



GROWING INCREMENTAL REVENUE
WITH TRIPLE TWIST™



MARCH 2020

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EXECUTIVE SUMMARY

In 2018, the Arizona Lottery researched several states' iterations of a popular draw game, incorporating multiple lines of play with numbers matched to the player's chosen numbers to determine if the ticket is a winner and the size of the prize won. These Multi-Hand-Easy-Win (MHEW) games offer an exciting new way for Arizona Lottery players to enjoy draw games with the added value proposition of multiple ways to win with a single low-tier (\$2) wager.

Scientific Games proposed adapting this gameplay to the Arizona Lottery's draw portfolio to entertain players and incrementally grow revenue. With the goal of giving this style of lottery play the best chance for success in Arizona, the Lottery's Marketing and Products team and advertising agency of record (OH Partners) developed award-winning creative and a comprehensive marketing campaign to make Triple Twist an outstanding performer, realizing more than \$16 million in revenue in its first year.

THE SITUATION

Draw games are in a slow decline, with \$3 of every \$4 in Arizona Lottery sales coming from an instant game ticket purchase. State statutes and tribal gaming compacts limit opportunities to introduce new types of games that promise to bend the Lottery sales trajectory upward in Arizona. Working within those constraints, the Arizona Lottery introduced Triple Twist, a MHEW game style that has seen significant success in other jurisdictions.

Triple Twist offers players a play style that delivers the best odds of winning (1 in 7.9) out of any draw game in Arizona and, at the low price-point of \$2, players can win up to four times in a single game. Triple Twist offers players three lines of numbers, 1-42, and if they match three or more numbers on a single line, or match five or more on all three lines combined, they win. These features have proven to be popular with players, as evidenced by sales that have far exceeded initial estimates.

OBJECTIVE

The development and execution of Triple Twist was broken down into five overlapping phases that spanned 10 months, from inception to launch (Fig.1).

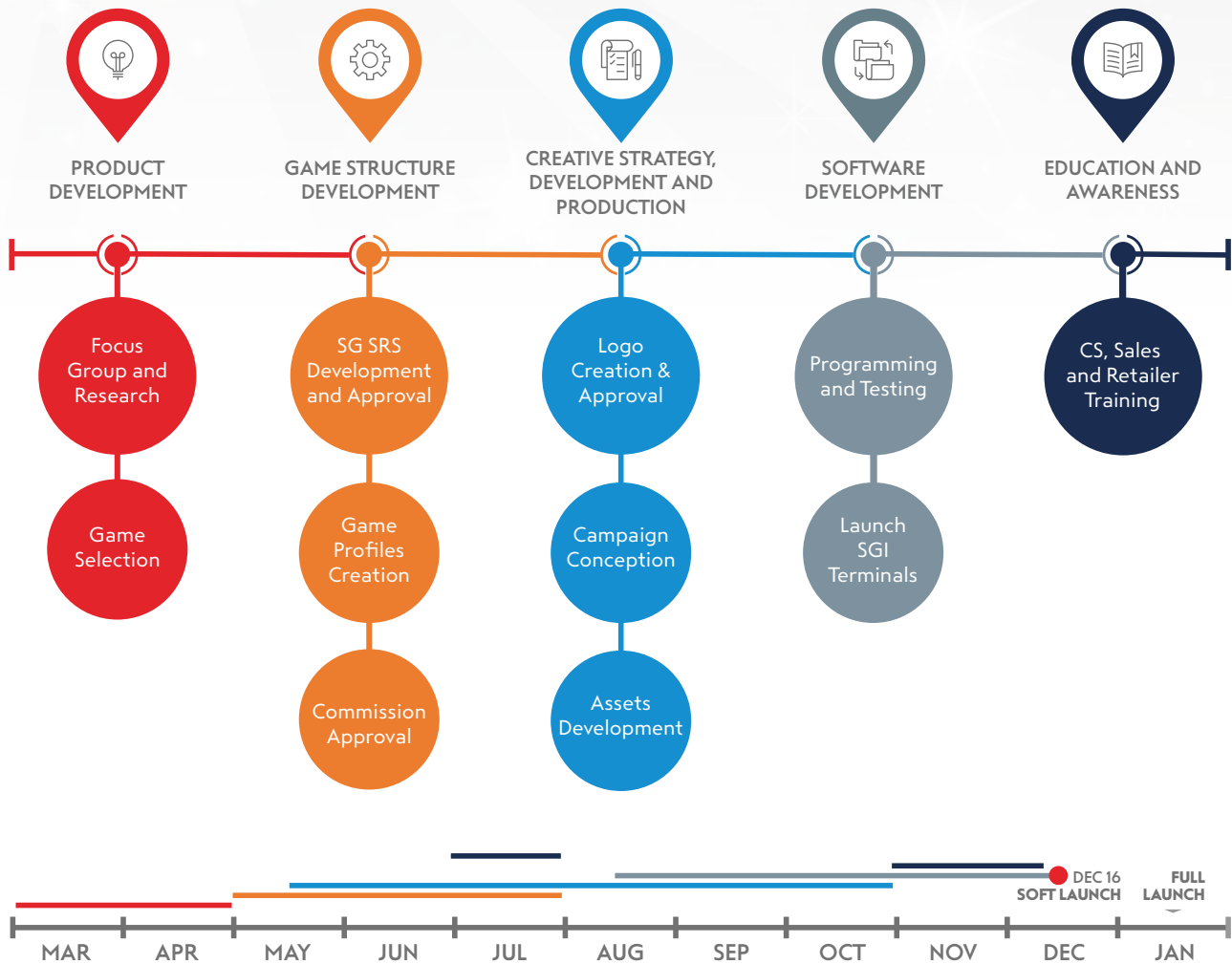


Figure 1. Triple Twist product launch milestones

- Product Development
- Game Structure Development
- Creative Strategy Development and Production
- Software Development
- Education and Awareness

Each phase was data driven and narrowly focused to ensure the highest probability of success.

Product Development and Game Structure Development

In 2018, the Arizona Lottery conducted detailed focus group research and brand tracker analysis through WestGroup, to identify what players most wanted out of this new style of game:

- This new concept was appealing, especially to frequent (monthly) players of all games (Appendix A), scoring 3.8 out of 4 on their overall likelihood to purchase this new game (Appendix B).
- They liked combining lines (unique to Arizona Lottery games), allowing multiple ways to win and improved overall odds of winning (Appendix C).
- They saw value in getting three lines of play for \$2 (Appendix C).
- They liked being able to play the game for a week in advance and the convenience of purchasing a ticket once a week enticed them.
- They felt it played more “like a game” and was more interactive because it took some time to play.
- Most players said they would purchase it in addition to their current Lottery games.

Additionally, the brand tracker data indicated this game appealed to players at every level of interest. Demographically, it appealed more to younger male players with no clear trends in appeal to players of any particular ethnicity, education or income level (Appendix D). Players also indicated they would try it almost immediately, and many would add it to their play portfolio, increasing average ticket purchase. The Arizona Lottery then worked with Scientific Games to determine which MHEW prize structure would work best in the state (Figs. 2, 3). Building on the focus group data, players were then surveyed via a quantitative study to gain additional insights. Respondents indicated that a successful Triple Twist™ game would have to include:

MHEW Description
MULTI-HAND-EASY-WIN
<ul style="list-style-type: none"> • \$2 game drawn 6 times per week • A play consists of three lines of six numbers from 1 to 42 • The six numbers on any line are different, but the same number may appear on more than one line • At least two lines must be quick-picked • The Lottery draws six numbers from 1 to 42 • Prizes are won by matching three or more numbers on a single line or five or more on all three lines combined • Top prize is a rolling jackpot

Figure 2. Triple Twist Format

SUMMARY			
MULTI-HAND-EASY-WIN			
MODEL	STARTING JACKPOT \$200K	STARTING JACKPOT \$250K	STARTING JACKPOT \$300K
Matrix	6/42	6/42	6/42
Draw Frequency	6 draws/week	6 draws/week	6 draws/week
Minimum Jackpot Roll	\$10,000	\$10,000	\$10,000
Average Jackpot*	\$939,530	\$952,466	\$968,016
Average Jackpot Run*	23.6 draws	23.6 draws	23.6 draws
Payout	58.0%	58.4%	58.8%
Overall Odds	1 in 7.9	1 in 7.9	1 in 7.9
Shortfall Cost*	0.6%	1.0%	1.4%
Break-Even Draw*	6	8	10

* Assumed 5.99 million population and wage \$0.13

Figure 3. Triple Twist Matrix

Based on that information, and on the focus group data indicating a positive attitude toward the game and the low likelihood that it would cannibalize other games, the Arizona Lottery decided to introduce this new MHEW-style of game.

Creative Strategy Development and Production

Even as the Arizona Lottery drilled down into the data necessary for developing and structuring the new game, the focus group findings clearly showed that understanding how to play was the immediate hurdle. It took a bit of explaining for players to understand, but once they played it, they found it engaging. Going into launch, this was one of the biggest obstacles to the game's market success. With that in mind, the creative team came up with a budget-conscious strategy that would educate both players and retailers and recruit a whole new cohort of players looking for this kind of high-value/low-price game (Appendix E).

One challenge was developing a new name that would attract players. While the Arizona Lottery Marketing and Products team worked closely with OH Partners on launch strategies and creating the new logo, the focus groups made it clear that none of the proposed names for the new game excited them. Armed with that information, the team went back to the drawing board and came up with "Triple Twist" (Fig. 4).

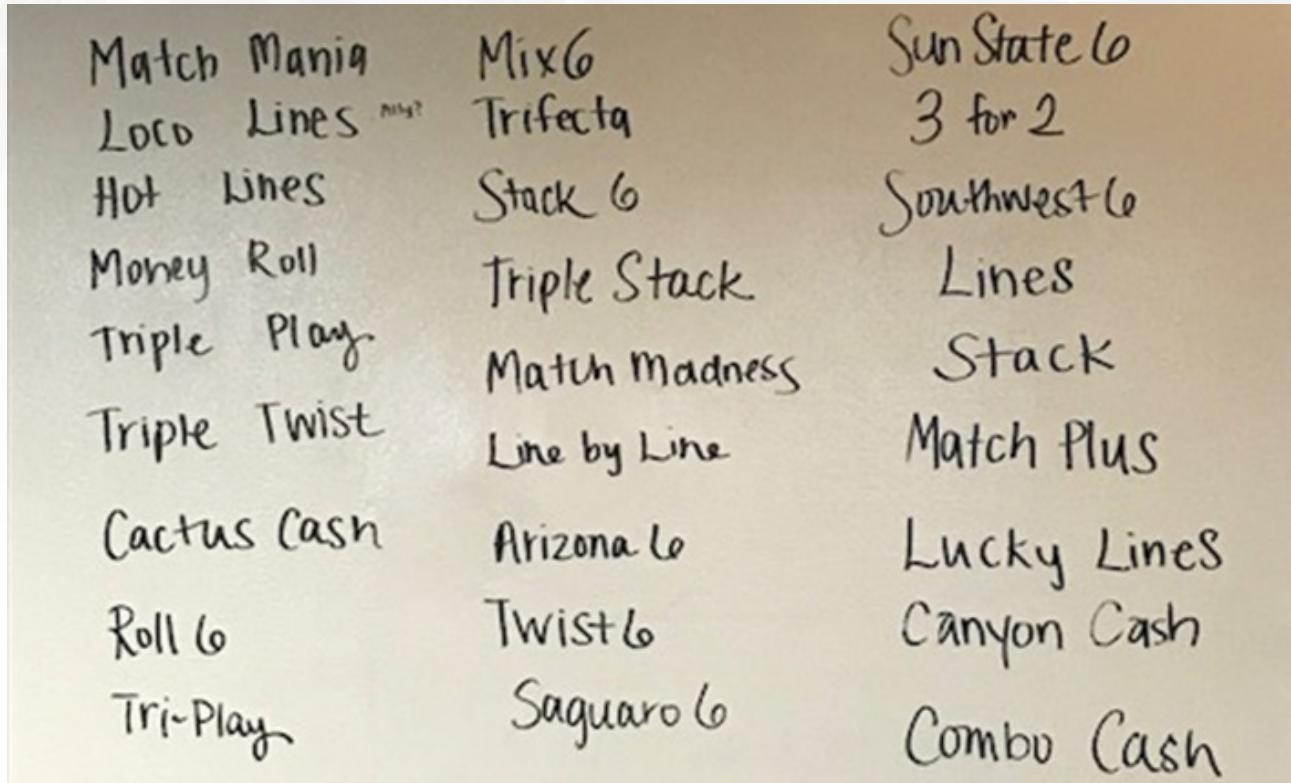


Figure 4. Game Name Drawing Board

The Arizona Lottery Marketing and Products team and OH Partners then worked to develop best publicity practices to ensure the success of this game. Previous campaign tactics of intense player and retailer educational outreach, which had worked so well with the launch of Fast Play, were cost prohibitive.

The team decided that Arizona Lottery Territory Managers would do the legwork to individually educate retailers about Triple Twist and get their buy-in. These were critical components as the game has a steep learning curve (complicated to learn but easy to play) relative to other draw games.

Once Triple Twist was fully developed, the Arizona Lottery conducted a soft launch to ensure that any retailer and player issues could be addressed before implementing a hard launch and its supporting advertising campaign.

A month after the soft launch was complete and retailers were sufficiently educated to confidently sell and explain Triple Twist to customers, the Arizona Lottery began an intense advertising and guerrilla marketing campaign, using the same media channels that had been effective in the Lottery's launch of Fast Play (Appendix F).



Figure 5. PUSH Triple Twist Launch Event

Launch tactics included resourcing the PUSH Street Team (the Arizona Lottery's promotions agency) as brand ambassadors armed with how-to-play brochures, tables and games to engage players in promotional trial opportunities (Fig. 5). The marketing campaign also included in-store electronic messaging through our Lottery In Motion (LIM) monitors and in-store point-of-sale signage. Advertising included a mix of television, radio, print, direct mail (Buyer's Edge) and out-of-home advertising (billboards, floor stickers, in-store signage, grocery checkout line dividers, shopping cart signage, etc.), as well as email blasts and special offers (Fig. 6).

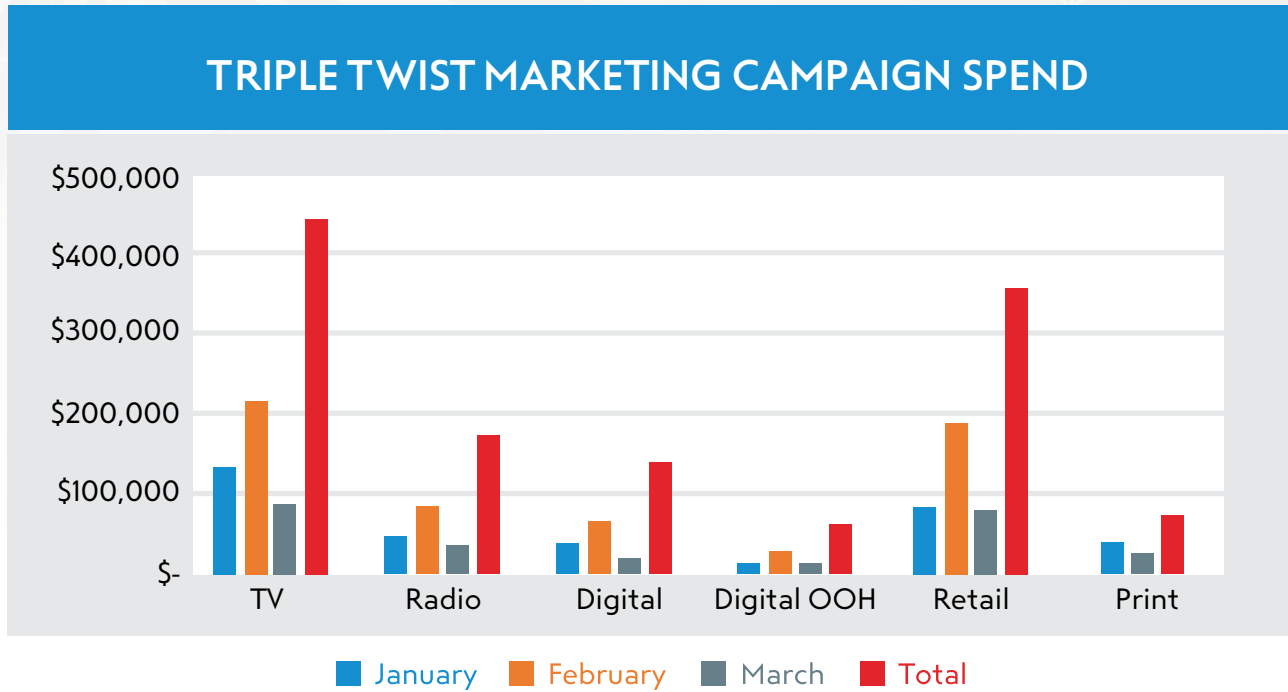


Figure 6. Triple Twist Marketing Campaign Spend

When Triple Twist sales started slipping (Fig. 7, Week 22) due to players perceiving a lack of high-tier winners, the Marketing and Products team bolstered winner awareness through social media posts touting frequent winners at many different levels. These posts countered negative player perceptions, which were contradictory to our core product messaging of “Your odds have never been better.”

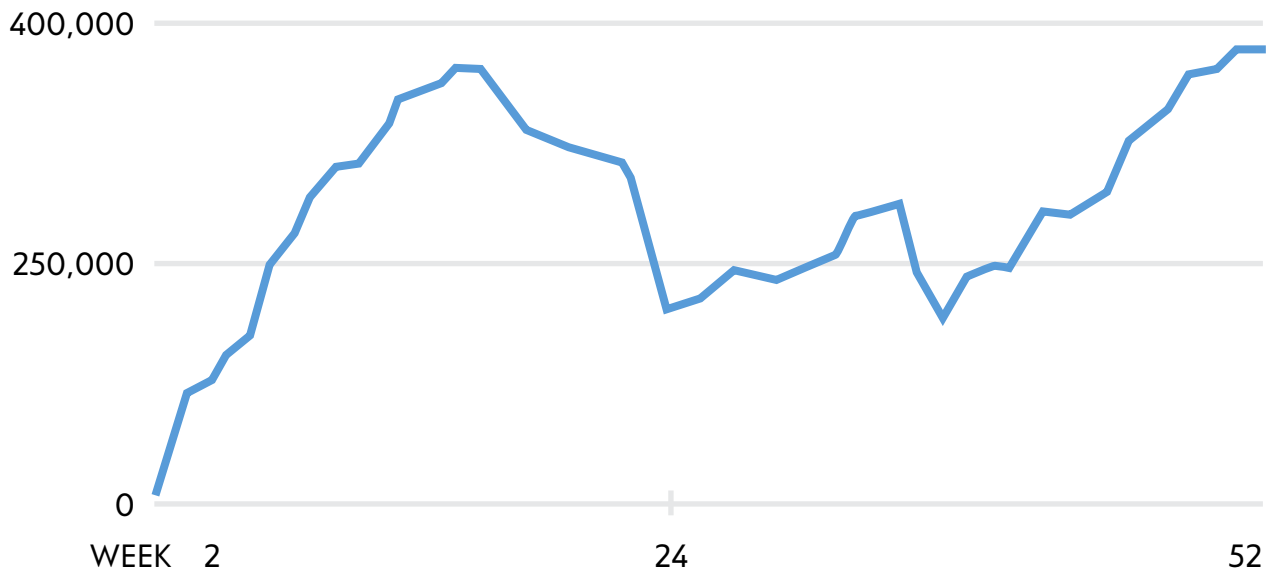


Figure 7. Triple Twist Weekly Sales, Weeks 1-52

The Marketing and Products team also began a “buy one, get one” (BOGO) coupon promotion called “Twisted Tuesdays”, which paired the purchase of several different draw games with free Triple Twist tickets for players. The redemption data clearly shows that, with a total of 79,740 redemptions between May 14 and Dec. 31, 2019, these offers prompted many players to try Triple Twist (Fig. 8).

TWISTED TUESDAYS

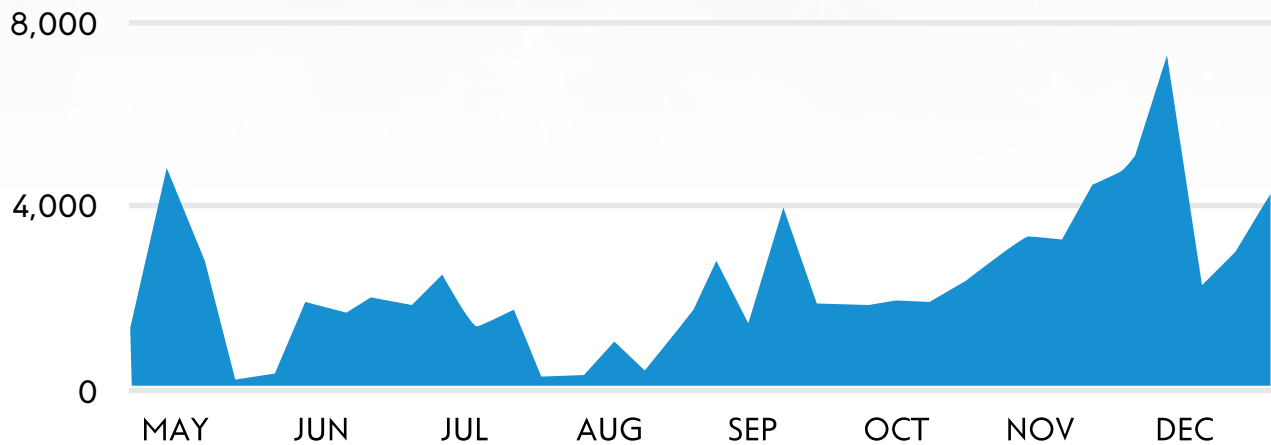


Figure 8. “Twisted Tuesdays” Promotional Coupon Redemption

Of particular note, the “Buy \$10 in Mega Millions® tickets, get a \$2 Triple Twist ticket free” coupon redemptions from these marketing efforts clearly showed that Mega Millions was the best draw game pairing with Triple Twist (Appendix G).

Finally, the Marketing and Products team also added an incentive promotion for retailers who promoted Triple Twist. During the promotion, clerks received \$5 Subway gift card vouchers with every 500 tickets sold. The Arizona Lottery also implemented a free-play Triple Twist coupon, which Arizona Lottery Territory Managers distributed directly to players to entice them to try this new game.

RESULTS

Triple Twist soft launched on Dec. 16, 2018, replacing two other Arizona draw games (5 Card Cash and All or Nothin’), and sales soared once the media blitz commenced a month later. Supported by a comprehensive marketing and promotional campaign, Triple Twist sales surpassed \$16 million in the game’s first year (Fig. 9).

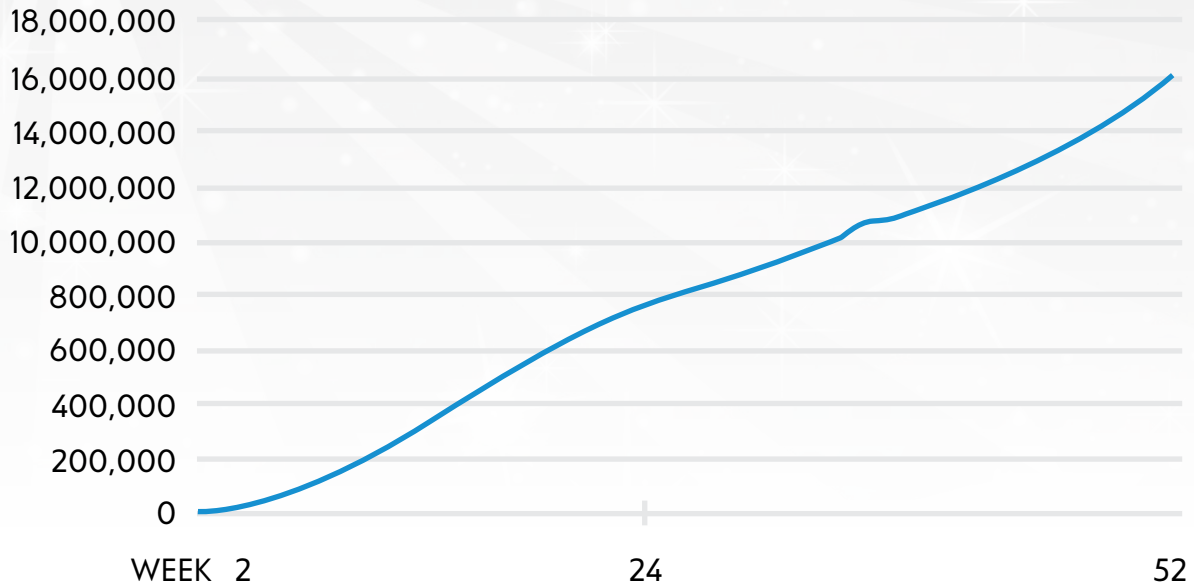


Figure 9. Triple Twist Aggregate Sales, Weeks 1-52

In fact, Triple Twist's first two years of sales are on pace to exceed the total sales of both games it replaced, games that had been in the market for four fiscal years (Fig. 10).

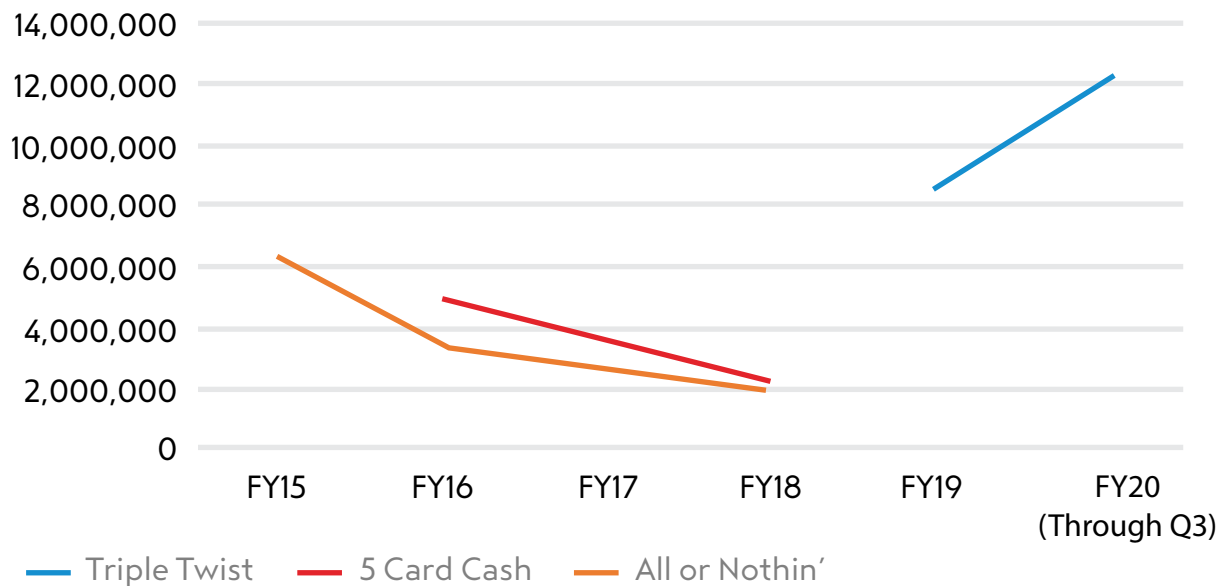


Figure 10. Triple Twist Sales vs. 5 Card Cash & All or Nothin'

It's clear that the Territory Managers' retailer and player education efforts helped both groups get ahead of Triple Twist's learning curve, making each more confident in the game, which helped spur sales.

The advertising campaign that accompanied Triple Twist's launch exerted a tremendous upward force on the game's sales, increasing 72.24% in the two weeks after the campaign began compared to the two weeks prior. Additionally, interaction with the Street Team provided a measurable benefit in player education. By allowing players to "win" a chance to play, the Street Team was able to take time to educate players about Triple Twist in an entertaining way that fostered future relationships with the game. Finally, the Twisted Tuesdays promotion, with its BOGO coupon component, was highly effective in arresting the game's sales slump and resuming its positive trend. Triple Twist continues to perform as expected and is on pace with projections through FY2020.

This outcome was highly dependent on a substantial investment in marketing campaigns that educated both players and retailers. When launching a game like Triple Twist, retailer buy-in is critical to foster knowledgeable gameplay and to induce player trial. This demonstration of both the demand for, and the profitability of, Triple Twist further incentivizes retailers' efforts to sell the game, increasing its potential as a responsible and sustainable revenue stream for Arizona Lottery beneficiaries.

ABOUT THE LOTTERY

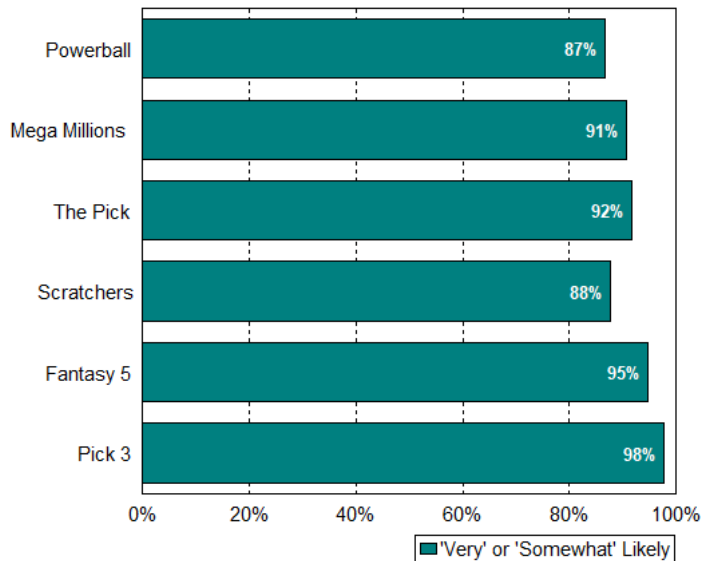
Since 1981, the Arizona Lottery and its retail partners have generated more than \$4.3 billion in net funding that supports programs helping to improve the quality of life for the people of Arizona. Proceeds from Lottery ticket sales fund programs in higher education, economic development, environmental conservation and health and human services. The mission is to support Arizona programs for the public benefit by maximizing net revenue in a responsible manner. Learn more at ArizonaLottery.com.



APPENDICES

Appendix A:

Frequent Player Likelihood to Play MHEW



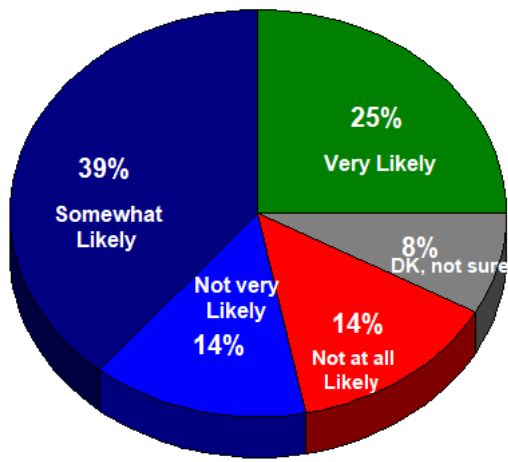
- Among frequent players of all games (monthly or more often), 87% or more are 'very' or 'somewhat' likely to play MHEW, much higher than for the 'average' survey respondent.
- Although Fantasy 5 and Pick 3 players are statistically more likely to play MHEW, in terms of total players they represent a much smaller fraction of AZL consumers.
- (These findings are consistent with previous research, which indicates that F5 and P3 players are more likely to play many different games; conversely, many Powerball players will play only that game or other jackpot games.)

(Percent of frequent players of each game (monthly or more often) who are 'very' or 'somewhat' likely to play MHEW)

APPENDICES

Appendix B:

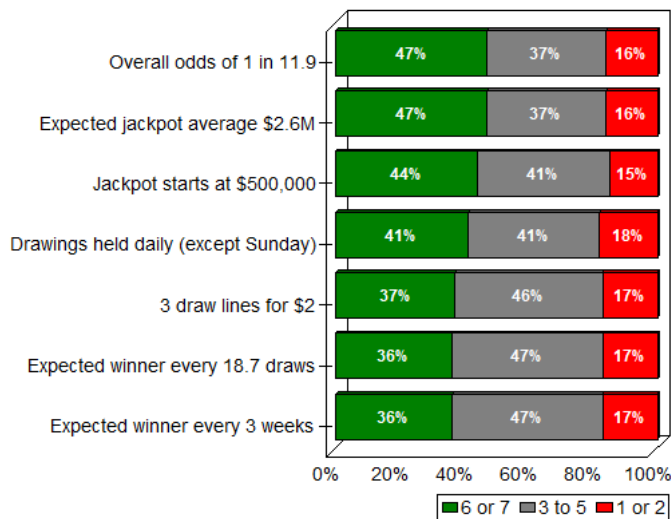
Likelihood to Play 'MHEW'



- Roughly two-thirds of the sample stated they were 'very' or 'somewhat' likely to play MHEW if/when available.
- 14% stated they're 'not very' or 'not at all' likely to try the game, and a handful (8%) expressed a 'wait and see' attitude as to whether or not they would try the game.

Appendix C:

Impact of MHEW Game Features on Predicted Play

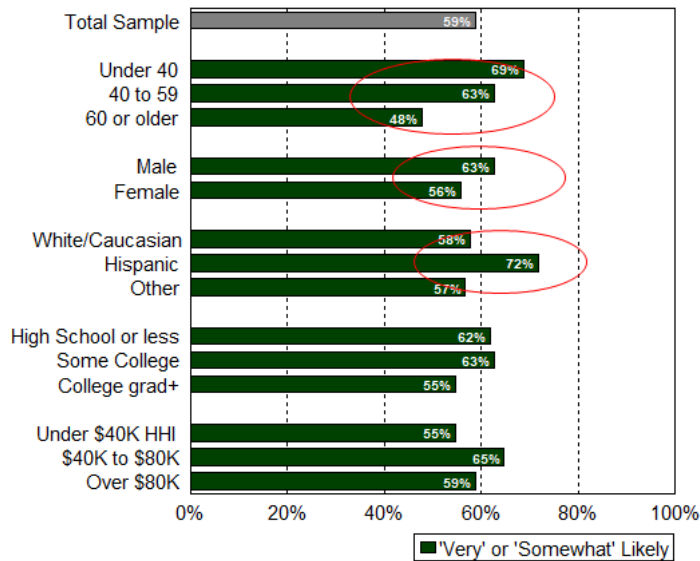


- In terms of game features, no single aspect of the game stands out as the most motivating element, although all those listed were rated relatively high.
- Overall odds of winning and the jackpot size are more motivating than the expected frequency of a jackpot winner, regardless of wording.

**How important is each feature in motivating you to play MHEW? (7=highest rating, 1=lowest rating)*

Appendix D:

Likely to Play WTA by Demographic Segment



- Likelihood of play of WTA also skews younger and slightly more male.
- Hispanics are more likely to play WTA than other ethnic segments.
- Interest in the game fluctuates slightly with regard to education and affluence, but again there are no clear trends among those categories.

Appendix E:

CREATIVE BRIEF

CLIENT: Arizona Lottery

PROJECT TITLE: Triple Twist™ - a Multi-Hand-Easy-Win Draw Game

DATE: Sept. 10, 2018

BACKGROUND (Why are we doing this work?)

The Arizona Lottery is launching a new, \$2 in-state daily draw game to invigorate the draw game category and increase draw game sales and overall Lottery profits. Draw games typically have higher odds and are perceived as impossible to win. Triple Twist offers a more involved style of play for a draw game and has draws Monday through Saturday. The overall odds for this game are 1 in 7.9, the best odds of any draw game sold in Arizona.

Our objective is to drive awareness of the new draw game, Triple Twist, by educating players on the benefits of the game.

TARGET(S) (Who are we talking to?)

Matt is in his late 40s and works a 9 a.m.-5 p.m. desk job. He enjoys playing the Arizona Lottery and encourages his buddies at work to join in on the fun. He stops on his way home from work to get his Powerball, Mega Millions and The Pick tickets a couple times a week. He plays all three games so he can play more often and increase his chances of winning. On the weekends, he likes spending time at his cabin. He looks forward to Saturday nights after a home-cooked meal, when he can prop his feet up and check his numbers. You see, Matt is a simple guy: he doesn't need to win a \$400M+ jackpot. A few hundred thousand dollars would be enough to make his work friends jealous.

Primary Targets: Frequent and occasional jackpot game players. This includes an even split of male (50%) and female (50%) players. They are 35 years old and up, and around 20% are Hispanic.

STRATEGIC INSIGHT (What insight will drive this program?)

Players really like the odds of winning this game. They are a significant improvement over The Pick (1 in 39), Powerball (1 in 25) and Mega Millions (1 in 24.) They believe that playing all three lines in addition to the chance for collective matches increase their odds of winning. They also believe the jackpot is more attainable.

DESIRED REACTION (What is the single thing we want players to feel?)

"I play Triple Twist because the overall odds for this game are 1 in 7.9, and I can match on multiple lines and win up to four times in a single game."

PROMISE (What is the ONE THING?)

Triple Twist delivers the best odds of any draw game in Arizona.

SUPPORT (Is the promise believable?)

When you play Triple Twist, you:

- Have a 1 in 7.9 chance of winning a prize.
- Can play three lines of numbers for just \$2.
- Can win up to four times in a single game.
- Can play and win Monday through Saturday.
- Can play for a progressive jackpot that starts at \$200,000 and keeps growing until someone wins.

TONE OF VOICE (In what tone will we make the promise?)

Educational, fun, lively

EXECUTIONAL GUIDELINES (mandatories)

Develop a tiered campaign to generate awareness of Triple Twist's benefits via broad-based paid media:

- Consider how the concept is presented within the corporate brand/Windfall Willie style.
- Consider how the concept can be rolled out multiple times over the life of the ticket.
- Consider specific complementary messaging for tactical applications.

BUDGET/MEDIA MIX \$1.258M spend over an eight-week period including TV, radio, digital, print, digital OOH, and POS.

MESSAGE HIERARCY (What is our order of dialogue?)

- The overall odds of winning are 1 in 8.
- Play three lines for just \$2.
- Jackpot starts at \$200,000 and keeps growing until someone wins.
- Draws Monday - Saturday.

CALL TO ACTION

- Play the newest in-state draw game, Triple Twist.

Appendix F:

CAMPAIGN STRATEGY OVERVIEW

CLIENT: Arizona Lottery

DATE: Aug. 6, 2018

CAMPAIGN: Triple Twist™

RUN DATES: Jan. 14-March 10, 2019

BUDGET (Media/Production): \$1,258,000/\$314,500
(25%)

BRAND NEED:

- Increase draw game sales as a proportion to overall lottery sales and subsequent profits.
- Offer a value-based \$2 in-state daily draw game with an attractive jackpot.
- Provide players with a more frequent winning experience compared to other draw games.
- Optimize and invigorate the draw game category.

ADVERTISING OBJECTIVE:

- Educate players on how to play/purchase Triple Twist.
- Generate awareness about the ability to win up to 4 times on a single ticket.
- Position Triple Twist as a value game: 3 lines for \$2.

TARGET AUDIENCES:

- Frequent/Occasional Players
- M/F
- Age 35+
- Hispanic ~20%
- Insights: Annual spend on draw games is higher than Scratchers®

KEY CONSUMER BENEFIT (THE ONE THING):

With a starting jackpot of \$200,000, Triple Twist gives players the value of three lines of numbers for only \$2 and the chance to win up to four times on one ticket.

Reasons to believe:

- Players get three lines of six numbers (18 total) for \$2.
- Players can win prizes on each line of numbers in addition to combining all of their matches from all 18 numbers for an additional prize.

CONSUMER NET TAKE AWAY:

"Triple Twist is a great value game, giving me three lines of numbers for only \$2, plus there are more prizes to win, and I could win up to four times on one game!"

MAIN MESSAGES:

- Win up to four times on a single game.
- This game gives you 3 lines of numbers for only \$2.
- Jackpots start at \$200,000 and keep growing until someone wins.
- Draws Monday through Saturday.

TONE/BRAND PERSONALITY:

Educational, informative, fun, lively

MANDATORIES:

- Education on how to play/win
- Main messaging
- CTA to buy tickets
- Arizona Lottery logo, disclaimer, URL

MEDIA OPPORTUNITIES:

Online Retailer Promotion for Clerks –
minimum four 1-2 minute animated videos

- How to Play
- How to Sell
- New Vending Machines
- Advertising/Support

Promotion begins Nov. 16, videos needed Nov. 2

Television (TV and OTT :60 English and Spanish)

How to Play Video – Extended and Condensed

Radio (:30 English and Spanish)

Digital (Pre Roll, Display Desktop & Mobile, Rich Media)

Print (AFMA, Gaming Guide, Buyers Edge, RM, TVyMAS)

Digital OOH

Retailer Advertising (33 Degrees, GSTV, News America, All Over Media)

Trial at Retail Kits (PUSH 300 Events)

- Banners
- Prize wheels rewrapped
- How to play takeaways
- Coupons for one free Triple Twist

ASSETS:

- Point of sale collateral
- LIM/ESMM
- Social
- PR
- ArizonaLottery.com images

METRICS:

Six-week soft launch sales comparison to six-week hard launch sales
12 week sales

Appendix G:

TWISTED TUESDAYS - REDEMPTIONS

TP = The Pick, MM = Mega Millions, PB = Powerball, F5 = Fantasy 5, TT = Triple Twist

Date	Promotion	# of Redemptions	% Change
14-May	Buy \$10+ TP, Get 1 Free TT	1,406	
21-May	Buy \$10+ MM/MP, Get 1 Free TT	4,782	+240%
28-May	Buy \$10+ PB/PP, Get 1 Free TT	3,224	-33%
4-Jun	Buy \$10+ F5, Get 1 Free TT	212	-93%
11-Jun	Buy \$10+ TP, Get 1 Free TT	344	+62%
18-Jun	Buy \$10+ MM/MP, Get 1 Free TT	1,926	+460%
25-Jun	Buy \$10+ PB/PP, Get 1 Free TT	1,705	-11%
2-Jul	Buy \$10+ MM/MP, Get 1 Free TT	1,967	+15%
9-Jul	Buy \$10+ PB/PP, Get 1 Free TT	1,841	-6%
16-Jul	Buy \$10+ MM/MP, Get 1 Free TT	2,521	+37%
23-Jul	Buy \$10+ PB/PP, Get 1 Free TT	1,318	-48%
30-Jul	Buy \$10+ MM/MP, Get 1 Free TT	1,710	+30%
6-Aug	Buy \$10+ F5, Get 1 Free TT	186	-89%
13-Aug	Buy \$10+ TP, Get 1 Free TT	286	+54%
20-Aug	Buy \$10+ PB/PP, Get 1 Free TT	1,068	+273%
27-Aug	Buy \$10+ TP, Get 1 Free TT	396	-63%
3-Sep	Buy \$10+ PB/PP, Get 1 Free TT	1,378	+248%
10-Sep	Buy \$10+ MM/MP, Get 1 Free TT	2,792	+103%
17-Sep	Buy \$10+ PB/PP, Get 1 Free TT	1,429	-49%
24-Sep	Buy \$10+ MM/MP, Get 1 Free TT	3,861	+170%
1-Oct	Buy \$10+ MM/MP, Get 1 Free TT	1,823	-53%
8-Oct	Buy \$10+ MM/MP, Get 1 Free TT	1,820	<-1%
15-Oct	Buy \$10+ MM/MP, Get 1 Free TT	1,947	+7%
22-Oct	Buy \$10+ MM/MP, Get 1 Free TT	1,902	-2%
29-Oct	Buy \$10+ MM/MP, Get 1 Free TT	2,280	+20%
5-Nov	Buy \$10+ MM/MP, Get 1 Free TT	2,799	+23%
12-Nov	Buy \$10+ MM/MP, Get 1 Free TT	3,239	+16%
19-Nov	Buy \$10+ MM/MP, Get 1 Free TT	3,264	+1%
26-Nov	Buy \$10+ MM/MP, Get 1 Free TT	4,467	+37%
3-Dec	Buy \$10+ MM/MP, Get 1 Free TT	4,960	+11%
10-Dec	Buy \$10+ MM/MP, Get 1 Free TT	7,250	+46%
17-Dec	Buy \$10+ PB/PP, Get 1 Free TT	2,410	-67%
24-Dec	Buy \$10+ PB/PP, Get 1 Free TT	3,016	+25%
31-Dec	Buy \$10+ PB/PP, Get 1 Free TT	4,211	+40%

*As of 11/5/19: average pre-MM qualifier = 1,545; average w/only MM as qualifier = 2,827; +83% with MM qualifier