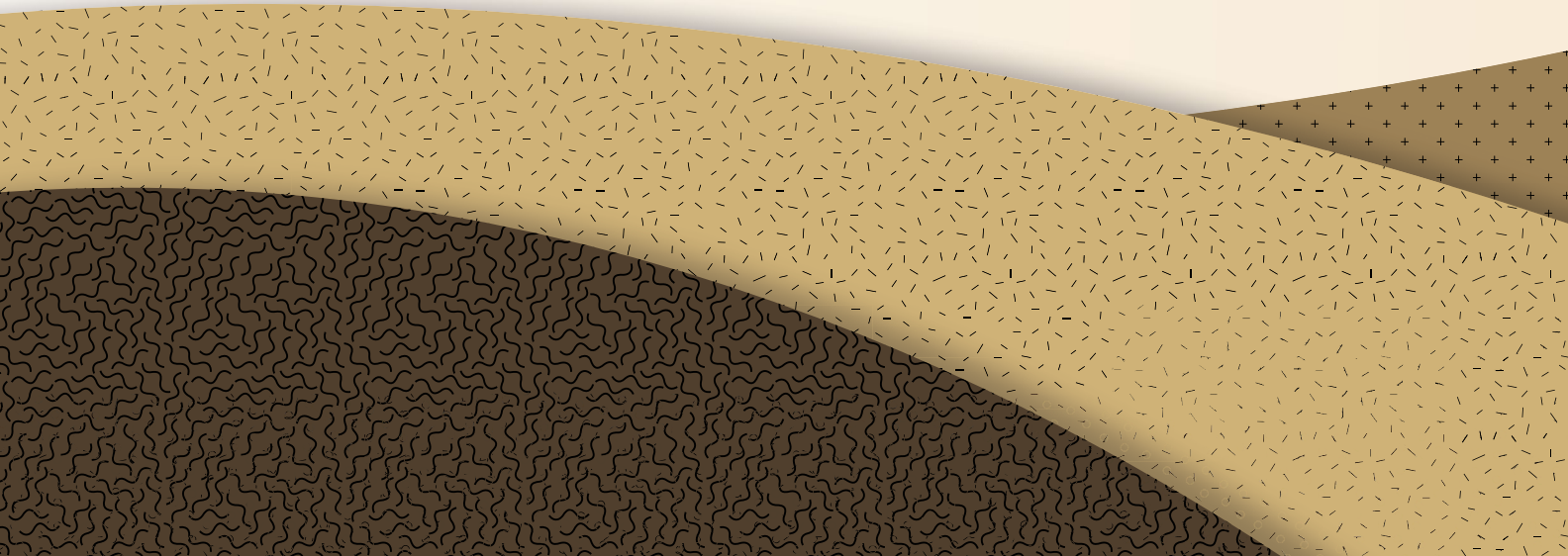




# Expanding Horizons in Connecticut

The Connecticut Lottery received many new presents in advance of its 50th anniversary this year, and is working hard to provide those gifts to players.

**By Patricia McQueen**





ucked between two industry giants in the Northeast, the Connecticut Lottery has New York to its west and Massachusetts to its north. While the

New York Lottery was established in 1967, the Connecticut Lottery launched five years later, on February 15, 1972 – just a few weeks before the Massachusetts Lottery opened for business.

Connecticut is the fourth North American lottery to reach a golden anniversary, following New Hampshire, which started in 1964, New York, and New Jersey and Loto-Québec (both in 1970). Three more lotteries will pass that threshold this year – Pennsylvania and Massachusetts in March, Michigan in November.

Those who led the early lotteries would never believe their eyes at the complexity of a modern lottery, and there are few that are now more accomplished – and diversified – as Connecticut. That is due in large part to legislation passed in May 2021 that authorized sports betting, online gaming and iLottery. The state's two tribal casinos, Foxwoods and Mohegan Sun (both among the world's largest gaming properties), have now added online casino games to their vast gaming operations, and offer both onsite and online sports betting. The Lottery launched online and retail sports betting in October, and hopes to have iLottery (only draw games are authorized) ready sometime later this year. Fantasy sports was also included in the

legislation, and that's another item in development on the Lottery's very full plate.

It's clearly a major change for the 50-year-old lottery, but a welcome one. "Today is a great day for the state of Connecticut," said Rob Simmelkjaer, Chairman of the Board of the Connecticut Lottery Corp., after the legislation was signed last spring. "We are very pleased that the state legislature has approved this modernization of Connecticut's gaming landscape. I congratulate and thank Governor Lamont and his team for their leadership and vision to reach this historic agreement and see it pass the Connecticut General Assembly. I also thank the leadership in both the Connecticut House and Senate for this milestone achievement."

Of course, that means that the Lottery team, under the direction of President and Chief Executive Officer Greg Smith, has barely had time to catch their breath over the past few months. Lotteries always ask for more opportunities – iLottery, sports betting, other new products – but don't often get them. "We got our gift list filled so we're figuring out how to open all these presents and start playing with them," said Smith.

It made sense to start with sports betting, which has the biggest revenue potential but is also the hardest to develop. Smith is very proud of the fact that "hard" didn't mean "slow," and his team met an incredibly challenging timeline. "Within four months from legal authorization, we had full online sports betting and nine retail locations in operation."

Even before the new legislation, the Lottery was on target this year to surpass \$11 billion raised for the state's General Fund since its inception. The \$10 billion milestone was reached in 2019, and each additional billion is coming faster and faster. In fiscal 2021, the Lottery delivered \$418 million to the state from sales of nearly \$1.5 billion; both numbers set new records.

Through it all, the Connecticut Lottery has been a leader in the area of responsible gambling. In 2016, it licensed British Columbia Lottery Corp.'s award-winning GameSense program, customizing it for the needs of the local market. The Lottery has been honored with responsible gambling awards from the National Council on Problem Gambling, the Connecticut Council on Problem Gambling and the North American Association of State and Provincial Lotteries. It also achieved implementation level status in the NASPL/NCPG responsible gambling verification program.

The Lottery also conducts an annual "Give a Child a Toy, Not a Ticket" holiday campaign, geared towards driving awareness of youth gambling. Recently completing its eighth year, the toy drive component delivered more than 15,000 toy donations benefiting Connecticut Children's Medical Center.

With that heritage, it's not surprising that the Lottery's new online sports betting platform, PlaySugarHouse, integrates some of the industry's most robust responsible gambling tools. The organization works closely with its sports betting partner, Rush Street Interactive, and the Connecticut Council on Problem Gambling, to ensure the platform meets – and exceeds – standard responsible gaming best practices.

## All In With Sports

Of course, Rush Street and the Connecticut Lottery work closely on all aspects of sports betting. The company provides the betting lines and much of the heavy lifting behind the scenes, and developed the PlaySugarHouse app and online sports betting website. The company also provides necessary equipment to the retail locations. There are currently nine retail sports books open, all members of state's off-track betting network operated by Sporteck. The law allows for up to 15 retail sports betting locations.

For the retail launch, the Lottery has been supplying "sports betting ambassadors," who help customers understand how to operate the betting kiosks, and has also handled much of the associated marketing.

While the Lottery's sports betting competition in the state is big – Foxwoods partners with DraftKings and Mohegan Sun with FanDuel – the Lottery's retail operations are more convenient to most of the state's population. Smith is also very optimistic about online

The advertisement features a man in a blue football jersey with the number 00, pointing directly at the viewer. He has a surprised expression and is wearing gold eye tape. To his left is a smartphone displaying the PlaySugarHouse app interface, which shows a list of pro football games with odds. Above the man, the text reads "GET UP TO A \$250 MATCH BONUS ON YOUR FIRST DEPOSIT". To the right, a box contains the text "USE CODE: XXXX TO RECEIVE THE OFFER". At the top, the logos for SH, Ct Lottery, and PLAYSUGARHOUSE.COM SPORTSBOOK are visible. At the bottom, a small disclaimer reads: "Must be 21+ If you or someone you know has a gambling problem and wants help, call (888) 789-7777 or visit ccpg.org/chat".

service differentiations that will bode well for the Lottery, and the attraction of having a consistent offer that is available both online and at locations around the state.

"We have a very qualified and experienced team in Rush Street Interactive. We love our partnership. Going up against that competition means that we need to just continue to chip away at their market share. I think we will – our consumer experience will be really positive. We've got a really good opportunity with sports betting."

The Lottery's online sports betting had a soft launch last October 12, and the retail product made its debut on October 25. From those beginnings through the end of December, sports betting offered by the Lottery through both channels brought in net gaming revenue of more than \$2.7 million (handle minus payouts, and after adjustments including promotional credits).

That number is dwarfed by online play at the two casinos, which brought in a combined \$20.2 million in net gaming revenue during the same time period. "Are

we in the shadows of the other two?” asked Smith. “Yes, absolutely. But I expect those shadows to get smaller.”

### Game Progress

While sports betting is the biggest new game in town, the Connecticut Lottery had a lot of tools already in its toolbox, and there’s a heritage of trying new things. It may have started with a 50 cent game called simply “The Lottery,” with drawings held weekly, but the portfolio currently contains a rich variety of products. Instant games, first introduced in 1975, now range from \$1 to \$30. Draw games started with three- and four-digit daily numbers games, Lotto was introduced in 1983, and a cash lotto game followed in 1992.

Powerball came to Connecticut in 1995, and it didn’t take long before for the state’s southern New York borders were jammed with cars as residents of the country’s most populous city wanted a chance when the jackpot reached a whopping \$100 or \$200 million. The addition of Mega Millions in 2010 after cross-selling began put an end to cross-border madness, much to the relief of local officials.

Other draw games came in and out over the years, but one stuck – Lucky for Life. It was a homegrown product developed by the Connecticut Lottery team, first launching as the Connecticut-only game Lucky-4-Life in 2009. The concept was so popular that other jurisdictions took notice. Lucky for Life became a regional New England game in 2012, and then spread to other jurisdictions beginning in 2015.

New product lines also came in, Keno in 2016 and Fast Play in 2020. “We have a little bit of a different approach than a lot of states for Fast Play,” noted Senior Director of Sales and Marketing Pete Donahue.



Use your GameSense Overall odds by game: Cash Flurry, 1 in 3.83; Winter Winnings, 1 in 3.54; Winter Ice Multiplier, 1 in 3.87. Odds vary by and during games. Purchasers must be 18 or older.

## Connecticut Lottery at a Glance

	Instant Sales	Draw Game Sales	Total Sales	Total Prizes	Net to General Fund
FY 2021	\$837,705,000	\$606,296,300	\$1,444,001,300	\$929,753,000	\$418,000,000
FY 2020	756,968,000	548,317,000	1,305,285,000	822,243,000	347,700,000
FY 2019	736,443,000	597,468,000	1,333,911,000	822,863,000	370,000,000
FY 2018	730,692,000	536,899,000	1,267,591,000	792,590,000	345,000,000
FY 2017	720,623,000	495,639,000	1,216,262,000	756,289,000	330,000,000

**Current games:**

Scratch tickets: Approximately 50 new games launched annually; \$1, \$2, \$3, \$5, \$10, \$20 and \$30

Terminal games: Powerball, Mega Millions, Lotto, Cash 5, Play 3, Play 4, Lucky for Life, Fast Play, Keno

**Vital statistics:**

Number of employees: 140

Number of licensed retailers: 2,900

Self-service equipment: 200 units

The product launched with a series of three games at \$1, \$2 and \$5, all funding a common progressive jackpot. A second series was added later, offered at \$2, \$5 and \$10. Recently Connecticut had its biggest Fast Play winner to date, almost \$200,000 on a \$10 progressive ticket.

“This state likes its gaming,” noted Smith, pointing to the 50-year-old lottery and the two large casinos that stand as dominant players in the

landscape. “This Lottery recognizes that, and we need to bring forward relevant products so that we can provide games that appeal to the people here in Connecticut.” He noted, for example, that the “for life” concept is quite popular locally, something that caught him a little by surprise when he first took the helm in July 2018 and saw the number of instant games with that kind of prize. “I’ve grown to recognize that these are highly

relevant games for people here and that there is space in our portfolio for them – another ticket isn’t going to fill that gap.”

There have been some adjustments to the instant game portfolio over the past couple of years as the team explores the relationships between top prizes and price points. There has also been more of a focus on shorter print runs that allow for more frequent introduction of new

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games – once a month is the current schedule. “Consumers always like the new games,” said Smith. “We have a talented group of people working on our instant games, and I like where we are headed.”

Relevance is also why he focuses on the games the Lottery can control, instead of the two big national games that they can’t. He recognizes the brand power of Powerball and Mega Millions, but their impact on the Connecticut Lottery’s overall portfolio isn’t very significant in comparison. Everyone is concerned about how long it takes the jackpot to grow, Smith noted, and there are always discussions about what it will take to keep those games relevant. He just hopes the game groups don’t make rash decisions that are unrecoverable.

One thing he’d like to see the industry do is take a more active role in providing financial counseling to big winners before they receive their prize. That is especially important given that jackpot prizes these days are rarely divided among multiple ticket-holders. “I think there’s some positive benefits to setting up formal funding for players to receive that financial guidance, instead of just turning winners loose and saying ‘good luck.’”

## Retail Presence

With so much going on at the Lottery, some initiatives take precedence over others. For now, Connecticut is waiting for a new gaming system to be installed in 2023 before beginning in-lane sales projects, and there is always the ultimate goal of reaching more retail locations.

But it’s also important to enhance the lottery presence in existing retailers (Connecticut has about 2,900 at the present time), and a new pilot project testing digital menu boards is

doing just that. “They give us a great opportunity to showcase our games, and they are absolutely beautiful,” said Donahue. The pilot includes 50 locations; after beginning rollout in December, all 50 should be installed by the end of March.

The menu boards, provided by Carmanah Signs, can be configured in numerous ways depending on the individual locations. “Ideally we want a location that’s big enough to have two 55-inch monitors side by side,” explained Donahue, who emphasized that if a great location doesn’t have that kind of room, they would simply choose smaller versions. Draw games are highlighted across the bottom of the panels, but the rest of the content can be programmed in response to changing needs. Big jackpot takeovers can provide an extra splash, new instant games can take center stage, side panels can advertise keno – whatever is needed.

The Lottery’s area managers have been busy scouting possible locations for the pilot, based on store size and foot traffic; so far retailers have been very receptive. Some of the initial stores chosen were smaller mom-and-pop stores. “We think there are better opportunities at some of these stores, but we’re constantly assessing what might be the next best locations,” Donahue said.

## Marketing Fun

While menu boards could really provide an in-store impact, the Lottery’s overall marketing efforts are important drivers of awareness and growth. In recent years, the Lottery had a global advertising campaign that focused on everyday wins instead of big jackpot wins. With the tagline, “It doesn’t take much to live big,” ad spots would run with a game-specific tag at the end. That way the campaign had continuity but could bring attention

to specific games the Lottery wanted to promote.

There are also awareness ads that trigger when the Powerball and Mega Millions jackpots really start climbing, and of course a campaign when Lucky for Life went to daily drawings last summer. Aside from those ads, though, the Lottery hasn’t run a full product-specific campaign for several years.

That changed in 2021, with the continuation of a strategic plan for Keno advertising. At launch in 2016, the Lottery focused on awareness. Next came a campaign reminding players that Keno was available in several different types of locations. In 2021, it was time to really have some fun with it – and keep the growth going.

“We brainstormed for a long time,” explained Donahue. “We don’t want to do the same old thing – we wanted it to be funny and memorable.” The agency came up with the initial concept – Keno from the perspective of the numbers, not the players – and it was refined by both parties from there. “We just thought that it was a really interesting perspective, thinking of numbers as wanting to be picked.” There were subtle educational aspects, such as choosing the number four to be one of the stars (Keno is drawn every four minutes), along with the bonus multiplier, which brings in incremental spend.

The campaign featuring multiple television spots won a NASPL Batchy Award in 2021, honored for the best television coordinated campaign for Keno games. The Lottery is also using stills in some of its point of sale pieces to create a true 360 campaign. “We’ve gotten tons and tons of great feedback, and people have said this is the best campaign we’ve done in a long time,” said Donahue. “We’re very, very pleased with it.”

There has also been a lot of fun with social media influencers, starting



One of the Lottery's more popular social media influencers.

with the 2020 holiday campaign and expanding into Keno as well. “It is quite a departure from what we have traditionally done,” said Donahue.

Tara Chozet, Director of Public Relations and Social Media, works with the Lottery's agency to get the most from the influencers, which have ranged in age from young adults to older generations, with interests and followers in a wide range of areas. “Social media influencers have been a really exciting way for us to engage with different groups,” she said. There's been great success using influencers who are not always the most polished, but who are really just being themselves – their personality shines through. For the 2021 holiday season, one was noted lifestyle blogger and actress Eva Amurri.

Throughout its historical 50th anniversary year, the Lottery has a robust plan in place to celebrate, including special edition games, dedicated advertising, social media promotions, pop-up events and more. There's an anniversary logo, designed completely in-house. “We

incorporated our original Money Tree logo into our 50th anniversary logo as a callback to our history,” said Chozet. “It's a simple, sleek-looking logo that also incorporates the font that we use in our current marks, melding our past with our present.”

### Full Speed Ahead

Like most American lotteries, Connecticut had an exceptional fiscal 2021 – the surge in business due to the pandemic temporarily halting many other entertainment options continued. “To some degree, I think people who weren't playing lottery before tried it, liked it, and recognized that money actually does go to winners,” said Smith. And he goes back to relevance again – finding out what customers want. “We look at what's selling well and actually go into our retail locations and talk to customers. We ask what they are buying and what makes things interesting.” From those conversations came Wild Ball as an add-on to the daily numbers games in 2020,

and brought the launch of Fast Play as well. Smith, who has occasionally gone on these on-the-fly focus groups himself, encourages his sales and marketing management team, including Donahue and Games Director Carlos Rodriguez, to participate.

The challenge after big years is always what happens next, and new gaming categories give Connecticut an advantage going forward. Sports betting should continue to ramp up, and iLottery should be up and running later this year. To get ahead of any potential retailer pushback, the Lottery has been educating retailers about iLottery, pointing out how states with online sales also have some of the fastest-growing retail sales in the country. Smith is looking forward to bringing that kind of success to Connecticut, with plans to do cross-channel promotions to build both retail and online business. And of course, fantasy sports is on deck to follow iLottery.

In the more traditional business line, continued attention to what players want will be enhanced by the new gaming system in 2023. That could open doors to other opportunities, including self-service expansion – taking better advantage of one key aspect of consumer life that took off during the pandemic.

The year 2022 is one of accomplishment, and celebration, for the Connecticut Lottery. New tools to modernize operations are always hoped for, but rarely authorized. “It's a great thing to have all of this excitement at the same time!” exclaimed Smith. ■





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