

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**
September 27, 2004

HARRIS TO HEAD MN. On Thursday, September 23, Minnesota Governor Tim Pawlenty announced Clint Harris as the new director for the Minnesota Lottery. Harris, who until that point was the director for the South Dakota Lottery, will replace Michael Vekich, who had been filling the post since the death of George Andersen in early 2004. Vekich performed well in his position (generating a record \$100 million profit in FY '04), but made it clear that he didn't want the job on a permanent basis. There has been no word as to who will fill Harris's position in South Dakota.

ND PASSES MILESTONE, LAUNCHES NEW GAME. The North Dakota Lottery has passed another milestone. Less than six months after the Lottery's launch, Powerball and Hot Lotto ticket sales passed \$10 million. Over 367,000 Powerball and Hot Lotto players have taken home more than \$2.1 million in prizes. Those figures will only continue to climb, as the Lottery launched a new game, Wild Card 2, last Thursday.

LA RETAILERS WIN BIG WITH SPRING SPLASH FOR CASH. Six convenience stores in the Lafayette area received a total of \$6,000 from the Louisiana Lottery Corporation in bonus incentives for increasing their scratch-off sales during the Lottery's Spring Splash for Cash promotion, which ran April 4 through June 26. All six stores received incentives of \$1,000 each. Lottery retailers competed for a total pool of \$400,000. For most retailers who earned an incentive, it was equal to or double their typical two-month Lottery commission. For some, the incentive equaled their typical yearly commission. To compete for the incentive, individual retailers were assigned to one of three groups based on their 2003 average weekly scratch-off sales. Incentives were presented to the top performing retailers in each

group based on their percentage increase in average weekly scratch-off sales during the promotion.

NM LAUNCHES NEW NIGHTLY GAME. The New Mexico Lottery Authority launched a new drawing game on September 26. "4 This Way" is designed as a game unique to New Mexico with a \$4,000 nightly top prize. Players select four numbers that must be matched in order from first to last. That way, players still have a chance of winning a prize on the final number drawn. Players who



match four numbers in the order drawn will win \$4,000, those who miss the first number but match the last three win \$40, those who miss the first two but match the last two win \$4, and those who only match the last number win \$1.

KLC OFFERS TRIPS TO VEGAS. The Kentucky Lottery Corporation will now offer a new scratch-off ticket that offers more trips to Vegas! That new game is called "Pyramid Cash". Players can win a top cash prize on the ticket of \$50,000, or they can win a Vegas trip. The trip will include round-trip airfare for two to Las Vegas, four days and three nights at the world-famous Luxor Hotel and Casino, ground transportation, and \$500 in cash. There are even tickets thrown in to a great show on the Strip, with seats for performances by famous names like Lance Burton or the "Blue Man Group" up for grabs. Seventy six of these trips will be awarded instantly via the "Pyramid Cash" ticket. Six others will be used as prizes for second-chance drawings.



Adapted photo from the National Oceanic and Atmospheric Administration/Dept. of Commerce.

GOLDEN OPPORTUNITIES CONTINUE TO PAY OFF IN PA. Fairchild Semiconductors in Mountain Top and King's College, two companies based in Northeastern Pennsylvania, have pledged to purchase Lottery instant tickets for employees in support of the Lottery's Golden Opportunities Employee Rewards Program. In early September, the Lottery also announced that two other businesses, Tom's Convenience Stores and Memorial Hospital signed up for the program. Governor Edward G. Rendell introduced the Golden Opportunities Program last year, challenging businesses across Pennsylvania to purchase Lottery instant tickets in bulk, on an ongoing basis and as often as possible, to reward employees for jobs well done.

CANADIAN PARTNERSHIP FOR RESPONSIBLE GAMING. The Canadian Partnership for Responsible Gambling is a new initiative with a mandate to find ways to reduce the risk of problem gambling. The Partnership brings together the expertise of non-profit organizations, gaming providers, research centers and regulators to better understand and implement responsible gambling programs." *Canadian Gambling Digest* is the first product of the Partnership and can be viewed as an e-document at <http://www.cprg.ca>.

INTERNATIONAL NEWS

EUROMILLIONS TO LAUNCH IN IRELAND. The Euromillions lottery will be officially launched by An Post, The Irish National Lottery this week. The game is already offered in France, Spain, and the U.K.

NZLC GIVE SFOUR MORE CHANCES TO SPIN AND WIN. Last week all New Zealand Lotto players had four extra reasons to buy a ticket with a special Lotto Winning Wheel promotion featuring five winning serial numbers. Four extra serial numbers were drawn on September 18, giving a total of five players a chance to spin and win up to \$1 million on the Winning Wheel.

LOTTO NIGERIA. NSL Lotteries Management Company Limited (NSL LMC), a wholly owned subsidiary of National Sports Lottery Limited, has been established to operate Nigeria's first National On- Line Lottery game - Lotto Nigeria. The company holds a 30-year federal license to operate the game, and lists Tattersall's and Essnet as international technical partners.

GEORGIAN LAW TO ALLOW LOTTERY. Georgian Finance Minister Zurab Noghaideli said that changes would be made to the country's law on lotteries, games of chance and other forms of gambling, to allow a single private company the right to issue lottery tickets. Proceeds from the Lottery would be used to benefit cultural and sporting activities.

MOROCCO SPORTS BETTING OPERATOR CERTIFIED BY WLA. DNV Certification has issued certificates according to the World Lottery Association Security Control Standards© and the BS 7799-2 (information security) standard to Morocco's sports betting operator La Marocaine des Jeux et des Sports. Morocco's sports betting operator is Africa's first WLA member to achieve certification

to the WLA Security Control Standards©, the WLA's global security management baseline.

NIGERIAN BILL SEEKS REGULATORY COMMISSION. The Nigerian Federal Executive Council has endorsed a draft bill to establish a National Sports Lottery Regulatory Commission and a Sports Trust Fund that would generate funds and coordinate the financing of sports activities in Nigeria. The bill mandates the proposed Regulatory Commission to oversee alternative sources of revenue for sports development in Nigeria.

VIDEO GAMING/RACINOS

BCLC OPENS PRINCE GEORGE CASINO. The British Columbia Lottery Corporation's latest casino, Treasure Cove Casino, opened on September 16 in Prince George. The casino offers 12 table games and 350 gaming machines in a spectacular island hideaway theme to residents and tourists in northern British Columbia. When the Treasure Cove Hotel opens later this year, the completed project will have injected \$26 million in the Prince George economy. The casino will provide 150 full-time equivalent jobs.

FL GAMBLING GROUP GETS UNLIKELY SPOKESMAN. Former Florida State Senator Jim Horne has become the spokesman for Floridians for a Level Playing Field, a group pushing to legalize gaming machines at racetracks in Broward and Miami-Dade counties. Horne's acceptance of the position is somewhat unusual given that while in the Senate he was opposed to every gambling expansion attempt that came his way. His change in position reportedly stems from the fact that he now sees this as an issue that will improve Florida schools, and not as a gambling issue.

WORLD POKER TOUR SIGNS SLOT DEAL WITH IGT. WPT Enterprises has signed a long-term agreement with IGT to produce slot and video poker machines based on its WORLD POKER TOUR(TM) television series. IGT intends to develop WPT-branded three-reel and five-reel slots, as well as video poker and other video games. The company plans to roll out the WORLD POKER TOUR slots globally within two years.

PENN RE-OPENS CASINOS. Penn National Gaming, Inc. has re-opened Casino Rouge in Baton Rouge, Louisiana, Casino Magic - Bay St. Louis in Bay St. Louis and Boomtown Biloxi in Biloxi, Mississippi. The three properties were closed on a precautionary basis earlier this week in anticipation of Hurricane Ivan.

CHIPPENDALES® SIGNS WITH ALLIANCE. Alliance Gaming announced that its Bally Gaming and Systems business unit has entered into a licensing agreement with Chippendales Entertainment for a series of slot machines featuring the trademarks, art and images of the Chippendales male-entertainment brand. Bally Gaming is developing the first Chippendales game as a "Super Frenzy" reel-spinning slot with a unique fourth reel in the top box. Copyrighted Chippendales artwork and photographs will be used creatively to offer a

unique slot product that celebrates Chippendales' 26 years of sensual entertainment. Initial sales distribution is expected to begin before the end of the calendar year.

GTECH TO SHOWCASE VIDEO LOTTERY AT NASPL. GTECH will feature solutions from recently-acquired video lottery provider Spielo at the NASPL Conference in Quebec City, Quebec, on October 5 - 9, 2004. GTECH has successfully completed the integration of Spielo into the Company's expanding global gaming strategy, and this will be the first opportunity for existing and potential lottery customers to see how GTECH and Spielo will operate as an integrated company.

UK TO ALLOW LARGE SLOTS PRIZES. It's been reported that the U.K will allow slots to offer prizes above £2,000 for the first time. The government has restricted the machines by confining machines offering prizes larger than £500 to casinos that are 54,000 square feet or larger.

GRASSROOTS CAMPAIGN TO STOP MI CASINO EXPANSION. Business, community and political leaders from Grand Rapids and Metro Detroit kicked off a grassroots campaign to pass Proposal 1, a constitutional amendment on the Nov. 2 General Election ballot that would give Michigan voters the power to approve future casino-style gambling expansions proposed by the State. The amendment is meant to stop the proliferation of casinos in the state.

COMPANY ANNOUNCEMENTS

ARISTOCRAT HIGHLIGHTS OASIS AT G2E. Aristocrat Technologies will display new casino-customizable promotions technology at G2E, October 5-7 at the Las Vegas Convention Center. Aristocrat's OASIS Promotions Technology and OASIS Rewards™ offer OASIS system customers the ability to electronically deliver tailored promotions and rewards directly to slot machines and offer reward redemption in redeemable and non-redeemable credits – not cash – so players never have to wait in line at the slot club to redeem their promotional offers. At G2E, Aristocrat will offer live demonstrations of how OASIS Rewards are delivered using Aristocrat's PersonalBanker® promotional credit download system.

IA SELECTS SCI-GAMES. Scientific Games Corporation announced that it has been named the apparent successful bidder for the Iowa Lottery's instant-scratch ticket contract. The initial one-year contract is valued at approximately \$1.4 million, and there are four one-year extension options. The contract commences January 1, 2005, subject to the negotiation of a final contract.

GAMES, INC. OFFERES SMS LOTTERY CONTENT. Games, Inc. announced the first of a series of Wireless content drawn from the LOTTERY.com Website and seen at <http://www.lottery.com/textalert.asp>. Games has signed an agreement with SMS Media Group (SMSMG) to offer Games, Inc.'s state and provincial lottery content via their text messaging services. Mobile users will also be able to sign up for this service through their mobile providers and

through the Games, Inc.'s www.Lottery.com website. This service is provided free to mobile users in exchange for tagline advertisements at the bottom of each message.

SD CHOOSES SCI-GAMES. Scientific Games announced that the South Dakota Lottery has extended its online lottery contract. The contract is estimated at \$8 million over the term of three years. In addition, the South Dakota Lottery is upgrading the entire retailer network to newer, faster technology.

PEOPLE

Penn National Gaming, Inc. announced that **Albert T. Britton** has been named General Manager of the Company's Charles Town Races & Slots facility in Charles Town, West Virginia, subject to the satisfaction of regulatory approvals. Mr. Britton assumes the position from John V. Finamore, a Senior Vice President at Penn National Gaming, who has managed day-to-day operations at Charles Town on an interim basis since June. In his new role, Mr. Britton will be responsible for all facets of the operation of Charles Town Races & Slots. Mr. Britton brings 23 years of gaming industry experience to his new position at Charles Town.

CASE STUDIES

CASE STUDY HIGHLIGHT ON NEW YORK - ADVERTISING

You've been watching TV for a little while and glazing over during a commercial break when the picture unexpectedly jumps to a spotlighted boxing arena filled with activity of fighters entering the ring with their posses, referees leaning against the ropes, media camera crews circling, an excited crowd cheering their heroes.

Next thing you know, a well-known ringside announcer is intensely explaining that the main heavy-weight event is about to start and turns the mike over to the ring announcer, resplendent in a white tuxedo and black tie.

"Are you ready to...win big?" proclaims legendary announcer, Michael Buffer. The entire scene freezes. What happened to that famous "ready to rumble" line? What's going on here?



It's the opening of a new Mega Millions TV spot about to air in New York. Before it's all over, Michael Buffer literally will be a changed person (thanks to special effects) and the entire audience will have emptied out of the arena upon hearing that the

Mega Millions jackpot has reached \$XXX million. The spot is designed to run when the jackpot reaches a level at which players, regular or casual, are willing to get into the game.

It's also the public face of the New York Lottery's highly successful, long-term planning process as New York Lottery Director Nancy Palumbo explained. "Effective advertising is not just about being funny or being the first to try something new," said Director Palumbo. "Effective advertising represents a combination of a clear, simple message, extraordinary attention to detail and a demonstrable return on investment."

To that end, Palumbo said the New York Lottery follows a clear-cut set of guidelines to execute an effective advertising campaign. The key elements include:

- **Identifying the important messages:** The Lottery identifies as part of its annual business plan, those products that will provide players and retailers with "buzz-worthy" news over the course of the coming year. This may include a new Instant game that offers players a life-style changing prize or introduces a fun statewide promotion to support one of our other games.
- **Listening to players and retailers:** New York relies on market research and retailer feedback (gained through continual Retailer Advisory Meetings) to confirm the critical levels at which players are likely to respond to specific promotional messages and/or on-line game jackpot messages. For Instant Games, focus group research is used to separate those games that appeal to New York players from those that don't and to identify those tickets that have that "something extra," making it worthy of advertising support. Focus groups are also useful to confirm the most compelling message and to help train sales staff and retailers on how to promote the game.

- **Focusing the communication elements:** In a nutshell, simplicity is the key to successful communication. For New York's on-line games, the key communication elements include the brand logo and jackpot amount. These same elements are used consistently across all broadcast, P.O.S., Internet, in-store and promotional displays. In contrast, New York's Instant games are more likely to focus on the top prize and game imagery (e.g. cute pandas frolicking on the "Panda-Money-Um" ticket or humorous cows cavorting across the Moola Millions ticket). All executions need to emphasize an immediate call-to-action.
- **Getting your money's worth:** The New York Lottery understands that a well-produced commercial with a simple, clear-cut message can live forever in the public's collective imagination (e.g. "All it takes is a dollar and a dream," "Hey, you never know," and "If I had a million dollars"). No detail, whether it's plot, casting, location, tone, personality, music, announcer copy or one of a score of other particulars, is too small to overlook. It takes a strong commitment to your product and an even stronger belief in your marketing plan to make the investment needed to produce a high-quality, entertaining, results-driven advertising program. But, the return over time is invaluable to the strength of your brand. In the end, it's about selling fun and entertainment to increase revenue.

**Submit material for next week's Morning Report by
Wednesday of this week to Toddpgr2@aol.com**

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