



Product, Advertising & Sales Review

ALC Vendor Committee Meeting

February 19, 2014

Director Woosley Media Appearances for Raffle

- Paragould Chamber of Commerce
August 8
- Arkansas Society of Professional Lobbyists
August 27
- KARN – Bob Steel
August 28
- KATV (TV)
September 3rd
- Springdale Chamber of Commerce
October 9
- Stuttgart Rotary Club
October 14
- ALCU Banquet
November 1
- KHOG (TV)
November 19th
- KFPW (Radio)
November 20th
- KUAF (Radio)
November 20th
- KATV (TV)
December 17th
- The Buzz (Radio)
December 20
- KOKR (Radio)
December 30
- KARN Radio – Donna Kelley
KTHV – Mid Day Arkansas with Beth Hunt
December 30
- KATV (TV)
December 30th
- Jonesboro Radio Group (Five Radio Stations)
December 31th
- KARN Radio - Bob Steel
December 31
- KARN Radio - Donna Kelley
December 31
- KTHV
January 2, 2014

Arkansas Million Dollar Raffle – FY 2010

- Sales began July 14, 2010.
- No official draw date was given to players.
 - Estimated draw date was September 6, 2010
 - Drawing occurred April 7, 2011.
- 500,000 tickets had to be sold.
- \$3,000,000 in prizes.
- \$10 per ticket, 1 raffle number per ticket.
- Grand Prize Draw only.
- Every 25th ticket sold produced a \$20 Instant-win coupon.

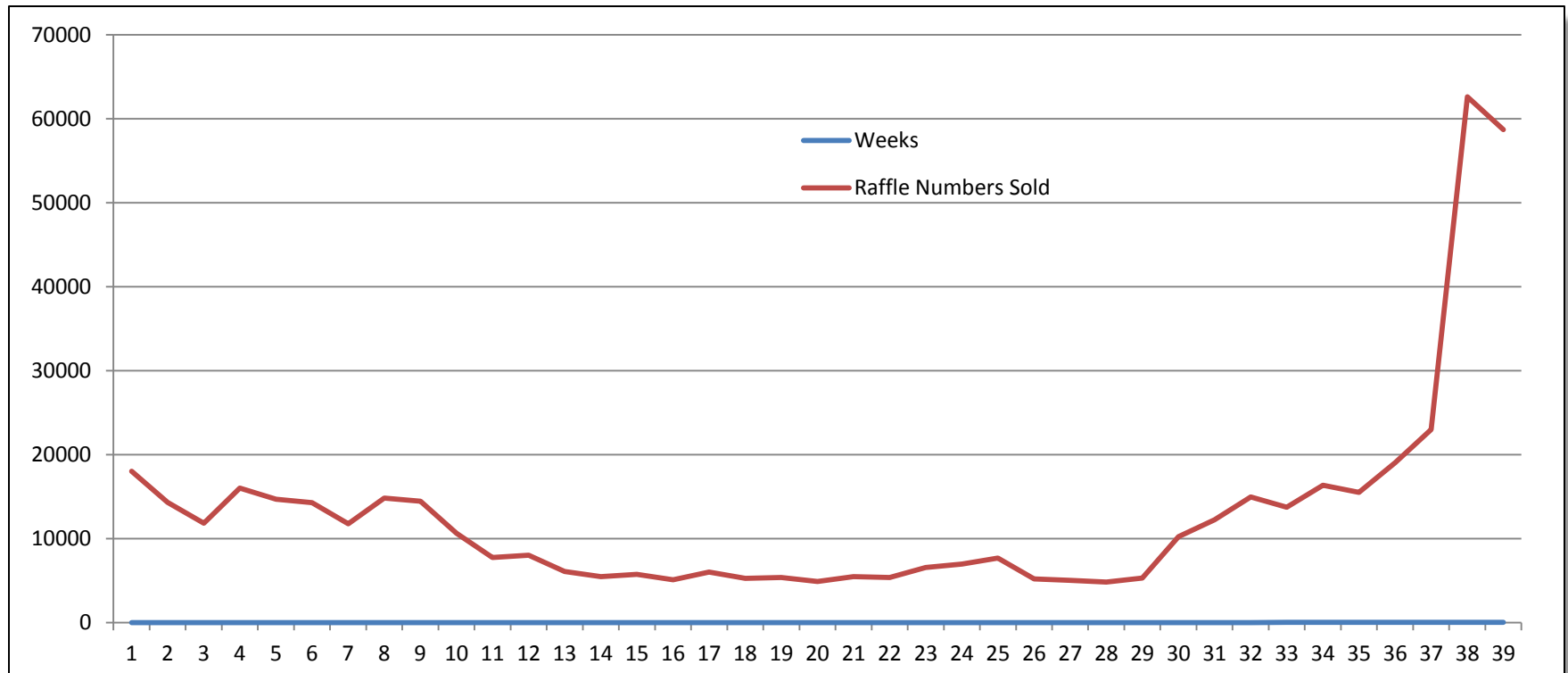


Arkansas Million Dollar Raffle – FY 2010

Game sold out quickly once draw date was announced.

7/14/10 – 1/31/11 – 252,507 tickets sold

Draw date announced: 2/1/11 – 4/6/11 – 247,493 tickets sold.



Feedback/Lessons from FY10 Raffle

Players displeased that a draw date was not defined at kickoff.

Game sold out in about 2 months after the draw date was finally announced.

Every 25th, \$20 Instant-win coupon did not always make it into the player's hands.

No incentive for players to buy early.

Extra 5% commission was paid to retailers for the last 316,234 tickets sold for an extra cost of \$158,117 (Nov. 8, 2010 - end).

Review Raffle games run by other lotteries.



Arkansas Million Dollar Raffle – FY 2014

Define and commit to a draw date at start of game.

Add an incentive to buy early (Early Bird drawings). The earlier you buy, more chances to win.

Eliminate the every 25th ticket sold giving a \$20 Instant-win coupon.

Reduce sales range to 4 months and reduce prize liability from \$3,000,000 to \$1,710,000 (57% of original).

Add value purchase options. The more you spend, the more raffle numbers you get.



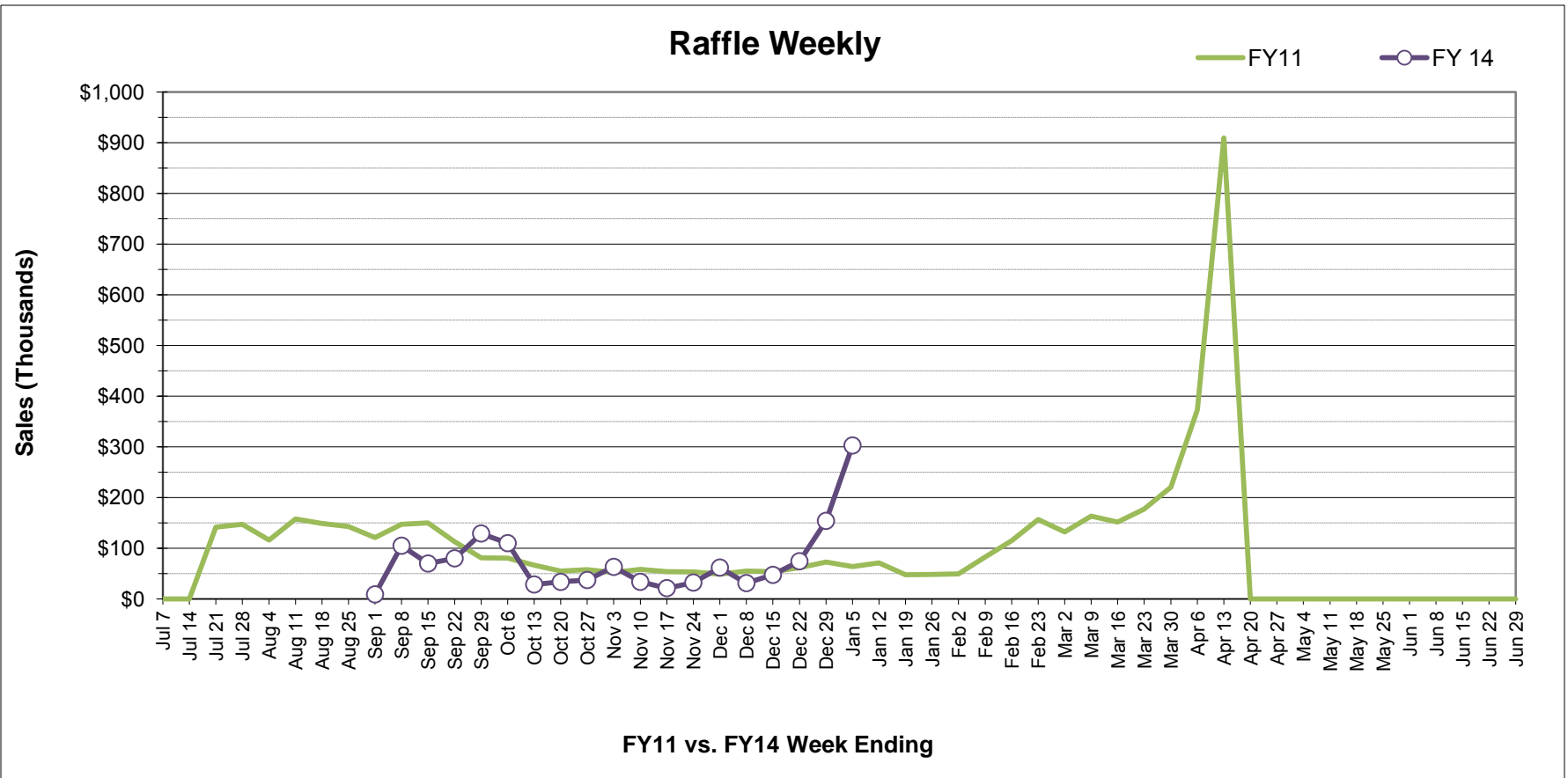
Arkansas Million Dollar Raffle – FY 2014

Drawing	Entry Period	Draw Date
Early Bird Draw 1	September	October
Early Bird Draw 2	September-October	November
Early Bird Draw 3	September-November	December
Final Draw	September-December	January

Prizes	Number of Winners	Total
\$1,000,000	1	\$1,000,000
\$100,000	5	\$500,000
\$10,000	13	\$130,000
\$1,000	30	\$30,000
\$500	100	\$50,000
Total	149	\$1,710,000



Raffle Weekly Sales Comparison



FY14 Months	Sales
September	\$466,240
October	\$178,340
November	\$167,860
December	\$614,050



Results of FY2014 Raffle

Last Raffle number sold: 250840

Number of tickets sold: 65,768

Final Sales: \$1,426,490

\$30 tickets sold – 31,310 (47.6%)

\$20 tickets sold – 14,261 (21.7%)

\$10 tickets sold – 20,197 (30.7%)

Average Cost per Raffle number: \$5.69

Average Cost per ticket: \$21.69

Final day sales: \$242,550

Average sales per day: \$11,692.54

Average sales per week: \$81,847.79



Creative Development: Key Advertising Messages

- Early Bird Drawings: “Buy early for your chance to win up to \$10,000 in each early bird drawing”
- Value Pricing: “Buy More, Save More”
- Defined Draw Dates: “Limited time” & “January 2nd Final Drawing”

Advertising Creative

- FY 2011 Raffle



LIMITED TIME.
LIMITED TICKETS.

ARKANSAS MILLION DOLLAR
RAFFLE

BEST ODDS OF WINNING A
MILLION BUCKS!
\$3,000,000 IN PRIZES!

Top prize odds are 1 in 250,000.

For more information on games or odds visit any lottery retailer, myarkansaslottery.com or call 501-683-2000.
For National Council on Problem Gambling helpline assistance call 1-800-522-4700. Please play responsibly.

FY 2014 Raffle



ARKANSAS
MILLION DOLLAR
RAFFLE

**BUY MORE
SAVE MORE**

BUY A \$10 TICKET	BUY A \$20 TICKET	BUY A \$30 TICKET
GET 1 RAFFLE NUMBER	GET 3 RAFFLE NUMBERS	GET 6 RAFFLE NUMBERS

RAFFLE NUMBERS ARE SOLD SEQUENTIALLY STARTING AT 000001.

LIMITED TIME

The Arkansas Million Dollar Raffle is back!

Three early bird drawings lead up to the final \$1,000,000 raffle drawing on January 2, 2014.

THE EARLIER YOU BUY,
THE MORE CHANCES YOU HAVE TO WIN.

EARLY BIRD DRAW 1 OCTOBER 1ST	1 \$10,000 WINNER	10 \$1,000 WINNERS
EARLY BIRD DRAW 2 NOVEMBER 5TH	1 \$10,000 WINNER	10 \$1,000 WINNERS
EARLY BIRD DRAW 3 DECEMBER 3RD	1 \$10,000 WINNER	10 \$1,000 WINNERS
FINAL DRAWING JANUARY 2ND	1 \$1,000,000 WINNER 10 \$10,000 WINNERS	5 \$100,000 WINNERS 100 \$500 WINNERS

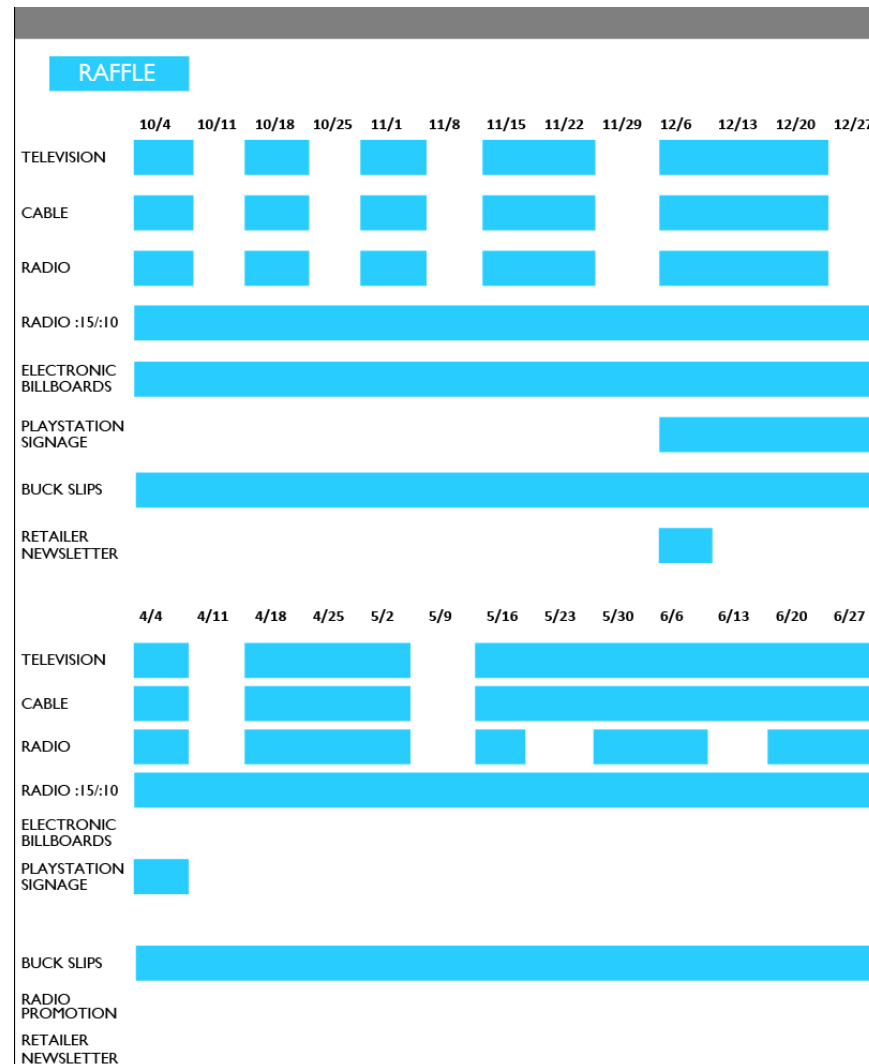
ALL ODDS OF WINNING VARY DEPENDING ON THE NUMBER OF TICKETS SOLD. FOR MORE INFORMATION ON GAMES OR ODDS, VISIT ANY LOTTERY RETAILER, MYARKANSASLOTTERY.COM OR CALL 501-683-2000. CALL 1-800-522-4700 FOR PROBLEM GAMBLING HELPLINE. PLEASE PLAY RESPONSIBLY.

FY 2014 Advertising Media Plan



MEDIA FLOW CHART JUNE 2010-JULY 2011

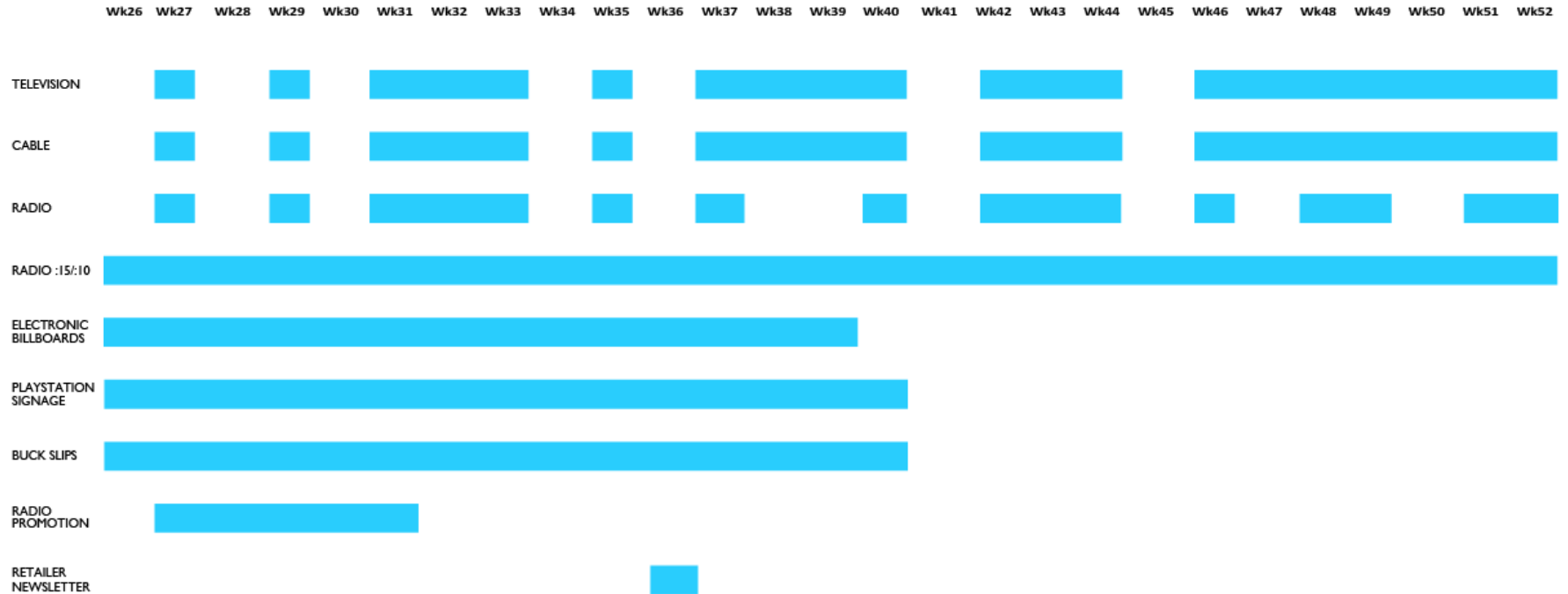
Media Type	Start Date	End Date
TELEVISION	7/5	9/27
CABLE	7/12	9/13
RADIO	7/12	9/13
RADIO :15/:10	7/5	9/27
ELECTRONIC BILLBOARDS	7/5	9/27
PLAYSTATION SIGNAGE	8/2	8/23
BUCK SLIPS	7/5	9/27
RETAILER NEWSLETTER	7/5	7/12
RADIO PROMOTION	7/5	8/2
TELEVISION	1/3	3/28
CABLE	1/10	3/21
RADIO	1/17	3/14
RADIO :15/:10	1/3	3/28
ELECTRONIC BILLBOARDS	1/3	3/28
PLAYSTATION SIGNAGE	1/3	3/28
BUCK SLIPS	1/3	3/28
RADIO PROMOTION	1/3	1/31
RETAILER NEWSLETTER	2/28	3/7



FY 2011 Vs. FY 2014 Advertising Media Plan Comparison



FY 2011 Vs. FY 2014 Advertising Media Plan Comparison



FY 2014 Additional Advertising Elements

- Point of Sale: Play Station & Street Talker Cling



FY 2014 Additional Advertising Elements

- Point of Sale: Counter Mat & PAD's

Arkansas
Scholarship Lottery

ARKANSAS MILLION DOLLAR RAFFLE

LIMITED TIME

The Arkansas Million Dollar Raffle is back!

Three early bird drawings lead up to the final \$1,000,000 raffle drawing on January 2, 2014.

BUY MORE SAVE MORE

BUY A \$10 TICKET	BUY A \$20 TICKET	BUY A \$30 TICKET
GET 1	GET 3	GET 6
RAFFLE NUMBERS	RAFFLE NUMBERS	RAFFLE NUMBERS

THE EARLIER YOU BUY, THE MORE CHANCES YOU HAVE TO WIN.

EARLY BIRD DRAW 1 OCTOBER 1ST	1 \$10,000 WINNER	10 \$1,000 WINNERS
EARLY BIRD DRAW 2 NOVEMBER 5TH <td>1 \$10,000 WINNER</td> <td>10 \$1,000 WINNERS</td>	1 \$10,000 WINNER	10 \$1,000 WINNERS
EARLY BIRD DRAW 3 DECEMBER 3RD <td>1 \$10,000 WINNER</td> <td>10 \$1,000 WINNERS</td>	1 \$10,000 WINNER	10 \$1,000 WINNERS
FINAL DRAWING JANUARY 2ND	1 \$1,000,000 WINNER 10 \$10,000 WINNERS	5 \$100,000 WINNERS 100 \$500 WINNERS

Arkansas
Scholarship Lottery

A Natural State of Fun!

ARKANSAS MILLION DOLLAR RAFFLE

FIRST EARLY BIRD DRAWING OCTOBER 1

EARLY BIRD DRAW 1 OCTOBER 1ST	1 \$10,000 WINNER	10 \$1,000 WINNERS
EARLY BIRD DRAW 2 NOVEMBER 5TH <td>1 \$10,000 WINNER</td> <td>10 \$1,000 WINNERS</td>	1 \$10,000 WINNER	10 \$1,000 WINNERS
EARLY BIRD DRAW 3 DECEMBER 3RD <td>1 \$10,000 WINNER</td> <td>10 \$1,000 WINNERS</td>	1 \$10,000 WINNER	10 \$1,000 WINNERS
FINAL DRAWING JANUARY 2ND	1 \$1,000,000 WINNER 10 \$10,000 WINNERS	5 \$100,000 WINNERS 100 \$500 WINNERS

POWERBALL \$260 Million

ARKANSAS MEGA MILLIONS \$160 Million

Natural State JACKPOT \$175,000

ARKANSAS 50/50 \$2,500

FY 2014 Additional Advertising Elements

- KATV & KHOG Drawing Results

SPOT #1



SPOT #2



SPOT #3



SPOT #4



FY 2014 Additional Advertising Elements

- Pandora & Banner Advertising

BANNER ADS

	\$10,000 EARLY BIRD DRAWING OCT. 1 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	
	\$10,000 EARLY BIRD DRAWING NOV. 5 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	
	\$10,000 EARLY BIRD DRAWING DEC. 3 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	
	\$1,000,000 DRAWING JAN. 2 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	

PANDORA ADS

	\$10,000 EARLY BIRD DRAWING OCT. 1 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	
	\$10,000 EARLY BIRD DRAWING NOV. 5 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	
	\$10,000 EARLY BIRD DRAWING DEC. 3 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	
	\$1,000,000 DRAWING JAN. 2 <small>CALL 1-800-622-4700 FOR PROBLEM GAMBLING HELPLINE.</small>	

FY 2014 Additional Advertising Elements

- Social Media

The image displays the Facebook page for the Arkansas Scholarship Lottery, featuring a large promotional banner for the Arkansas Million Dollar Raffle. The banner includes the text "BUY MORE SAVE MORE" and "ARKANSAS MILLION DOLLAR RAFFLE" with a star icon. It lists ticket prices: "BUY A \$10 TICKET GET 1 RAFFLE NUMBER", "BUY A \$20 TICKET GET 3 RAFFLE NUMBERS", and "BUY A \$30 TICKET GET 6 RAFFLE NUMBERS". A "BEST VALUE" badge is also present. The main text on the banner reads "ARKANSAS MILLION DOLLAR RAFFLE" and "\$10,000 EARLY BIRD DRAWING OCTOBER 1ST".

Below the banner, the Facebook page header shows the "Arkansas Scholarship Lottery" name, a search bar, and navigation tabs for "Timeline" and "Now". The page content includes a post from "ARScholarshipLottery" dated October 29, 2013, announcing the second early bird drawing on November 5th. The post text reads: "Between if you are playing the Arkansas Million Dollar Raffle! The second early bird drawing is Nov. 5." and "The second Arkansas Million Dollar Raffle early bird drawing with the chance to win up to \$10,000 is coming up Nov. 5".

At the bottom of the page, there is a promotional graphic for the "ARKANSAS MILLION DOLLAR RAFFLE" with a star icon. It features a blue owl character and the text "NOVEMBER 5TH" and "NEXT EARLY BIRD DRAWING NOVEMBER 5". The graphic also mentions "\$1,000,000 RAFFLE DRAWING JAN. 3".

FY 2014 Additional Advertising Elements

- E-mails

The image displays a collection of promotional materials for the Arkansas Million Dollar Raffle. The primary poster on the left details the raffle's structure, including early bird drawings on October 1st, 5th, and 8th, and a final drawing on January 2nd. It lists prize amounts: \$10,000 for 10 winners in early bird drawings, and \$100,000 for 5 winners and \$100,000 for 100 winners in the final drawing. A 'BUY MORE SAVE MORE' section shows that buying 1, 3, or 6 tickets entitles the buyer to 1, 3, or 6 winners respectively. To the right, four smaller cards provide specific information about limited-time ticket purchases and drawing results. These cards indicate that Monday is the last day to buy for the first early bird drawing, Thursday for the second, Saturday for the third, and Tuesday, December 31, for the final \$1,000,000 prize drawing. Each card also lists the prize amounts and the number of winners for that specific drawing. At the bottom, four cards announce the results for the first, second, and third \$10,000 early bird drawings, as well as the final drawing results, all asking 'ARE YOU A WINNER?'.

Arkansas Million Dollar Raffle
LIMITED TIME \$1,000,000 RAFFLE
THE EARLIER YOU BUY, THE MORE CHANCES YOU HAVE TO WIN.

EARLY BIRD DRAW 1: OCTOBER 1ST
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 2: OCTOBER 5TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 3: OCTOBER 8TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

FINAL DRAWING: JANUARY 2ND
1 \$100,000 WINNER 5 \$100,000 WINNERS
10 \$10,000 WINNERS 100 \$10,000 WINNERS

Arkansas
Scholarship Lottery

BUY MORE SAVE MORE

BUY A	BUY A	BUY A
\$10 TICKET	\$20 TICKET	\$30 TICKET
GET 1	GET 3	GET 6
RAFFLE NUMBERS	RAFFLE NUMBERS	RAFFLE NUMBERS

Offer valid where prohibited by law.

For more information on prizes or odds, visit any lottery retailer, myarkansaslottery.com or call 1-800-455-7000. Call 1-800-455-7000 for problem gambling helpline. Please play responsibly.

LIMITED TIME ARKANSAS MILLION DOLLAR RAFFLE
Monday is the last day to buy an Arkansas Million Dollar Raffle ticket for the first early bird drawing.

EARLY BIRD DRAW 1: OCTOBER 1ST
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 2: OCTOBER 5TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 3: OCTOBER 8TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

FINAL DRAWING: JANUARY 2ND
1 \$100,000 WINNER 5 \$100,000 WINNERS
10 \$10,000 WINNERS 100 \$10,000 WINNERS

DRAWING RESULTS WILL BE ON:

LIMITED TIME ARKANSAS MILLION DOLLAR RAFFLE
Thursday is the last day to buy an Arkansas Million Dollar Raffle ticket for the second early bird drawing.

EARLY BIRD DRAW 1: OCTOBER 1ST
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 2: OCTOBER 5TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 3: OCTOBER 8TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

FINAL DRAWING: JANUARY 2ND
1 \$100,000 WINNER 5 \$100,000 WINNERS
10 \$10,000 WINNERS 100 \$10,000 WINNERS

DRAWING RESULTS WILL BE ON:

LIMITED TIME ARKANSAS MILLION DOLLAR RAFFLE
Saturday is the last day to buy an Arkansas Million Dollar Raffle ticket for the third early bird drawing.

EARLY BIRD DRAW 1: OCTOBER 1ST
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 2: OCTOBER 5TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 3: OCTOBER 8TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

FINAL DRAWING: JANUARY 2ND
1 \$100,000 WINNER 5 \$100,000 WINNERS
10 \$10,000 WINNERS 100 \$10,000 WINNERS

DRAWING RESULTS WILL BE ON:

FINAL DRAWING ARKANSAS MILLION DOLLAR RAFFLE
Tuesday, December 31, is the last day to buy an Arkansas Million Dollar Raffle ticket for the \$1,000,000 prize drawing.

EARLY BIRD DRAW 1: OCTOBER 1ST
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 2: OCTOBER 5TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

EARLY BIRD DRAW 3: OCTOBER 8TH
1 \$10,000 WINNER 10 \$10,000 WINNERS

FINAL DRAWING: JANUARY 2ND
1 \$100,000 WINNER 5 \$100,000 WINNERS
10 \$10,000 WINNERS 100 \$10,000 WINNERS

DRAWING RESULTS WILL BE ON:

ARKANSAS MILLION DOLLAR RAFFLE
RESULTS FOR THE FIRST \$10,000 EARLY BIRD DRAWING ARE IN!
ARE YOU A WINNER?

ARKANSAS MILLION DOLLAR RAFFLE
RESULTS FOR THE THIRD \$10,000 EARLY BIRD DRAWING ARE IN!
ARE YOU A WINNER?

ARKANSAS MILLION DOLLAR RAFFLE
RESULTS FOR THE SECOND \$10,000 EARLY BIRD DRAWING ARE IN!
ARE YOU A WINNER?

ARKANSAS MILLION DOLLAR RAFFLE
FINAL DRAWING RESULTS ARE IN!
ARE YOU A WINNER?

FY 2014 Additional Advertising Elements

- Retailer Promotional Items



Arkansas Scholarship Lottery

Sales Overview



Overview of Sales Division Tasks 2013 Raffle

1. Communicating Launch to Staff/Retailers
2. Distribution of POS & Promotional Materials
3. Targeting Stores with Low/No Raffle Sales
4. Clerk Incentive Promotions
5. Retailer Feedback from Market Visits
6. MSR Feedback on Raffle Campaign
7. Retailer Raffle Sales 2010 vs. 2013

Communicating Product/Launch to Retailers

1. Via E-mail

- Started in July (two months before launch)
- Product Reviewed with ASL Sales Team
- Raffle Information E-Mailed to Retailers

2. Retailer Newsletter

- Featured in *Sales Force*, the ASL Retailer Newsletter

3. MSR Store Visits

- Trained Managers
- Provided POS Materials, Promotional Items
- Encouraged Store Sale Contests

4. Website, Vendor Phone Calls

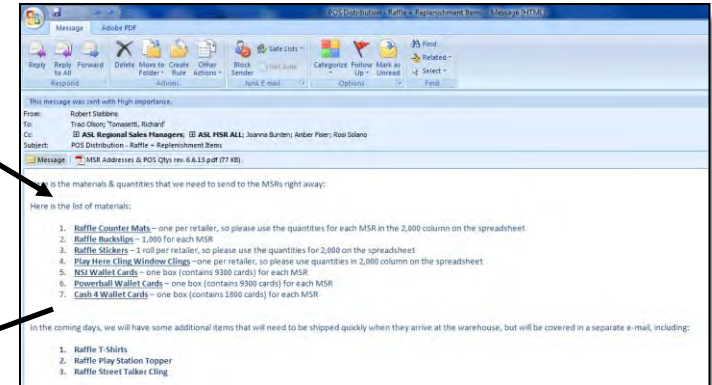
- Referred Customers & Retailers to Website
- Scientific Games & Intralot Call Support



Distribution of Merchandising/POS Materials

Starting August 15th – Thousands of Point of Sale & Promotional Items for the Raffle were shipped from SGI Warehouse to the ASL Sales Team for Distribution to our network of 1,900 retailers.

				SGI		MSR's/Store
Ordy Carlock	34 South Wedgewood	Midville	AK	72115	870-742-4419	Mail or In-store, GA
Charles Freeman	1125 Airport Road	Forest City	AK	72335	870-720-9855	Mail
Rhonda Harris	46 Baiterback Cove	Austin	AK	73067	501-286-9002	SGI Warehouse
Susan Dwyer	1115 Franklin Avenue	Mountain Home	AK	72653	870-738-0790	Mail
Rob Coward	1302 North 28th Street	Paragould	AK	73450	870-476-9814	Mail
Fred Darnett	289 Pickwick Drive	Conway	AK	72034	501-318-9802	SGI Warehouse
John Tatum	1500 Highway 5 South	Benton	AK	72019	501-242-8011	SGI Warehouse
Andy Stewart	7 South Point Court	Little Rock	AK	72217	501-348-5563	SGI Warehouse
Debbie Stokanagh	4800 Ridge Road Apt. B	North Little Rock	AK	72116	501-455-4445	SGI Warehouse
LaTonya Karber White	607 West 23rd Avenue	Pine Bluff	AK	71605	501-455-1876	SGI Warehouse
Jeff Felt	276 Highway 432	Winchester	AK	72738	479-471-4412	Mail
Al Mustafa	814 Topaz Drive	Louisville	AK	72745	479-471-4810	Mail
Dan Smith	900 South Lock Lane	East Smith	AK	72916	479-411-1101	Mail
Molly Harris	8021 Tux Drive	Harrison	AK	72611	870-448-1900	Mail
Bill Cotton	406 North 2nd Street	Osark	AK	73489	479-511-2480	Mail
Barbara Campbell	208 Eight Trail	Hot Springs	AK	71915	501-515-1251	Mail
Max Torte	6465 South Head Street	Pine Bluff	AK	71601	870-492-6056	Mail
Dean Inland	328 Rose Terrace	Staphers	AK	71764	870-529-7114	Mail
Linda Chambers	134 Old Center Point Road	Needville	AK	71852	870-295-4580	Mail
Robert Smith	1000 Midway Road	St. Louis	AK	71700	870-370-4048	Mail



Targeting Stores with Low/No Raffle Sales

- Regular lists from Gaming on Low/No Selling Retailers

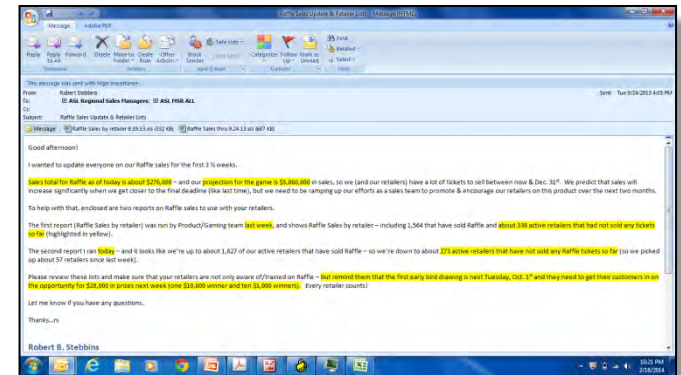
- Sept. 19th – 330 retailers had not sold Raffle
- Sept. 30th – 273 retailers had not sold Raffle
- Oct. 14th – 140 retailers had not sold Raffle

- Gathered Feedback from Retailers

- “My players want to wait closer to the draw.”
- “We sell mostly instant tickets.”
- “Many customers can’t afford a \$20 or \$30 ticket right now.”

- Organized Individual Sales Contests

- Encouraged retailers to increase sales
- Rewarded with ASL Raffle Promo Items



Clerk Incentive Promotions

- **Developed Clerk Incentive Promotions to drive Raffle Sales**
 - based on retailer feedback from focus group research
 - ran for three months – October, November & December
 - modest sales lift – best sales increase first month of promotions
 - distributed thousands of free Fast Play tickets to clerks
 - clerks enjoyed thousands of dollars in prizes

SPECIAL RETAILER/CLERK PROMOTION!
AVAILABLE OCTOBER 14-27.

SELL
a \$20 or \$30
ARKANSAS
MILLION DOLLAR
RAFFLE
TICKET

GET
\$1 **HUNTING**
FOR
HUNDREDS
FAST PLAY
TICKET
FREE

www.arkansaslottery.com
Arkansas Scholarship Lottery

HUNTING FOR HUNDREDS
FAST PLAY

Printed on Mon., Oct. 27, 2013, 12:00:00
00000 00000 00000 00000 00000 00000

Match any of YOUR SYMBOLS to the WINNING SYMBOL for that Play, win prize shown for that symbol.

Winning Symbol	Your Symbol	Prize
Play A	5RE	\$50
	TRUCK	\$100
	ANTLER	\$10
	HAF	\$20
	DOG	\$20

\$1,000 Play

CLERK FREE TICKET
This free Fast Play ticket is for the Clerk or Retailer that sold the qualifying Raffle ticket. Thank you and good luck.

POINTS FOR PRIZES CODE
000000-000000-000000-000000

PLEASE SHOW REVERSE SIDE OF THIS TICKET IMMEDIATELY AFTER PURCHASE.

Overall odds 1 in 3.97. Top prize odds 1 in 1,200.
Max. October 27, 2013, 12:00:00
Prizes awarded until 12:00:00
0000 00000 00000 00000 00000 00000 00000
0000 00000 00000 00000 00000 00000 00000

Arkansas
Scholarship Lottery

SPECIAL RETAILER/CLERK PROMOTION
EXTENDED WITH ANOTHER FREE GAME!
AVAILABLE NOVEMBER 4-24.

SELL
a \$20 or \$30
ARKANSAS
MILLION DOLLAR
RAFFLE
TICKET

GET
\$1 **CRAZY**
8's
FAST PLAY
TICKET
FREE

www.arkansaslottery.com
Arkansas Scholarship Lottery

CRAZY 8's
FAST PLAY

Printed on Mon. Nov. 4, 2013 12:00:00
0000 00000 00000 00000 00000 00000

In each play, find a 6 symbol and win the prize shown below it.

Play A	Prize
6000	\$10
0000	\$10
0000	\$10
0000	\$10
0000	\$10
0000	\$10

\$100 Play

CLERK FREE TICKET
This free Fast Play ticket is for the Clerk or Retailer that sold the qualifying Raffle ticket. Thank you and good luck.

POINTS FOR PRIZES CODE
000000-000000-000000-000000

PLEASE SHOW REVERSE SIDE OF THIS TICKET IMMEDIATELY AFTER PURCHASE.

Overall odds 1 in 4.83. Top prize odds 1 in 12,000.
Max. November 24, 2013, 12:00:00
Prizes awarded until 12:00:00
0000 00000 00000 00000 00000 00000 00000
0000 00000 00000 00000 00000 00000 00000

Arkansas
Scholarship Lottery

SPECIAL RETAILER/CLERK PROMOTION
EXTENDED WITH ANOTHER FREE GAME!
AVAILABLE DECEMBER 2-15.

SELL
a \$20 or \$30
ARKANSAS
MILLION DOLLAR
RAFFLE
TICKET

GET
\$1 **CASH COUNT UP**
FAST PLAY
TICKET
FREE

www.arkansaslottery.com
Arkansas Scholarship Lottery

CASH COUNT UP
FAST PLAY

Printed on Mon., Dec. 2, 2013 12:00:00
00000 00000 00000 00000 00000 00000

8-number play, count the number of CASH symbols shown and instantly win the prize shown in the Prize Legend below.

Play A	Prize
0000	\$10
0000	\$10
0000	\$10
0000	\$10
0000	\$10
0000	\$10

\$1,000 Play

CLERK FREE TICKET
This free Fast Play ticket is for the Clerk or Retailer that sold the qualifying Raffle ticket. Thank you and good luck.

POINTS FOR PRIZES CODE
000000-000000-000000-000000

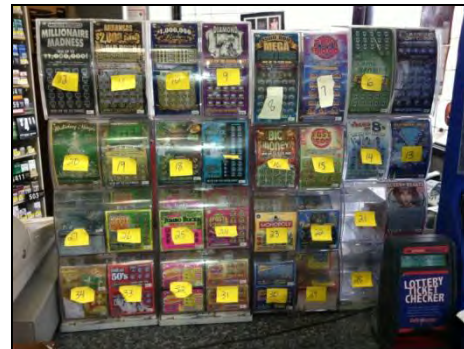
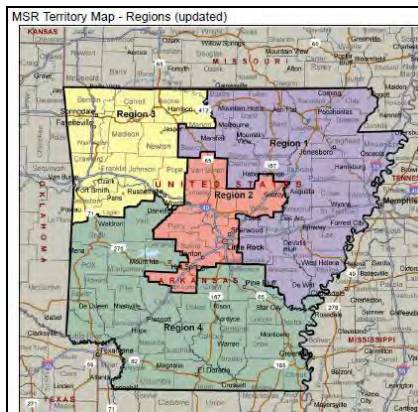
PLEASE SHOW REVERSE SIDE OF THIS TICKET IMMEDIATELY AFTER PURCHASE.

Overall odds 1 in 4.84. Top prize odds 1 in 12,000.
Max. December 15, 2013, 12:00:00
Prizes awarded until 12:00:00
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Arkansas
Scholarship Lottery

Retailer Feedback from Market Visits

1. Director, Gaming, Advertising, Sales Directors
2. November – December 2013
3. More than 80 retailers and prospects visited
4. Central Arkansas, Northwest Arkansas, I-40 & I-67 Corridors, Southern & Southwest Arkansas
5. Observed Instant Game Displays, Signage, Sales
6. Talked to retailers. When asked about Raffle:
 - *"We usually just sell the customers what they ask for."*
 - *"Been trained on Raffle & have t-shirts, but not seen much in sales."*
 - *"Many of our customers don't want to spend \$10 on an online game."*



Sales Team/MSR Feedback on Raffle 2013

An ASL Staff Meeting held on Wednesday, February 5th and included an open forum discussion on the 2013 Raffle campaign. Candid feedback was encouraged and many of the same themes were expressed, including:

- Price
- Holiday Season impact on discretionary spending (lottery)
- Preference for “Instant” lottery products
- Some players did not have good experience with 1st Raffle
- Many wanted to wait until close to drawing
- Did not have cash to purchase

Total Raffle Sales 2010 vs. 2013

- Total Sales for 2010 Raffle
 - \$5,000,000 in sales
 - 500,000 numbers/tickets sold
 - Nine months to sell out (July 2010 – April 2011)
- Total Sales for 2013 Raffle
 - \$1,426,490 in sales
 - 250,840 numbers/65,768 tickets sold
 - Four months to sell (Sept. – Dec. 2013)

Regional Raffle Sales 2010 vs. 2013

Raffle	2010	%	2013	%
Region 1	\$ 1,034,620	20.7%	\$ 288,820	20.2%
Region 2	\$ 1,740,980	34.8%	\$ 536,870	37.6%
Region 3	\$ 1,258,080	25.2%	\$ 294,920	20.7%
Region 4	\$ 966,320	19.3%	\$ 305,880	21.4%
Total	\$ 5,000,000		\$ 1,426,490	

Top Raffle Sales by County/City 2010 vs. 2013

- **Total Sales for 2010 Raffle**
 - Top 5 Counties: Pulaski, Washington, Sebastian, Saline, Faulkner
 - Top 5 Cities: Little Rock, Fort Smith, North Little Rock, Hot Springs, Conway, Fayetteville
 - Top 3 Retailers: Porky's One Stop (Logan Co.), Hawgs Exxon (Batesville) and Creech's Cash & Carry (El Dorado)
- **Total Sales for 2013 Raffle**
 - Top 5 Counties: Pulaski, Garland, Saline, Faulkner, Washington
 - Top 5 Cities: Little Rock, Hot Springs, North Little Rock, Conway, Fayetteville, Fort Smith
 - Top 3 Retailers: Hawgs Exxon (Batesville), G&B Liquor (Stuttgart) and Y&E Superstop (Bryant)



STATE OF ARKANSAS

ARKANSAS LOTTERY COMMISSION

Vendor Committee Performance Audits February 19, 2014

Agenda

- What Are Performance Audits?
- How Might Performance Audits Apply to Lotteries?
- Case Study: North Carolina Education Lottery Performance Audit
- Items for Consideration

What are Performance Audits?

- Normally a term heard in reference to governments or governmental agencies
- Often heard in reference to the execution of federally-funded programs
- U.S. Government Accountability Office (GAO)
Definition [Yellow Book]: *Performance audits entail an objective and systematic examination of evidence to provide an independent assessment of the performance and management of a program against objective criteria as well as assessments that provide a prospective focus or that synthesize information on best practices or cross-cutting issues.*

What are Performance Audits? (continued)

- Often address effectiveness and results generated by a program or entity
- Per the GAO, possible objectives include [Yellow Book]:
 - the extent to which legislative, regulatory, or organizational goals and objectives are being achieved;
 - the relative ability of alternative approaches to yield better program performance or eliminate factors that inhibit program effectiveness;
 - the relative cost and benefits or cost effectiveness of program performance;
 - whether a program produced intended results or produced effects that were not intended by the program's objectives;
 - the extent to which programs duplicate, overlap, or conflict with other related programs;
 - whether the audited entity is following sound procurement practices;
 - the validity and reliability of performance measures concerning program effectiveness and results, or economy and efficiency; and
 - the reliability, validity, or relevance of financial information related to the performance of a program.

How Might Performance Audits Apply to Lotteries?

- To benchmark a lottery's performance compared to its peers
- To assess the efficiency and effectiveness of a lottery's performance (both cost and operational)
- To provide recommendations for improvement of a lottery's performance
 - Sales
 - Marketing / Advertising / Promotions
 - Product Portfolio
 - Organization / Structure
 - Cost Effectiveness
 - Overall Strategy

Case Study: North Carolina Education Lottery Performance Audit

- Required per North Carolina General Statute § 18C-122(d):
 - *“Biennially...the Commission shall engage an independent auditing firm that has experience in evaluating the operation of lotteries to perform an audit of the Lottery. The results of this audit shall be presented to the Commission, to the Governor, and to the General Assembly.”*
- North Carolina General Statutes also require the Lottery to engage an independent auditing firm to perform a security audit biennially
- The North Carolina Education Lottery (NCEL) has engaged Delehanty Consulting LLC of Verona, Wisconsin to perform both audits
- The Arkansas Lottery Commission has participated in an Instant Ticket Security Review performed at Scientific Games Headquarters coordinated by Delehanty Consulting LLC in the past, and such an engagement is included in the FY 2014 -2016 Audit Plans

Case Study: North Carolina Education Lottery Performance Audit (continued)

- Background:
 - NCEL first initiated a Request For Information (RFI) process to understand how an independent firm would perform an audit to comply with the mandate in the North Carolina Statute
 - RFI led to Specifics of Request For Proposal (RFP) issued by NCEL
 - The RFI and RFP processes served as the basis for developing the approach to the performance audit process that has been followed
- General Process:
 - Performance Audit is generally segmented into two parts
 - “Performance Report Card”
 - “Specific Analysis & Opportunity Identification”
 - The “Performance Report Card” focuses on benchmarking against peers and trending of financial and certain operational information
 - The “Specific Analysis & Opportunity Identification” focuses on two or three areas for review, derived from a collaboration between management and the Delehanty Consulting firm, with the idea of arriving at specific identification of opportunities to better achieve key objectives

Case Study: North Carolina Education Lottery Performance Audit (continued)

- NCEL Performance Audit Report for 2011-2012 issued in February 2013
- Stated Objective: *“To review and analyze the NCEL performance in specific areas of operation, with emphasis on increasing revenues and efficiency, while keeping in mind various statutory and legal restrictions.” and “To facilitate the development of actionable plans to increase profits.”*
- Engagement / Report Segmented into 5 Parts:
 - Part 1: Performance Report
 - Part 2: Management Information Program Review
 - Part 3: Cost Analysis and Program Efficiency Study
 - Part 4: NCEL Portfolio Analysis
 - Part 5: Social Media Program Enhancement

Case Study: North Carolina Education Lottery Performance Audit (continued)

- Part 1: Performance Report
 - Peer Review / Benchmarking
 - Trend Analysis (revenue, profit, profit margin, retailers, return on advertising/marketing, employee productivity)
- Part 2: Management Information Program Review
 - Financial Reporting
 - Sales Reporting
 - Key Business Metrics
 - *Recommendation Noted*
- Part 3: Cost Analysis and Program Efficiency Study
 - Revenue & Sales Trending
 - Product & Distribution Costs
 - Advertising & Marketing Investment
 - Employee & Other Operating Costs

Case Study: North Carolina Education Lottery Performance Audit (continued)

- Part 4: NCEL Portfolio Analysis
 - Instant Scratch-Off
 - Daily Number Games
 - Multi-State Large Jackpot Games
 - Keno
 - Other Games
 - *Recommendations Noted*
- Part 5: Social Media Program Enhancement
 - Current Efforts
 - Platforms Used
 - Effective Guidelines & Practices
 - Expansion of Use
 - *Recommendations Noted*

Case Study: North Carolina Education Lottery Performance Audit (continued)

- NCEL Proposal Process:
 - 3 Proposals
 - Proposed fees ranged from \$42,000 to \$345,000
 - Finding the right provider with the requisite lottery industry knowledge cited as key
- Actual Cost – NCEL's Experience:
 - “Performance Report Card” ~ Parts 1 through 3 (approx. 37%)
 - “Specific Analysis & Opportunity Identification” ~ Parts 4 and 5 (approx. 63%)
 - Total Cost for NCEL: \$134,000
- Benefits Identified (examples):
 - Social Media Use
 - Instant Game Release Schedules
 - Return on Advertising (cited as providing value in discussion over legislation that would have eliminated all advertising)

Items for Consideration

- Implications of ACA § 23-115-206 (b) (3) (A), which states:
 - *“If the commission, the General Assembly, the Arkansas Lottery Commission Legislative Oversight Committee, or the Legislative Auditing Committee requests additional audits or performance reviews of the fiscal affairs or operations of the commission to be conducted by a private certified accountant or other consultant, the **division** shall select and contract with appropriate certified public accountants or consultants to provide the services.”*
 - The term “division” above appears to reference the Division of Legislative Audit
- Scope & Objectives of a Performance Audit
 - Method
 - Possible Leverage of Internal Audit or other internal resources
 - Possible Cost Savings
 - Possible Benefits (focusing scope, possibility for more immediate action)
 - “Phased Approach”
- Identification of Industry/Subject Matter Experts through Procurement Process
- Overall Implications of State Procurement Law on RFQ/RFP Process

Questions???

