



# **FY 2021-22 Business Plan**

Agenda Item 9a  
California State Lottery Commission

# Six Strategic Objectives Form Foundation to FY 2021-22 Business Plan

- Modify operations to ensure health and safety and to recover from depressed sales
- Revisit retail strategies to adapt to the new consumer preferences
- Grow Draw Game sales particularly Jackpot Games and Hot Spot
- Defuse the barriers to play by changing consumer perceptions
- Better inform the Public and Stakeholders about the Lottery
- Transform the Corporate Culture in the Lottery organization



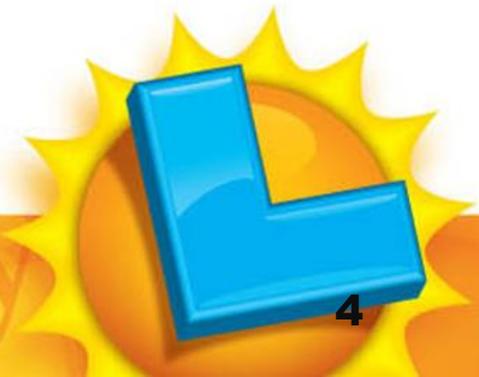
# Additional Elements in Building the Annual Business Plan

- What needs to be done to stay on the path to our Strategic Goals?
- Are there any recent trends or issues that need to be addressed in the upcoming year?
- What work has already been assigned to the cross-division strategic planning teams?



# FY 2021-22 Plan: Balanced Approach

- Total of 5 objectives for next fiscal year
- The Plan balances between long-term projects for future growth and addressing more immediate needs this year
- It's also a balance of tactics tied to product, players, and retailers as well as initiatives focusing on the organization itself



# Scratchers Product Plan

- Critical to meet our financial goals for the year
- 52 new games to be launched over the 12 monthly game starts
- Increase of 5 games versus the current year – returning to the pre-pandemic norm
- More \$2 games along with one additional game at the \$3, \$10, and \$20 price points



# #1: Respond to Emerging Needs from Recent Trends and Events

**First Issue:** Changes in the workplace due to the pandemic

- Develop a post-pandemic telework policy and program

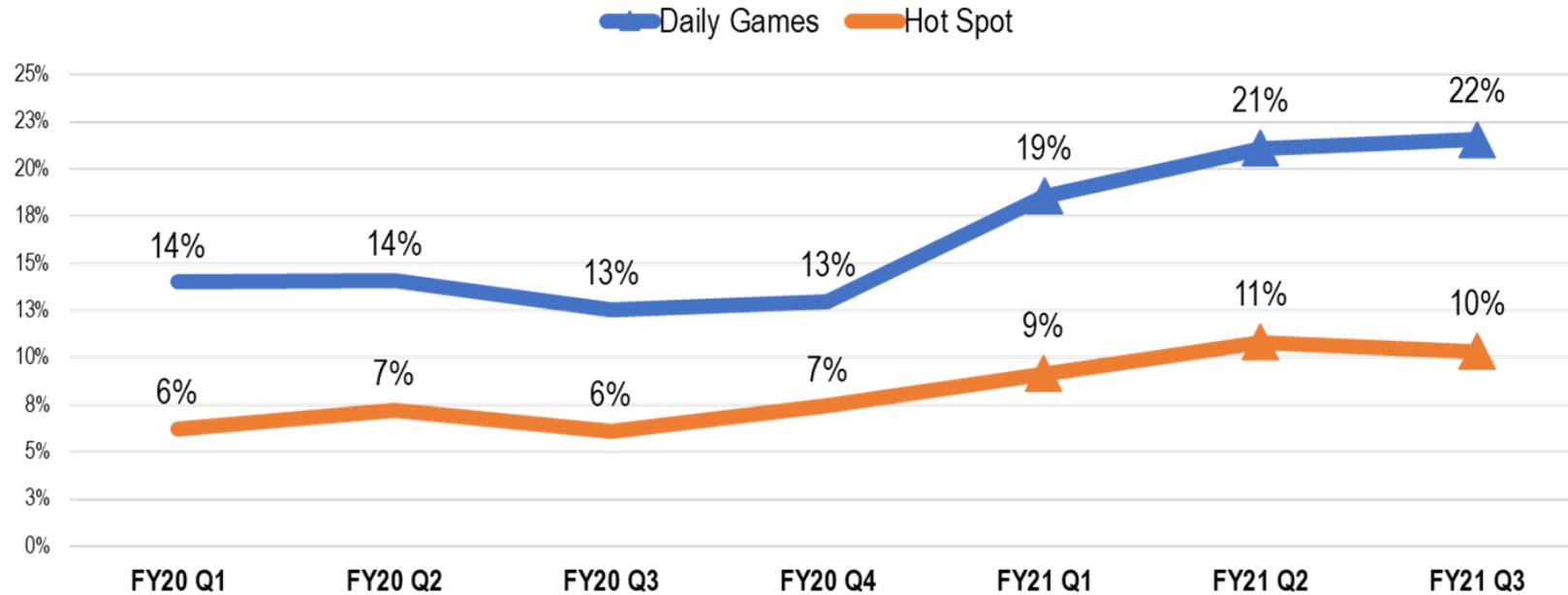
**Second Issue:** Re-engage Casual Scratchers Players

- Sales from these players have dropped during the pandemic
- More \$2 game introductions planned to help re-attract these players
- The Scratchers category repositioning will aid this effort



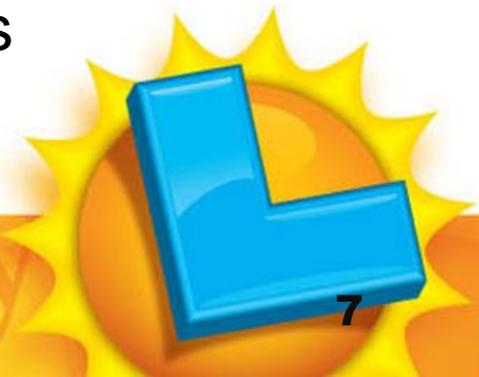
# Retain the New Players in Hot Spot & Daily Games

Percent of CA Adults who Played a Daily Game or Hot Spot in the Past Month



- Continue messages via owned channels to promote these games
- Jackpot signs posting Fantasy 5 and Daily Derby top prizes
- Localized retail-based promotions

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# #2: Focus Efforts to Reinvigorate Retail

## State-of-the-art self-service machines:

- Acquiring 1,800 units in total across 2 different models
- Improved technology includes touch-screen interface; real-time management information; and displays availability to purchase Draw Games better
- One model accommodates more Scratchers facings
- Other model allows for potential expansion into new retail channel



# Research and Evaluate New Ways of Selling Tickets In-Lane at Retail



## Quick Ticket:

- Utilizes Gift Card network to connect to Gaming System – no terminal required
- Cards have pre-printed QP #'s; and players scratch to reveal their numbers

## Receipt Ticket:

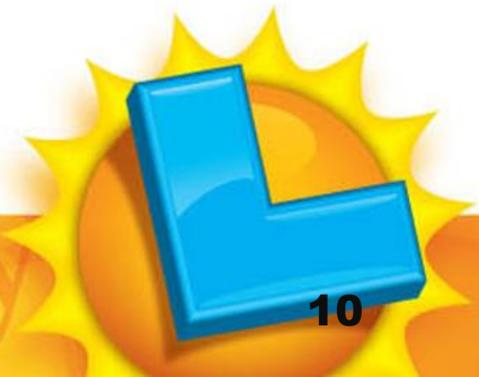
- Player selects game and wager by taking a card
- Clerk scan cards just like other grocery items
- Lottery ticket issued from retailer's POS system and printed on regular receipt paper
- Retailer must add functionality to their system via NASPL API

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# Additional Opportunities for Retail Growth

- Deeper analysis to find growth opportunities
  - Research and analysis of retail penetration and performance in various trade channels to determine opportunities for growth
  - Assess regional geographic shifts in sales due to pandemic and reduced commuting



# #3: Strengthen Sales in Jackpot Games

- Powerball Change in August: Add a 3<sup>rd</sup> draw on Monday
- Investigate changes to Mega Millions game design
- Purchase of more jackpot signs for more than 3,000 additional retail locations



# #4: Defuse Barriers to Play by Changing Consumer Perceptions

- Scratchers repositioning campaign to focus on entire category of games to better connect the brand as fun and entertainment
- Deliver more information about the Lottery to counter myths
  - Also provide information retailers, loyal players, and Lottery staff as they would be asked questions from the public
- Assess and potentially pilot ways to make Scratchers game selection easier at retail while reducing potential for ticket theft



# #5: Transform the Lottery

- Improve internal infrastructure; some examples include:
  - Completing projects like upgrade to financial system
  - Continuing projects such as installation of cybersecurity safeguards and improvements to the Northern Distribution Center
  - Starting projects like migrating HR system from paper-based to software
- Investigate ways to increase Efficiency and Effectiveness of Lottery Operations
  - Improving the Player and Retailer Experience
  - But doing so in a cost-effective manner



# Key Component is Changing Corporate Culture

- Importance of the Lottery's people to transform the organization
- Initiatives planned to increase engagement, recognition, and development of staff

