

Meeting Minutes
Marketing and Retailer Relations Committee of the
South Carolina Education Lottery Board of Commissioners
October 17, 2012
10:30 A.M.

The Marketing and Retailer Relations Committee of the South Carolina Education Lottery Board of Commissioners held a meeting on Wednesday, October 17, 2012, at 10:30 a.m. in the fourth-floor conference room (#443), located at 1333 Main Street, Columbia, South Carolina, with the following committee members participating:

Sam Litchfield, Chair
Dr. Edward Keith
Moffatt Burriss
Karen Ballentine
Lee Edwards

The Chair called the meeting to order.

Terminal Generated Game Concepts

The Chairman recognized Jay Johnson, Director of Marketing and Product Development, to brief the Committee on the results of the focus group testing recently conducted in Greenville, Columbia and Charleston with the assistance of Intralot (SCEL's online vendor) and "Focus With Fettig." Lottery players and licensed retailers were included in the groups. The participants favored "Carolina Cash 6," "Decades of Dollars," and "Fast Play," respectively.

Carolina Cash 6 (\$2 price point) would offer several "plays" for one price and multiple ways to win up to \$200,000, taxes paid. Decades of Dollars is a multi-jurisdictional game offering a fixed top prize paid as an annuity or as a lump-sum. Fast Play is Add-A-Play without a purchase prerequisite of another terminal game. Each game could enhance SCEL's current product mix. The fourth concept, Hot Lotto Sizzler, was not as well-received as the other games. It is also the least likely to fit within our current product mix as it is similar to and has the same draw days as Powerball®. Staff is not requesting any authorization to move forward with a new game at this time. An Internet survey through SCEL's Players' Club is being designed, and more information on costs and potential revenue needs to be compiled.

Mrs. Bethea and Mr. Johnson explained a Powerball® promotion (“Treasure Hunt”) currently being developed by the Multi-State Lottery Association (MUSL). Players would enter a special number from the ticket face on the promotion website for a random second chance to win prizes. The ticket sale is unchanged,¹ and the play style is essentially identical to second-chance promotions offered for some instant games. If MUSL decides to move forward, the promotion will not be available before the spring of 2013.

The Committee’s consensus was to recommend to the full Commission to approve a motion allowing staff to proceed with the new terminal generated games and the Powerball® promotion and update the Committee and Board as necessary.

Instant Ticket RFP Discussion

The contract with Scientific Games International (SGI) for instant ticket production, warehousing, and ticket distribution expires in September 2013. Mrs. Bethea asked for approval² to move forward with a Request For Proposals (RFP) early in 2013.

The Committee’s consensus is to seek Board approval at the November 7, 2012 meeting for staff to proceed with this RFP.

Preview New Ads

Staff presented a series of new television ads for Mega Millions® to highlight the chance to play a multi-state game with a \$1 price point. SCEL is exploring ways to defray production costs by allowing other lotteries to purchase the right to use these commercials. Staff presented three new player information display (PIDs) ads, produced in-house. One showcased the Carolina Panthers ticket and the others highlighted instant tickets.

Introduction to CNSG, SCEL’s Media Placement Vendor

The competitive solicitation for media placement services, completed this past June, resulted in award to Chernoff Newman, (CN). Mrs. Bethea introduced Mark Newsome, Senior Vice President of CN, and Sara Anders, CN. The Chairman recognized Mr. Newsome for brief remarks.

Retailer Rallies Update

Mrs. Ann Scott, Director of Sales and Retailer Relations, briefed the Committee on upcoming Retailer Rallies. These events, held throughout the state every other year, are designed as a fun and informative way to show our appreciation for the efforts the front-line store managers and clerks, who are critical to SCEL’s success, put forth daily. SCEL will show the video documentary, “Behind the Draw,” and beneficiary messages. Representatives from various departments such as: Licensing, Finance, and Security are

¹ Section 59-150-20(7) and Section 59-150-70(D)(2).

² Pursuant to the policy of Board adopted August 27, 2002, a Request For Proposals in excess of \$50,000 requires the approval by the Board.

available for retailer questions. The events are well-received and attendance in the population centers often exceeds two hundred.

Other Business

In-lane Sales Pilot Program

Mrs. Bethea explained that the Bi-Lo merger with Winn-Dixie has slowed expansion of the pilot project for in-lane sales dispensers at checkout. The current dispensers will remain in place. Continuing efforts to encourage other grocery store chains to install these dispensers has thus far been unsuccessful.

There being no further business, the meeting of the Marketing and Retailer Relations Committee was adjourned.

_____/s/_____
Sam Litchfield, Chair

October 29, 2012
Date

As required by Section 30-4-80, notification for this meeting was posted at SCEL headquarters, 1333 Main Street in Columbia. As provided in the Board Bylaws, the meeting notice and agenda were also posted on the SCEL website, sceducationlottery.com, and sent via facsimile transmission pursuant to requests made by media outlets and other organizations. These notifications included the time, date, place and agenda of the meeting.