



FY 2024-25 Business Plan

Item 9d
Presented to
California State Lottery Commission

Scope of Today's Presentation

- No changes from May presentation of Draft Business Plan; only additional details included today
- Organized by objective
- Each section includes key tactics plus insights or data from a review of the business that helped developed the strategies and tactics in the plan
- Highlight some of the key infrastructure-related initiatives



Objective: Complete Planning and Begin Celebrating the Lottery's 40th Anniversary

- Extend the celebration across the year 2025
- Much planning and development still to be done
- Special Scratchers game for anniversary launching January 2025
- 40th Anniversary Scratchers Game becomes first \$40 ticket in CA
 - 22 U. S. lotteries offered a game in CY 2023 at the \$50 price point or higher
 - 7 lotteries had a \$20 game as their highest price point
 - 12 lotteries including CA had most expensive ticket at \$30



More Highlights for 40th Anniversary

- \$2 ticket with a 40th Anniversary theme also launches Jan 2025
- Other Scratchers games over the year will bring back player favorites
- 2nd Chance promotions for players are also being considered along with tactics to engage retailers, stakeholders, and the CA public at large
- These ideas tap into the nostalgia theme that research found was a strong element for consumers and the idea of specialized products specifically for the anniversary



Objective: Expand Scratchers sales by removing barriers to play among infrequent players

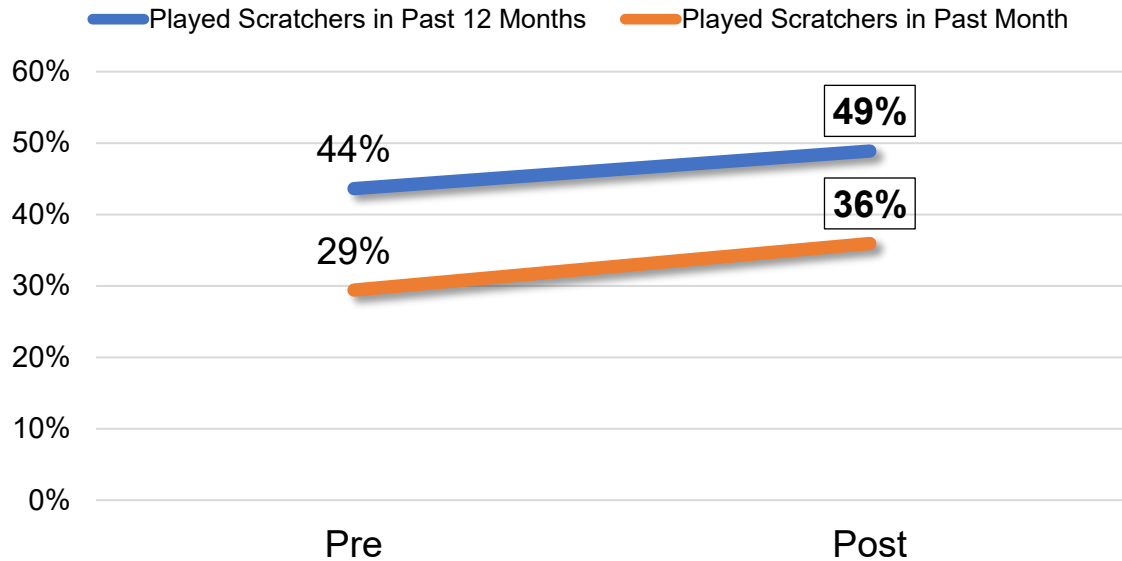
- Continue Scratchers Category Repositioning Efforts that tackle key perceptual barriers among occasional and non-players
 - Getting consumers to think more about the fun and play value of Scratchers
 - Efforts have demonstrated shifts in perceptions and gains in playership
- Develop and analyze plans for a potential pilot program where Lottery self-service machines accept debit cards for payment



The Scratchers Category Repositioning Efforts helped to significantly increase Scratchers playership

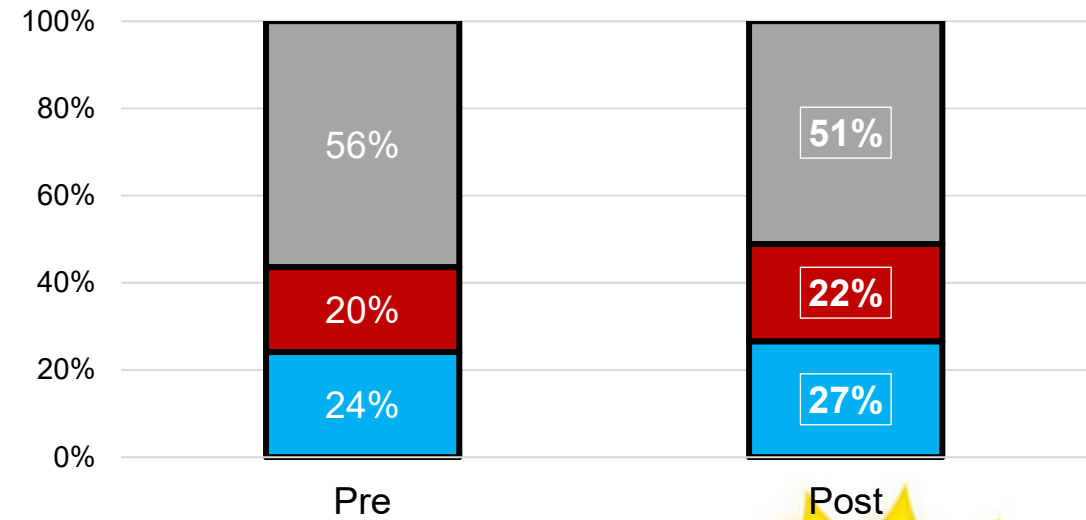
Scratchers Playership

% of CA Adults



Scratchers Player Segments

% of CA adults



- Did not play Scratchers in past 12 months
- Casual Scratchers Player
- Core Scratchers Players

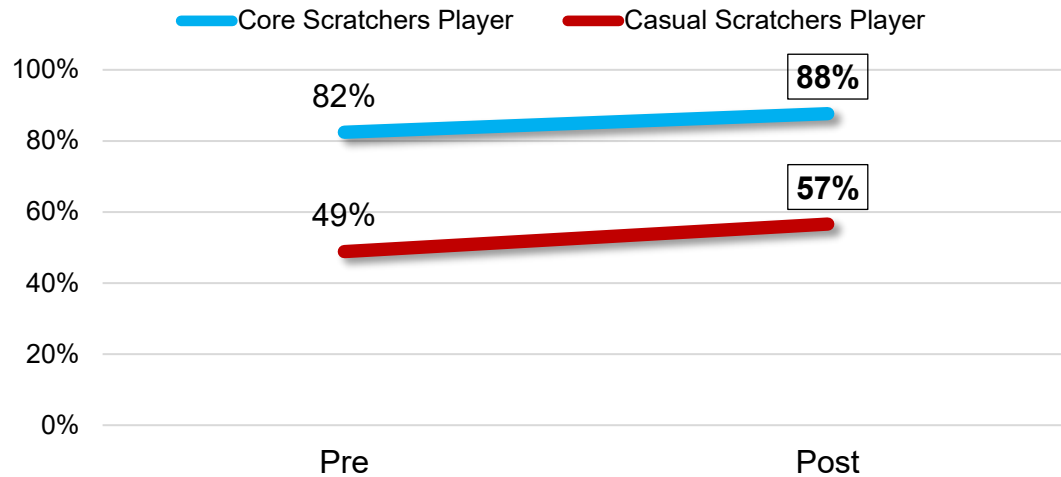
Boxes indicate statistically different at 90% confidence level from Pre.
Pre (FY19-FY22Q1), Post (FY22Q2-FY24Q3)

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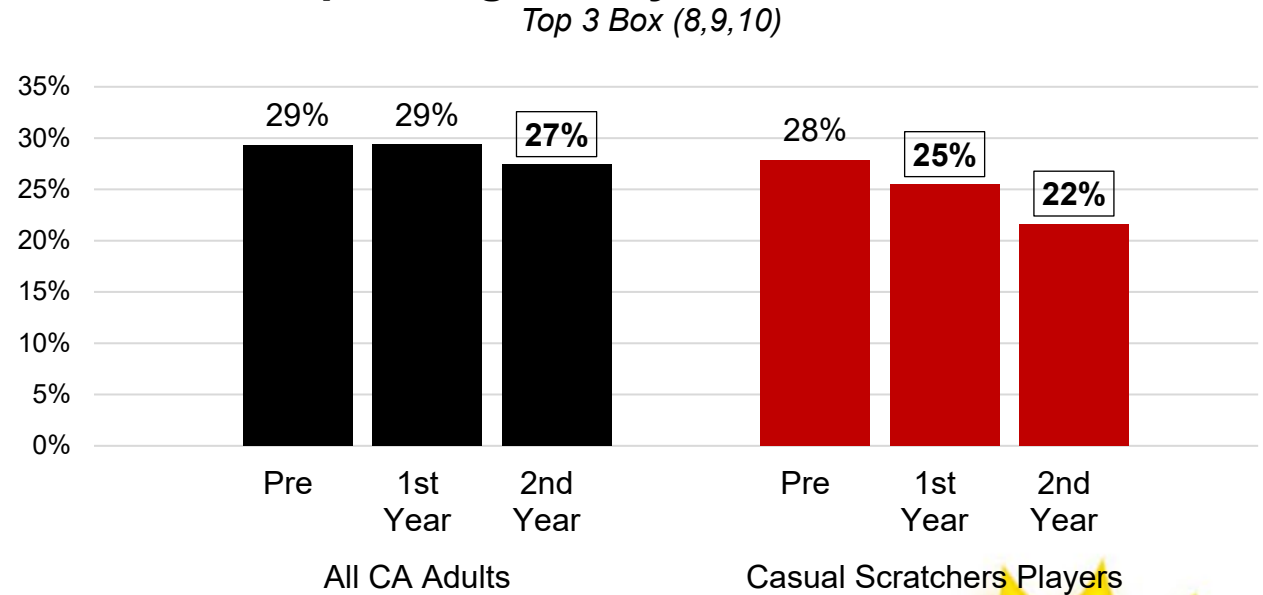


Casual Players, the key audience for the efforts, are playing more frequently as perceptual barriers are weakening.

Scratchers past month playership among core and casual players



Percent of those who feel guilty about spending money on Scratchers



Boxes indicate statistically different at 90% confidence level from Pre.
 Pre (FY19-FY22Q1), Post (FY22Q2-FY24Q3)
 Perceptions: Data begins FY22



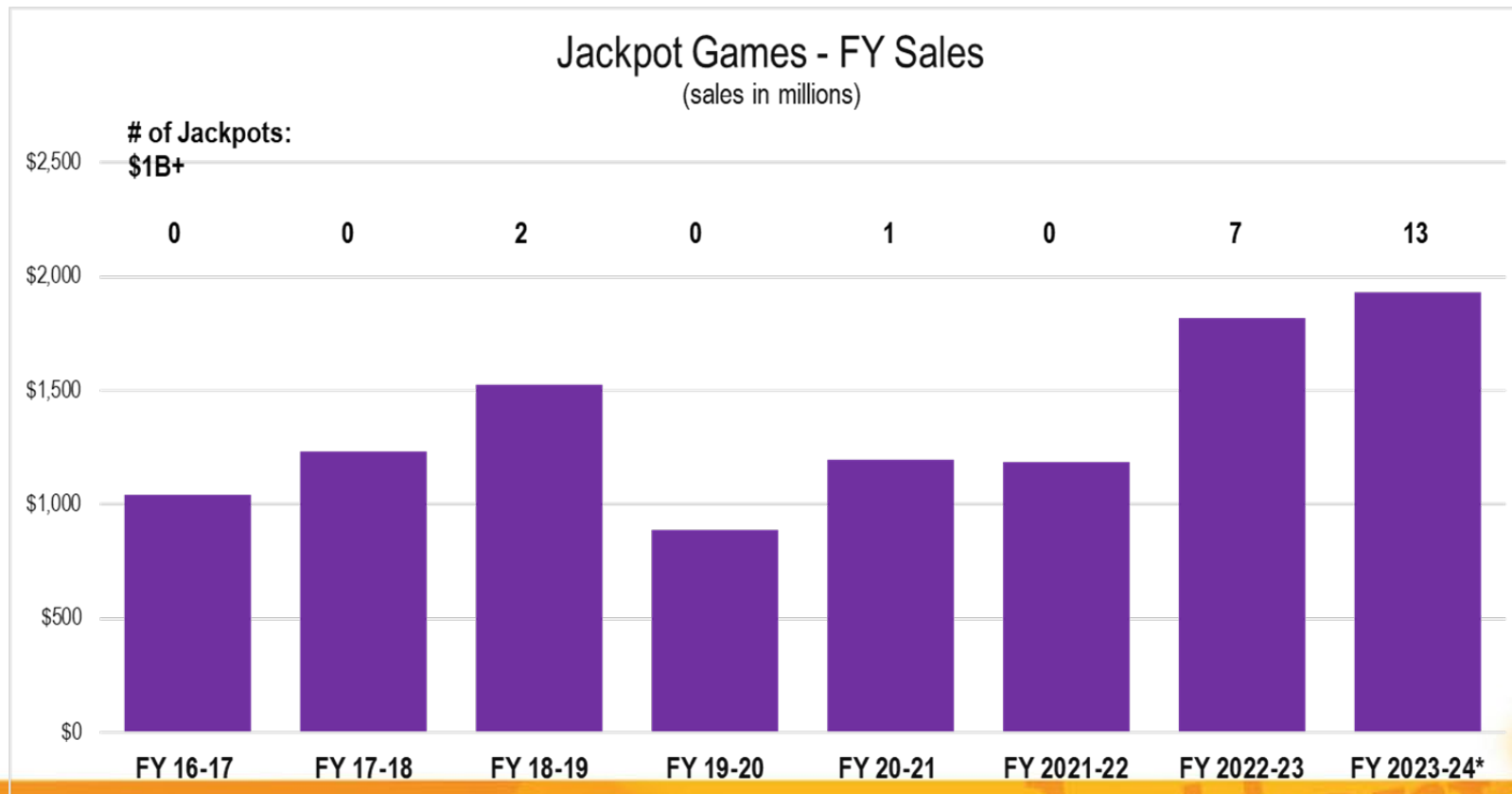
Other Elements of Scratchers Product Plan

- Total of 53 Scratchers games introduced in FY 2024-25 across 12 game starts
- Games Introduced by Price Point:
 - \$1: 5 games; \$2: 10 games; \$3: 5 games
 - \$5: 10 games; \$10: 11 games
 - \$20: 8 games; \$25: 1 game
 - \$30: 2 games; \$40: 1 game



Objective: Grow Draw Game Sales particularly Jackpot Games and Hot Spot

Large jackpots in Mega Millions and Powerball continued to fuel sales in FY 2023-24



Rollover Luck in Mega Millions and Powerball

- Simulation model developed by Business Planning staff
- Mega Millions:
 - Last Year, 84th percentile of rollover luck
 - This Year, 78th percentile of rollover luck. Additional \$136 million in sales due to rollover luck not being average.
- Powerball:
 - Last Year, 85th percentile of rollover luck
 - This Year, 96th percentile of rollover luck. Additional \$308 million in sales due to rollovers not being average



Elements in the Plan for Draw Games

- Consortium continuing to look at enhancements for Mega Millions
- Business Planning & Research assessing incremental sales from Hot Spot changes this fiscal year and potential ways to increase the impact on revenue
- Continue monitoring Jackpot Fatigue and impact on sales
- Lottery to explore and develop potential enhancement for various Draw Games
- Importance of growing sales of these games

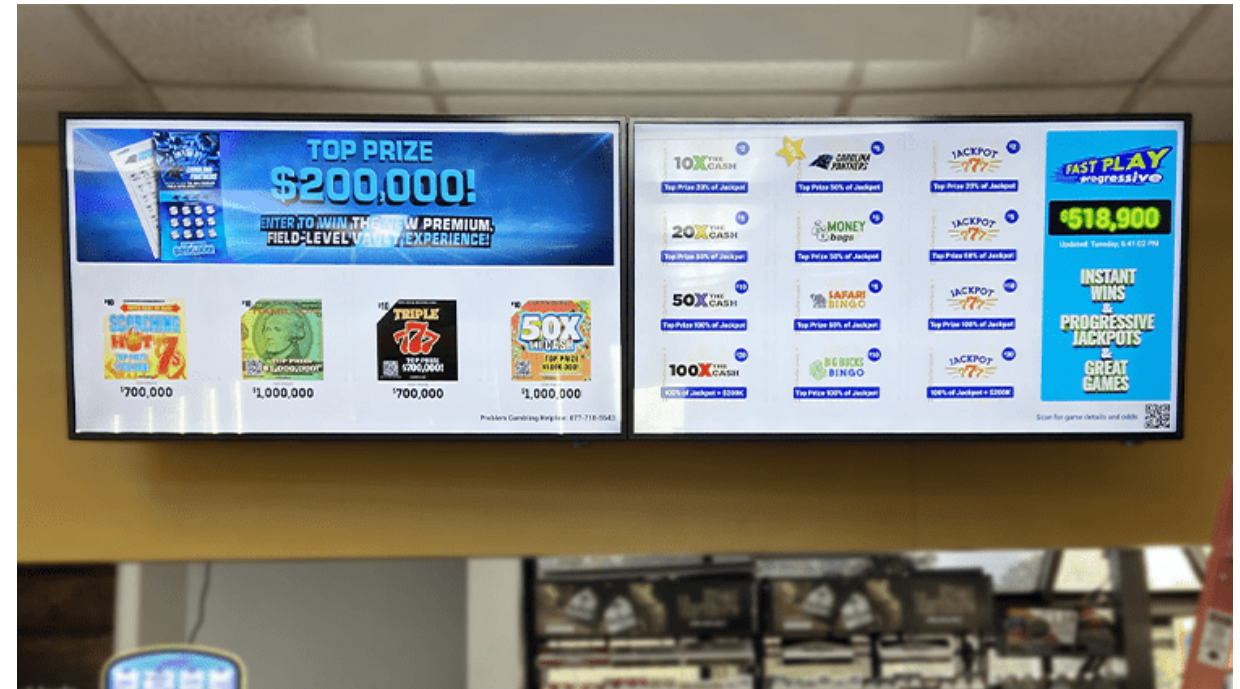


Objective: Explore New Ways to Expand and Utilize the Lottery's Strong Retail Network



- New Tradechannels being pursued in recruitment efforts
- Improve presence in existing locations:
Developing two pilots for new digital signage:
 - Digital playcenter (pictured on the left)
 - Digital menu boards (picture on next

Pilot Test new Digital Menu Boards: Two 49" displays at retail



Improved presence at retail important to help trigger a Lottery purchase among occasional players

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Other Retail Initiatives

- Smart Count Pilot and Next Steps:
 - Tracking retailer's Scratchers inventory
 - Can deactivate tickets at night
 - Research among pilot retailers revealed potential enhancements to Smart Count
 - Once these modifications made, plan is to expand the pilot
- Multi-year project to potentially develop new models for doing business with retailers who currently aren't interested in Lottery
 - First step is to better understand what are their barriers to selling Lottery tickets

Objective: Continue to improve knowledge and perceptions about the Lottery

- This year, the Lottery's education communications campaign added paid media to inform the public about the Lottery's mission
- FY 2024-25 efforts in this program include:
 - Evaluate impact of first two waves
 - Scale the effort up: adding frequency and broadening reach



Other Projects & Initiatives: Bolstering Lottery's infrastructure

Dozens of mostly multi-year projects

- Some Implementation projects (20 projects); others Research & Analysis efforts (9 initiatives);
- Support greater sales volume and larger retailer network
- Improve the customer experience: players, retailers, internally
- Update and upgrade technology for security
- Make internal operations more effective and efficient



Recap

- Business Plan to generate increased sales levels in the upcoming year and initiatives for future growth
- The next agenda item is the FY 2024-25 Budget

