

**VIETNAM GAMING CHANGES.** Vietnam will allow its northern and central regions to issue lotteries at a regional level, instead of just a local level as they do currently, in a move to increase state budget collections. It has also been reported that the government has given approval for the launch of a sports lottery.



**TRIPLE 8s IN VA.** Some people say that good things come in 3's. That was certainly the case for Virginia Lottery Pick 3 players in the December 27, 2004, day drawing. The numbers 8-8-8 were drawn. Every player who wagered \$1.00 on the exact order combination won a top prize of \$500. Players wagered a total of \$357,870 for the drawing, and they won a total of \$3,028,925 in prizes. Triple numbers in the Pick 3 game are always the most popular played. The combination of triple 8's has come up five times since the Pick 3 game began in May of 1989.

**WLA APPROVES NEW MEMBERS.** The WLA approved the membership of six lottery operators at its General Meeting in Durban, South Africa, during the Association's 2004 Convention and Trade Show. Following the General Meeting's decisions, the total membership of the WLA now stands at 138 lotteries from 73 countries on all five continents. The new member lotteries are: **Lotería Nacional de Beneficencia de El Salvador**, El Salvador; **Loterías PerúGana**, Peru; **Nordwest Lotto und Toto Hamburg**, Germany; **Ontario Lottery and Gaming Corporation**, Canada; **Société Nationale de Loterie**, Congo; **Tennessee Education Lottery Corporation**, USA.

Applications for associate membership from five companies were approved by the Executive Committee in Rome in May 2004 and Durban in November 2004: **Aristocrat Technologies**, Australia; **BettingCorp. UK Ltd.**; **China Gloria (Beijing) Lottery Entertainment & Culture Co. Ltd.**, China; **Eagle Press Private Limited**, India; **Glory Technology**, Cyprus; **Gopsons Papers Limited**, India; **IBM**, USA.; **Mobile Smart Solutions (Pty) Ltd.**, South Africa; **Sagem SA**, France; **The Lottery Committee, China Association of Social Work**, China; **The Mobile Media**

Company, Norway; and Total Gaming Systems, SA, Spain. The WLA also welcomes Boss Media and IBM as Gold Contributors and Betware as a Silver Contributor.



## CASE STUDIES

### NEW YORK CASE STUDY – SALES AND MARKETING DATA COLLECTION, REPORTING AND APPLICATION (part 1)

“Knowledge is power” is an understatement in our business. Truly knowing and understanding the state of your business is absolutely critical to its long term success. The foundation for forward planning at the New York Lottery consists of ongoing marketing and sales data gathering as well as continual in-depth analysis of that data. The following article focuses on how to achieve consistent sales data reporting. Next week we will focus on how to apply the data to decision making

“The ability of any lottery organization to tap into this invaluable resource starts with a serious commitment to collecting the data on its own computer system -- not on an annual basis, monthly basis or even a weekly basis, but on a daily basis” said Lottery Director Nancy Palumbo. Lotteries need to understand that one can never collect too much information since one never really knows what data might prove useful in the future. Too often, lotteries rely on contractors to provide crucial sales information. Too frequently for no particular reason, the information is not timely enough for effective proactive program management decision making.

Like the zoom lens on a camera, the New York Lottery collects individual game sales data by zooming into the start of the sales chain – the retail location, which provides the lottery the ability to then expand the focus to zip code, sales representative territory, county, region, dominant television market area and any other variable that might be relevant to any particular sales or promotion initiative. All of the sales and marketing data is continually updated using every conceivable parameter so that informed business decisions can be made on necessary program adjustments at any point in time .

To ensure consistency in reporting sales data, something many lottery professionals have struggled with for years, the key sales reporting disciplines in the New York Lottery organization, Operations, Finance and Marketing have come to an agreement over the years on the most reliable measurement for estimating sales at retail locations. This is particularly important for instant games sales tracking which can vary widely depending upon the data source.

Telemarketing data is nice but extremely limited for decision making purposes. It shows what was ordered and is no reflection of sales to the lottery player. Similarly, activation data is also interesting and worth accumulating but again has no direct relationship to actual consumer purchases.

The New York Lottery has opted for instant game validation data of low tier prizes to predict estimated instant sales. For example, under this approach a \$2 instant game with overall odds of 5 to 1 would produce estimated sales of \$10 when one ticket has been validated. Now this requires some diligent ongoing backend processing in order to continually keep pace with of the overall odds for every new game since no two games are exactly alike. It also requires consistent, accurate data entry for sales by individual game, everyday, seven days a week. This cannot be accomplished without a dedicated resource with uninterrupted focus, enjoying full access to all relevant spreadsheets and databases across the entire organization.



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