



FY 2022-23 Business Plan

Presented to
California State Lottery Commission
June 30, 2022

Six Strategic Objectives

- Overall Goal: Surpass \$2 billion in contributions to public education
- 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



Summary from Business Review

- Sales in 2021 benefitted from the Lottery becoming an outlet for some fun and entertainment while consumers weren't comfortable participating in certain leisure interests.
- As the pandemic subsided and restrictions eased, consumers resumed activities they put on hold for two years. By spring 2022, weekly Lottery sales were typically below year ago levels.
- The Monday draws for Powerball appeared to boost weekly sales by 23% (when jackpots were under \$250 million).
- Early measurements on the Scratchers Repositioning Campaign show promising signs.



The Outlook for FY 2022-23

- More and more strategies and tactics require multi-year efforts and significant staff resources to help achieve strategic objectives.
- This requires better assessment of the many ideas the Lottery could pursue before embarking on implementation. As such, the FY 2022-23 will have several projects designed to more thoroughly research and analyze alternatives to determine which ones would maximize dollars for education in the future
- At the same time, there are a projects slated to be implemented next year designed to address immediate needs.



Objectives for FY 2022-23

- Maintain Scratchers interest and play in view of increased competition for the entertainment dollar
- Focus efforts to reinvigorate retail
- Create opportunities to grow sales of Draw Games particularly Jackpot Games and Hot Spot
- Defuse barriers to play by continuing to improve knowledge and perceptions about the Lottery
- Transform and modernize the Lottery



#1: Maintain Scratchers interest and play in view of increased competition for the entertainment dollar

- Highlights of FY 2022-23 Scratchers Product include:
 - Adding \$1 & \$30 Crossword games
 - Licensed Property games in at least 4 different months; including the successful Loteria franchise
 - A total 53 Scratchers games – 1 higher than current year
 - Slight increase of \$1 and \$10 games being launched
- Continue the Scratchers Brand Repositioning Campaign



2: Focus efforts to reinvigorate retail

- Adding over 200 Walmart Supercenters to the Lottery retail network
- Looking towards the future, next year will see research and analysis efforts for new chains and new tradechannels along with continued exploration of new in-lane methods of selling tickets



#3: Create opportunities to grow sales of Draw Games particularly Jackpot Games and Hot Spot

- Draw Games have lower prize payouts than Scratchers
- Growing their sales important due to greater profit margins
- No product changes planned for FY 2022-23 but research efforts underway for future product and marketing enhancements



#4: Defuse barriers to play by continuing to improve knowledge and perceptions about the Lottery

- Several barriers to playing Lottery are more about perceptions
- Continue to increase knowledge about the Lottery and its operations
 - Crucial audiences include core players, retailers, Lottery staff, and key stakeholders
 - An update on the tactics employed in this area will be an informational item at the September Commission meeting



#5: Transform and modernize the Lottery

Modernizing Lottery infrastructure:

- Several multi-year technology initiatives
- Example of Electronic Document Automation

Improving Customer Experience:

- Some R & D proposals to explore and develop ideas for the future

Corporate Culture:

- Most critical element for transforming the Lottery

