

— TEXAS LOTTERY — RoundUp

News and Ideas for Texas Lottery Retailers

TEXAS



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RoundUp

Dec. 2011/Jan. 2012

Email questions or comments about

RoundUp to:

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Published by the

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licensing or accounting questions.)

Available 7 a.m. - 5:30 p.m. Central Time
Monday - Friday

GTECH Hotline:

1-800-458-0884

(For equipment problems
or to order tickets.)

Available 4 a.m. - midnight,
7 days a week

Drawing Results:

512-344-5010

(For winning number results only.)

Website:

www.txlottery.org

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REMEMBER!

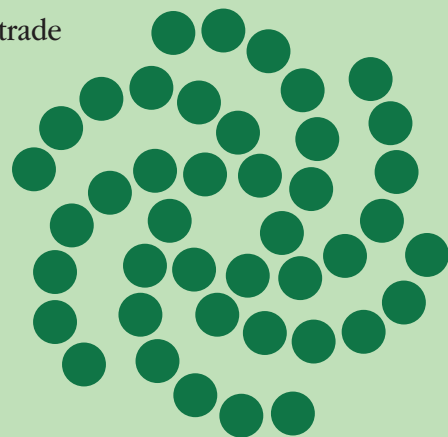
If you find your retailer ID number hidden in this issue of *RoundUp*, you can receive a prize package of Texas Lottery promotional items!

To claim your prize, call 1-800-37-LOTTO.
You must call by January 31, 2012.

The Texas Lottery Wins NASPL Award!

The North American Association of State and Provincial Lotteries (NASPL), the lottery industry trade organization, holds an annual competition to recognize the most innovative products and advertising in the lottery industry.

The *Texas Lottery*® *Black* game was recognized as the Best New Instant Game introduced by a North American Lottery in 2011 due to its innovative nature and mass appeal. [126176] The Texas Lottery is proud of this accomplishment and we look forward to continuing to bring new and innovative products to market to support the sales efforts of our valued retailers.



NASPL

Powerball® Receives a Makeover!

The Texas Lottery Commission recently approved significant [513692] changes to the *Powerball*® game. Under the direction and supervision of the Multi-State Lottery Association (MUSL), *Powerball* is being redesigned, beginning with the January 18 drawing. Changes include higher starting jackpots, better odds of winning and more chances to win prizes up to \$1 million. The ticket price will also change, moving from \$1 to \$2.

"The ongoing success of *Powerball* has led MUSL to explore ways to keep the game fresh for *Powerball* players," said Texas Lottery Commission Executive Director Gary Grief. "With larger jackpots [466722] and better odds, the new *Powerball* game is set to generate bigger prizes for players, more commissions for retailers, and, most importantly, increased revenue for the Foundation School Fund, which supports public education in Texas."

Players enjoying the newly designed game will still choose their first five numbers from a pool of 59. [152752] However, the group of numbers in the *Powerball* pool will shrink from 39 to 35, improving the overall odds of winning any prize in the game to one in 32. The *Powerball* starting jackpots will double to \$40 million.

The new *Powerball* game will continue to offer players nine ways to win prizes, with its second prize moving up to \$1 million in cash from the current \$200,000 and the lowest prize level [231265] (for those who match just the *Powerball*) being elevated to \$4 from \$3.

The *Power Play*® feature will still be available for an extra \$1 per play. For that extra \$1, players will have the chance to win \$2 million cash for the match-5 prize as well as set increases for all other non-grand/jackpot prizes.

Ticket sales for the redesigned game begin January 15. By changing *Powerball*'s ticket price to \$2, [154578] U.S. lotteries are following the same successful business model used for years with lottery scratch games—offering different games at different price points.

"Our players have shown a desire for higher price point tickets so long as there is a corresponding value proposition for their wager.

We've seen this in the scratch-off games for many years now at the higher price points, so we fully support the pricing strategy adopted by MUSL. For those players who prefer to keep playing jackpot games for one dollar, we will continue to offer the *Mega Millions* and *Lotto Texas* games," said Grief.

MORE!
Millionaires

BIGGER!
Jackpots

BETTER!
Odds

Powerball® and Power Play® are registered trademarks of the Multi-State Lottery Association.

TEXAS



POWERPLAY®

Retailer Spotlight

Creek Beverage

Do-it-Yourself Display Solution Sends Sales Soaring for Plano Retailer

Texas Lottery retailers across the state are continuously striving to come up with new, innovative strategies for increasing lottery sales. [311886] Some are more successful than others, but one in particular recently set a new standard for all retailers—an 800 percent increase in sales! That's exactly what happened at **Creek Beverage** in Plano when manager Kenny Razaali took advantage of a remodeling project and doubled the number of scratch-off tickets for sale, and also developed an innovative overhead display bin. In addition, Razaali spotlights lottery winners by hanging winning tickets from the display.

"The display case is perfect for hanging our winning tickets. [145299] It gives the players a lucky feeling when they enter the store," Razaali notes.

After the renovation and adding the hanging display, Razaali's instant ticket sales shot up from around \$250 per week to more than \$2,000. Razaali credits a couple of obvious reasons for the dramatic sales increase.

"First of all, we only had room to sell 20 different tickets before. Now we can offer our players 42 different tickets," he said. "So, not only have we doubled our offerings, but we can display them all in an attractive, easy-to-see manner."

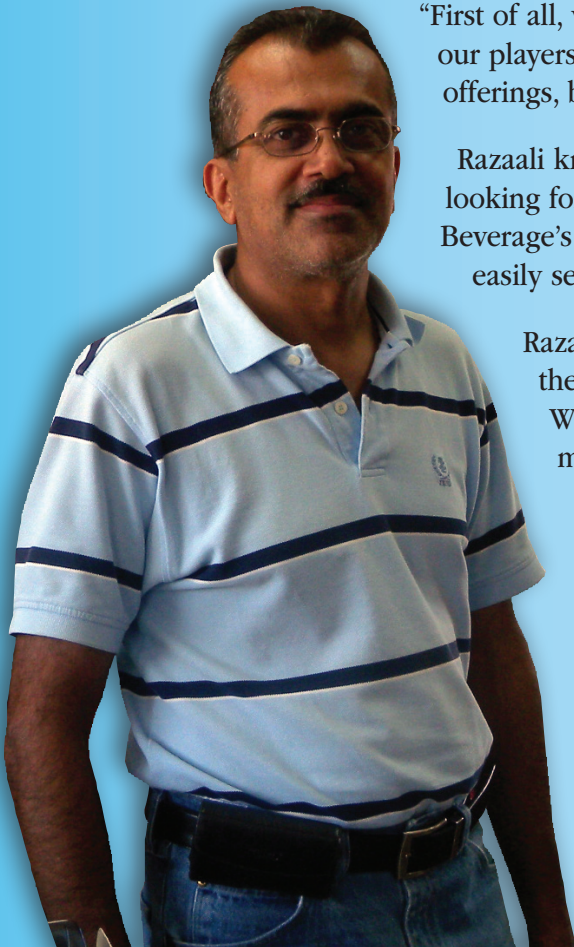
Razaali knows that if Creek Beverage does not carry a game customers are looking for, those customers will take their business to another location. Creek Beverage's display case hangs just above eye level so Razaali's customers can easily see the huge variety of instant games available.

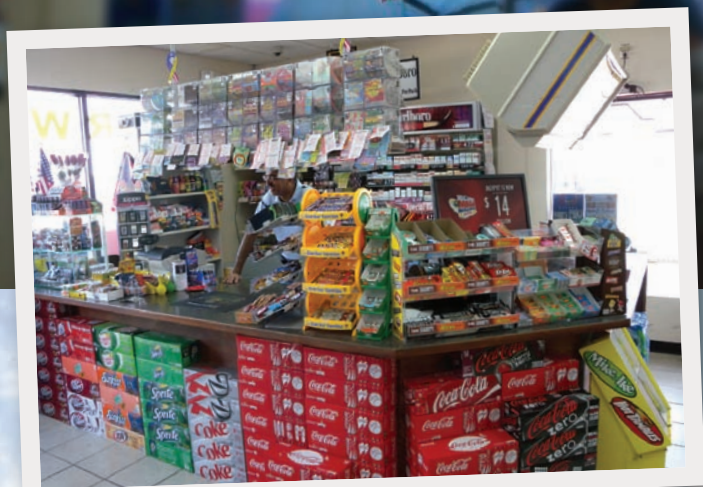
Razaali hung the display case himself, using about \$10 in materials from the hardware store and three to four hours of his own time. [152797]

When asked if he thinks the hanging display case was a good investment, Razaali just laughs, "What do you think?"

Executing innovative merchandising ideas, increasing ticket visibility at point of purchase, and expanding the instant ticket selection available for consumers are all keys to growing lottery sales and earning higher commissions. Creek Beverage has shown that this type of flawless execution can pay big dividends. [152334] Your LSR is always a valuable resource for coming up with new sales strategies, but Kenny Razaali is living proof that sometimes you can just do it yourself!

Creek Beverage store manager Kenny Razaali





Retailer Spotlight

Washington Food Mart

Growing Lottery Sales Inside and Outside the Store

Since beginning sales of Texas Lottery tickets in December 2008, the **Washington Food Mart** at 4016 S. Washington Street in Amarillo has enjoyed a steadily growing lottery business by cultivating relationships with both dedicated lottery regulars and infrequent lottery players. [252856] Store Manager Ted Evans embraces the Texas Lottery as a core product offering, noting that it attracts customers who may not otherwise shop at his store.

Ted and his mother Nancy manage both Washington Food Mart and H&L Discount Food Mart in Amarillo. Both stores have 32 instant ticket dispensers and, combined, the stores' lottery sales average over \$13,000 per week. This is an increase of more than 30 percent in lottery business for Washington Food Mart and approximately 45 percent increase for H&L Discount Food Mart since each location opened. Ted and Nancy attribute their growing lottery sales to a combination [152804] of traditional and not-so-traditional sales and marketing practices. Nancy credits the trust and honesty forged between her and the stores' customers as the foundation for relationships that keep lottery players loyal to both Washington Food Mart and H&L Discount Food Mart. Both store managers are on a first-name basis with many of their regular customers. Reaching out to players non-traditionally, Ted uses Facebook to inform customers of new scratch-off games as well as other products and specials in their store.

Washington Food Mart staff also cultivates lottery sales outside the store's location. In 2011, they were the selling retailer at the Center City Block Party and the Tri-State Fair in Amarillo.

"It's fun, and I enjoy interacting with people," said Ted when asked [483497] why he accepted the offer to staff the events. As an added incentive for participating in the events, the store received 900 free scratch-off tickets!

Ted also used Facebook to alert his regular customers about the events. "I posted on Facebook that we would be at the Tri-State Fair and players could win merchandise with a \$10 lottery purchase," he said. "A number of our customers responded that they would stop by. It definitely helps."

[483635] As icing on the cake, Ted bought one of his own \$500 *Million Frenzy* scratch-off tickets at the Center City Block Party and won \$500!



Manager Ted Evans and clerk April at the Tri-State Fair in Amarillo.



Manager Nancy Evans sells a customer a lottery ticket.



*Washington
Food Mart
Managers
Nancy Evans
and Ted Evans.*



Record Texas Lottery Sales Translate to Record Retailer Commissions and Bonuses in FY 2011

Record-high Texas Lottery sales in fiscal year (FY) 2011, which ended August 31, resulted in just under \$1 billion in revenue for the Foundation School Fund, [155529] as well as record payouts for retailer commissions, incentives and bonuses.*

FY 2011 sales totaled \$3.811 billion, surpassing the previous record of \$3.775 billion set in 2006. Total Texas Lottery [137982] retailer commissions, incentive and bonus payments were a record \$190.8 million and \$21.3 million, respectively.

"Our invaluable 16,000-plus statewide retailer base was one of the top keys to our success this year," said Gary Grief, executive director of the Texas Lottery. "Add to that the good work performed by the Texas Lottery, the growing popularity of *Powerball* and the continued strong performance of instant tickets, and you end up with a new standard for lottery sales in Texas."

"I am extremely proud of the job done by the Texas Lottery Commission in the past fiscal year and our retailers were absolutely critical to our accomplishments," said

Texas Lottery Commission Chair Mary Ann Williamson.

Revenue transferred to the state in FY 2011 totaled more than \$1.025 billion, including:

- \$963.1 million to the Foundation School Fund
- \$8.1 million to the Fund for Veterans' Assistance
- \$53.8 million in unclaimed prizes transferred to the General Revenue Fund.

"All told, the Texas Lottery returned approximately 95 percent of sales in the form of prizes; retailer bonuses, incentives and commissions; and contributions to the Foundation School Fund, the Fund for Veterans' Assistance and other state programs," said Grief. "While we will take a moment to enjoy this year's new sales record, we are already in high gear for the new fiscal year, and with an enhanced *Powerball* game coming in January, along with other exciting games planned throughout the year, we fully intend to keep the momentum going."

*All figures unaudited as of 8/31/11

Another Great Year at the State Fair of Texas

The sounds of happy winners echoed throughout the Texas Lottery Luck Zone at the 125th Annual State Fair of Texas this past October. The Texas Lottery had another record-breaking year with total sales of \$786,049—an impressive \$2,729 per hour! In addition, more than \$476,900 in winnings was paid out to our loyal players visiting the fair.



Once again the Texas Lottery operated from the East Park Plaza on Coliseum Drive. Swift-T, a long-time Texas Lottery retailer in Dallas, celebrated their own 10-year anniversary as the selling retailer for the fair. Brothers Sam and Ali Lakhani, along with their friendly, knowledgeable staff, conducted sales from two state-of-the-art retail trailers from September 30 through October 23.

cont'd on back page



YOU COULD WIN UP TO \$50,000

RETAILER SALES INCENTIVE PROGRAM DECEMBER 4, 2011 – FEBRUARY 11, 2012

2 WAYS TO CASH IN! *Base Program + Drawing*

- Earn \$75* for reaching your **Minimum Sales Goal (MSG)**** plus an additional \$75* for each additional \$1,000 in sales*** over your goal.

- **Eligibility Period (EP): Dec. 5, 2010 – Feb. 12, 2011:** For retailers with sales all 10 weeks of the EP, your **Minimum Sales Goal** is your weekly sales*** average during the EP x 10 weeks + \$1,000.

$$\text{MSG} = (\text{EP \$avg} \times 10) + \$1,000.$$

- **Alternate Eligibility Period (AEP): July 10 – Sept. 17, 2011:** For retailers who do not have sales all 10 weeks of the EP, your **Minimum Sales Goal** will be based on the AEP. You must have sales at least 7 of the 10 weeks in the AEP. If you have less than 7 weeks of sales during the AEP, you will not be included in this program. Your **Minimum Sales Goal** is your weekly sales*** average during the AEP (adjusted for seasonality) x 10 weeks + \$1,000.

$$\text{MSG} = (\text{AEP \$avg (adj)} \times 10) + \$1,000.$$

- Reach your **Minimum Sales Goal** and earn an entry into the drawing for prizes of \$500 to \$50,000. Earn an additional entry for each additional \$1,000 in sales*** over your goal.
- Only one drawing prize per location.
- A chain with multiple locations may win at more than one location.

# of Prizes	Prize Amount	Total
2	\$50,000	\$100,000
5	\$10,000	\$50,000
20	\$5,000	\$100,000
30	\$2,500	\$75,000
100	\$1,000	\$100,000
150	\$500	\$75,000
307		\$500,000

* If total retailer incentive payments exceed the allocated program budget, all payments will be reduced by an equal percentage in order to not exceed total program budget. Drawing entries and drawing prizes will not be reduced.

** **Minimum Sales Goal** for eligible retailers will never be less than \$1,000.

*** Incentive sales do not include *Mega Millions, Megaplier®, Powerball or Power Play* sales.

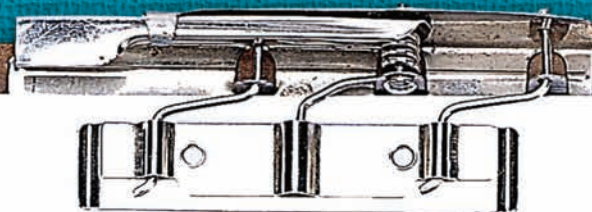
December 2011/January 2012 Retailer Survey

1. Do you know your store's goal for the retailer cash incentive program that runs Dec. 4, 2011 – Feb.11, 2012? Yes ____ No ____
2. How do you keep up with your cash incentive program's progress? (Please check all that apply).
 - a. Terminal report ____
 - b. Lottery Sales Representative ____
 - c. Retailer Service Center on the Texas Lottery website ____
3. Do you know that the cash incentive includes sales of all games except *Mega Millions* and *Powerball*? Yes ____ No ____
4. Do you know that, in addition to earning a cash incentive payment, you could be eligible to win up to \$50,000 in a special drawing? Yes ____ No ____
5. Would you like additional information on the cash incentive program? Yes ____ No ____

Your Retailer Number _____

Thank you for your time. A retailer will be selected from a random drawing of all completed surveys from this issue of *RoundUp* to receive a Texas Lottery prize package of promotional items!

Please send survey to: Dr. David Sizemore, Research Coordinator
*Texas Lottery Commission • P.O. Box 16630 • Austin, Texas 78761-6630 • FAX: 512-344-5254



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Frequently Asked Questions

Q. How do I get a copy of my 1099 for last year's commissions?

A. The IRS form 1099 is mailed by January 31 of each year to all retailers, except retailers who own and operate their businesses through corporations. The IRS does not require the 1099 form to be mailed to corporations. All Texas Lottery retailers, including those who operate via corporations, may call our Customer Service Hotline at 1-800-375-6886 for [507514] commission information.

Q. May I move lottery equipment myself?

A. No. If you would like the lottery equipment moved, please contact the Texas Lottery Retailer Services Department at 1-800-375-6886. Our communications specialists will take the necessary information and arrange to have a technician visit your retail location and move the equipment.

Q. Who is responsible for maintenance and repair of the equipment?

A. The retailer is responsible for keeping equipment clean and minor maintenance like changing paper and clearing jams. If your equipment is disabled or you are not sure how to fix the problem, please call the GTECH Hotline, **1-800-458-0884**, for support. The hotline is available **24 hours, 7 days a week**. The hotline staff can often help retailers fix minor problems over the phone. [150636] Hotline staff can also dispatch service technicians to address more significant problems and provide repair and maintenance services.

Q. What hours can I sell Texas Lottery tickets?

A. Players can purchase their *Cash Five*®, *Pick 3*™, *Daily 4*™, *Texas Two Step*®, *Lotto Texas*®, *Mega Millions* and *Powerball* tickets at any time of the day except from 12:00 a.m. (midnight) to 12:30 a.m. The extended hours apply to all terminals including Altura, Altura-C and Gemini.

Q. My terminal prints an incomplete ticket (not valid). What can I do to receive credit?

A. You may send the ticket with a Retailer Adjustment Form to the Texas Lottery Commission. The Retailer Services Department will review your request for credit. If approved, the credit will appear on your weekly statement within four to six weeks. To check the status of an adjustment request, please call the Retailer Services Department at 1-800-375-6886. Retailer Adjustment Forms are available from your GTECH Lottery Sales Representative, at any Texas Lottery claim center or can be downloaded from the Texas Lottery website www.txlottery.org/retailers.

Note: A complete ticket that is generated in error or that a customer refuses to purchase is considered a valid ticket. You may sell the ticket to another customer that is willing to purchase it or buy the ticket yourself. You may also request an adjustment for a valid ticket, but it must be post-marked before the time of the drawing listed on the ticket.

Retailer Bonuses



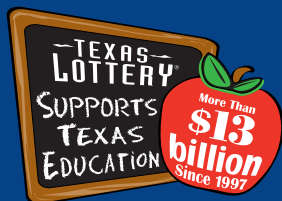
Game	Retailer	Location	Bonus
\$500 Million Frenzy #1354	Three Star Mart #1	Balcones Heights	\$10,000
Texas Lottery Black #1324	Pic N Pac #03	Seguin	\$10,000
\$500 Million Frenzy #1354	Taylor Petroleum Co. #9	Amarillo	\$10,000
\$500,000,000 Blockbuster #1114	Get & Go	Sherman	\$10,000
Weekly Grand #1355	Skyway Food Mart	San Antonio	\$10,000
Super Set For Life II #1028	Taylor Petroleum Co Inc	Amarillo	\$10,000
\$500 Million Frenzy #1354	E Z Food Store	Houston	\$10,000
Weekly Grand #1270	Allen Genoa C-Store	Houston	\$10,000
\$500 Million Frenzy #1354	Randall's #1779	Austin	\$10,000
\$500,000,000 Blockbuster #1114	Stripes #268	Ozona	\$10,000
\$500 Million Frenzy #1354	Park Place Travel Plaza	Sealy	\$10,000
\$500,000,000 Blockbuster #1114	Pearland Food	Pearland	\$10,000
Texas Lottery Black #1356	Kroger #582	North Richland Hills	\$10,000



Draw Date	Retailer	Location	Bonus
8/19/10	Fiesta II Food Mart	San Antonio	\$1,375
7/11/11	Amigo Stop	Houston	\$2,250
7/11/11	Speedy Stop Food Store #52	Corpus Christi	\$2,250
7/25/11	Timewise Food Store #3001	La Marque	\$4,500
8/15/11	Sam Houston Shell	Houston	\$7,750
8/22/11	Papu's Drive	Beaumont	\$2,250
9/5/11	7-Eleven Conv Store 39442	Dallas	\$2,250
9/5/11	Murphy USA #7189	Roanoke	\$2,250



Draw Date	Retailer	Location	Bonus
9/7/11	K & M Grocery & Service Station	Brenham	\$250,000



PLAY RESPONSIBLY.

Visit us online at:
www.txlottery.org

Another Great Year at the State Fair of Texas

cont'd from page 8

The Texas Lottery Luck Zone featured exciting and popular promotions, along with two Spin & Win Spinning Wheels and the ever popular Texas Lottery Money Machine.

Fairgoers also played the multi-million dollar *Powerball*, *Mega Millions*® and *Lotto Texas*® jackpot games, and tried for big money in our other drawing games—*Cash Five*®, *Texas Two Step*®, *Daily 4*™ and *Pick 3*™. Players also had an opportunity to participate in the *Lotto Texas* promotion that began on October 9. Those who purchased \$10 of *Lotto Texas* tickets received a free *Powerball* and *Mega Millions* Quick Pick ticket. Scratch-off players had lots of chances to win, with more than 45 different instant games to choose from! As always, the Texas Lottery Luck Zone was a hot

spot for fairgoers.

Thanks to all of the hard-working staff, the thousands of dedicated Texas Lottery players, and to our selling retailer, Swif-T, who made the 2011 State Fair of Texas a major success for everyone, and most importantly, for Texas education!

