

PUBLIC GAMING INTERNATIONAL

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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**
November 29, 2004

MARK YOUR CALENDARS!

What: PGRI's SMART-Tech 2005
When: February 28-March 3
Where: Bellagio Hotel, Las Vegas!
For details: Call Susan Jason
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COMPANY ANNOUNCEMENTS

IOWA EXTENDS SCIENTIFIC GAMES. Scientific Games Corporation announced that the Iowa Lottery has extended the company's online lottery contract. The contract is estimated at \$14 million over the term of two years beginning June 28, 2008. In addition, the Iowa Lottery is adding 330 new Extrema(R) terminals to its retailer network and upgrading another 170 terminals.

OGT SIGNS WITH EL SALVADOR. Oberthur Gaming announced its contract with Loteria Nacional de

Beneficencia de El Salvador (National Lottery of El Salvador), for the supply of the Lottery's instant lottery tickets. The contract includes ten games of two million tickets each for a total of 20 million tickets.



PALTRONICS COLLABORATES WITH MODERN GAMING. Paltronics Inc. recently announced its agreement with Modern Gaming Inc. for product distribution rights of its One Link Media Systems, Slot Systems, Table Systems, and display equipment throughout Mississippi, Louisiana, and several other southern jurisdictions in the U.S. The agreement allows Modern Gaming to sell, install, service, distribute, and promote the sale of Paltronics gaming technology, while assisting the company in finalizing purchases within each targeted territory.

PEOPLE

Alex Blaszczyński, a pioneer in gambling research, treatment and policy development, and Jon Grant, an accomplished young scientist who has made significant contributions to clinical research in pathological gambling and other impulse control disorders, were named recipients of the third annual National Center for Responsible Gaming (NCRG) Scientific Achievement Awards. The awards recognize outstanding contributions to the study of gambling disorders and will be presented Dec. 6 as part of the fifth annual NCRG Conference on Gambling and Addiction.



Pacific Lottery Corporation is pleased to announce that **Mr. Quah Chek Tin** was elected as a director of the Corporation at the Annual General and Special meeting of shareholders. Mr. Quah Chek Tin is also the Executive Director of Genting Berhad, a Malaysian company listed on the Kuala Lumpur Stock Exchange that is also involved in the gaming industry.

Win Win Gaming, Inc. has retained **Mr. Kevin Delehant** and his firm Winpointe International, Inc. to consult on the expansion of the Company's lottery operations in China. Mr. Delehant has over 18 years experience in the lottery industry in areas including Business Development, International

Sales and Marketing in Asia, Europe and the United States. From 1986 until early 2001, Mr. Delephant was employed by Scientific Games International.



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VIDEO GAMING/RACINOS

PEI SPEEDS ALC's OWNERSHIP OF CHARLOTTETOWN DRIVING PARK. The Prince Edward Island government has reportedly fast-tracked the Atlantic Lottery's ownership of Charlottetown Driving Park. The ALC is building a facility that will house 225 VLTs at the Park. Normally, companies have to apply to PEI's Regulatory and Appeals Commission to purchase anything over five acres, but the process would have gotten in the way of the VLTs being implemented before the summer racing season.

WV RECEIVES FINAL VLT BIDS. The West Virginia Lottery recently bid out the last of 9,000 licenses for VLTs permitted in bars, clubs and fraternal organizations. The Lottery received 97 bids for 784 machines – 28 more machines than they have available. The Lottery will have to draw lots from those who presented the minimum bid of \$3,500 per machine to see who will win the licenses.

DE GROUP RECOMMENDS EXPANSION. Delaware's Video Lottery Advisory Council, submitted a report to the state recommending additional gaming machines, longer hours and the possibility of sports betting. Delaware racinos are allowed to operate 2,500 machines, and the VLAC's request was that they be allowed to have 5,000 machines each in order to compete with racinos in Pennsylvania that will be allowed the same amount. Both the Governor and the Legislature would need to approve the recommended changes.



SCS designs and implements everything a State Lottery needs to offer its Players a comprehensive, flexible and state-of-the-art subscription services program.



PA GOV WILL VETO GAMING BILL AMENDMENTS. (AP) Pennsylvania Gov. Ed Rendell said he could not support Republican-penned amendments to the state's slot-machine gambling law that recently passed. Rendell said he agreed with aspects of the legislation that would make any violation of the gambling law a violation of racketeering laws, broaden the

gambling oversight powers of the attorney general, and eliminate a provision allowing lawmakers to own up to 1 percent of a gambling interest. But, he said, he had "deep problems" with other provisions, including a dramatically narrowed ban on which public and party officials, and which of their family members, could own an interest in or work for a gambling enterprise. Rendell also said he opposed a provision to use funds from the portion of gambling revenue aimed at reducing local property taxes to help the Pennsylvania Lottery if its proceeds decline due to competition from slots. He also said he was against a provision that provided for local zoning appeals, saying it could hold up the process of establishing slots parlors.



MN NEEDS ADDED PRODUCT TO REACH GOALS.

(AP) Minnesota Lottery Director Chuck Keller said the state will need to introduce a new lottery product if the lottery hopes to meet its revenue goals. The Minnesota State Lottery wants to double its revenue in the next 20 years -- from 100 million dollars to 200 million dollars by 2024. Harris says the lottery has sent a report to state lawmakers estimating revenues from the legalization of slot machines, keno and various video products being used by other states.

HOOSIER PARK AT ANDERSON CONCLUDES 2004 THOROUGHBRED MEET.

Hoosier Park concluded its tenth season of Thoroughbred racing Sunday, Nov. 21. The meet offered 59 days of action, beginning Sept. 2. **Total wagering** reached \$76.9 million for the 59-day meet compared to \$102.6 million during the 70-day meet in 2003.

Average daily handle for the Thoroughbred meet decreased by 11.1% from 2003, as \$1,303,110 was wagered nightly on Hoosier Park's card around the country compared to an average of \$1,465,497 in 2003. **Average daily on-track handle** fell 6.6% as \$76,321 was wagered nightly in 2004 compared to \$81,736 in 2003. An additional \$18,550 was wagered nightly on the Hoosier Park card at the track's OTB locations around the state, a decrease of 14.2% from 2003. **Average daily attendance** was 955, which was 4% above last year's figure of 918. An average of 8.7 **starters** went to the gate in 2004, compared to 9.1 in 2003. **Average daily purses** rose 24.8% in 2004, as horsemen raced for an average of \$144,756 in 2004 versus \$115,982 in 2003. Total purses distributed in 2004 amounted to \$8,540,624, an increase of 5.2% from the 70-day meet in 2003.

QUEBEC TO MOVE AHEAD WITH VLT REDUCTION.

The Government of Québec has approved Loto-Québec's 2004-2007 Development Plan, which calls for a significant reduction in the number of VLTs and sites where they are installed. More specifically, the number of terminals will be reduced by at least 730 in accordance with the Government's commitment to combating compulsive gambling. By diminishing the number of sites equipped with these units by 31%, the Government will be

substantially decreasing accessibility. In effect, a total of 2,500 terminals will be withdrawn from the network of licensed establishments, with a certain number of these units to be relocated to controlled sites. Bar owners who will see their units removed are to receive formal notice 12 months prior to their removal, along with financial compensation equal to their commission received over the past year for each unit withdrawn.

LOTTERY NEWS

IA's EGC BEATING PROJECTIONS. The Iowa Lottery is reportedly seeing better than expected results from the sale of its Electronic Game Card "Quarter Play" game. The game, which features 80 plays for \$20 has been selling at a rate of approximately \$30,000 per week in the three different areas of the state. The Lottery plans to take the game statewide in May 2005, and will increase the top prize from \$300 to \$500. .

NEW DIRECTOR FOR MT. Montana Governor-elect Brian Schweitzer named a new director for the Montana Lottery. George Parisot, the current information technology administrator for the attorney general's office, will take over the position on January 3. Parisot owns a Web design company called BigSkyWeb.com, a company he has been involved with since 1994 while also working for the state government. Parisot will replace current Montana Lottery Director Gerald LaChere.



CHANGE IN STORE FOR HOOSIER LOTTERY. Indiana Governor-elect Mitch Daniels has asked Hoosier Lottery Director John Ross to send in his resignation. The office of Hoosier Lottery Director is appointed by the Governor, and Ross, like 145 other individuals holding positions appointed by outgoing Governor Joe Kernan, is expected to resign by January 10, 2005.

CO TRIMMING DOWN. Sometimes the best way to increase profits is to cut expenses. Colorado Lottery Director Margaret Gordon has led the Lottery to cut nearly \$1 million from its 2005-06 budget. The Lottery has been examining several areas where it could make cuts. In the final analysis, some of the areas include: eliminating two director positions, internalizing a marketing contract, buying less expensive supplies, and reducing the number of Instants printed in order to reduce the number of left over tickets.



MA ROLLS OUT SEASON TICKET PROMO. On Monday, November 22, 2004 the Lottery began its holiday season discount program when season tickets to the Lottery's Megabucks, Mass Cash or Mega Millions jackpot games can purchased. Subscriptions come in three different levels: 52 week, 26 week or 13 week.

VA GIVES AWAY FORD F-150. During the Virginia Tech - Maryland football game, the Virginia Lottery gave three finalists in the crowd the chance to drive home in a brand-new 2004 Ford F-150 FX4 Supercab Pickup Truck, the top prize in the Lottery's "Tough Trucks, Big Bucks" scratch game. During



halftime, three finalists for the prize drew remote keyless entry devices from a Virginia Tech football helmet. They then in turn pushed the panic button on their devices to see if it set off the alarm on the Ford F-150, which was parked in the end zone. The device that Robert Davis drew set off the alarm and made him the winner! The other two finalists, Jessica Hawks of Cana and Ramona White of Dale City, each received \$500. The three finalists were randomly chosen from among 114,933 entries in the "Keep on Truckin' Sweepstakes," in which Virginia Lottery players entered non-winning "Tough Trucks, Big Bucks" tickets. A total of 615 other entries won prize packages featuring a Ford Truck leather jacket, watch, denim shirt and ball cap, among other things.

NM TO USE LOCAL MUSICIANS FOR COMMERCIAL.

The New Mexico Lottery has launched a search for homegrown musical talent that it will apply to a new series of Powerball commercials. The commercials will feature New Mexico based talent in both English and Spanish. Musicians can find applications on the Lottery's site (www.nmlottery.com), but profiles must be printed and mailed with a VHS or DVD audition. The profile must be printed and mailed, along with an audition VHS tape or DVD. The deadline for receiving entries is Wednesday, November 24.



PHILIPPINES' BILL WOULD LEGALIZE JUETENG.

Anthony Miranda, vice chair of the Philippines' House committee on games and amusement, has put introduced a bill that would legalize the popular underground numbers game Jueteng. The game operates on a 2:37 matrix.

CASE STUDIES

NEW YORK CASE STUDY – POINT OF SALE

Marketing pros know the best way to find out how your business is really doing is getting out in the field, visiting the stores where your products are sold and talking to the people who sell them. The amount of information to be gained through just one visit cannot be duplicated by any other means. Take for instance your retail Point of Sale or POS program. When you walk into an unfamiliar Lottery retail location, what is *your* first impression of your product's presentation? Are your POS

materials being used as intended? Are they being used at all? Are you getting your money's worth?

In FY 2000/01, the New York Lottery re-tooled its retail display program after a strategic tour of retailers representing a variety of business formats - rural gas/convenience stores, suburban strip malls, chain stores, bodegas, and newsstands – demonstrated a general inconsistency in the amount and type of POS being used across all locations. Specific issues revealed during these visits included an inconsistent presentation of the New York Lottery logo, a wide variation in how winning number and prize payout information was being presented, a complete absence of materials in locations where space issues precluded the use of the Lottery's ready-to-use displays, and a general lack of interest in maintaining displays in some retail formats.

New York Lottery Director Nancy A. Palumbo said the lessons learned from that internal POS audit proved invaluable in creating a more effective and cost efficient POS program. "We constantly remind ourselves that our product is one of hundreds for sale in any one retail location," Director Palumbo said. "With this in mind, we have taken steps to restructure our POS program to reflect more of a "Retailer-First" philosophy while still maximizing the customer call to action for the purchase. This includes developing size options for a streamlined list of sales-essential items critical for location identity, game display, and winning number and payout information."

New York uses the following guidelines to develop materials for its newly structured "Retailer-First" POS program:

- **Use a consistent lottery identity program, logo and color themes:** From Buffalo to Brooklyn players should be able to immediately recognize where Lottery games are sold.
- **Emphasize energy and fun:** Lottery displays need to stand out against competitive displays.
- **Design from the Outside, In:** Grabbing someone's attention with exterior signage is essential to making the sale inside the store. The interior materials may be similar for many locations but the exterior signage must be flexible. Ask yourself; will this work for a strip mall or newsstand? A grocery, drug or discount store?
- **Make displays useful for players and convenient for retailers:** From a player's perspective, the most important piece of POS is an easy-to-read winning numbers display. For retailers, this means creating a display that complements their existing Lottery terminal and play card display area. Retailers also place a high value on promoting recent store winners so adequate supplies of "We had a Winner" posters are always appreciated.
- **Separate permanent displays from promotional signage:** Field staff plays a critical role in placing promotional materials (e.g. sweepstakes, contests, etc.) in visible locations so as to not compete with other critical Lottery POS (e.g. winning number and payout posters).
- **Start all over again:** When you're convinced that your POS program has achieved the desired level of efficiency and cost-effectiveness, take another ride with your field staff to see what other marketers – your competitors – are doing, and be prepared to start all over again.



To create a successful ad program in Public GAMING International magazine, contact:

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