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**U.S. Lottery Enhancements Would Lessen State Budget Gaps,
Finds Frost & Sullivan**

**State Governments with Lotteries Could Generate a
Potential \$14 Billion in Sales**

Washington D.C. – April 7, 2009 – Some U.S. Lotteries have the potential to increase sales by up to 127 percent if they are able or allowed to implement key changes to their existing business models, according to a recent study released by Frost & Sullivan, the Growth Partnership Company. The study shows that lotteries have an opportunity to generate more funds for their respective states by embracing proven industry best practices in key areas, including marketing, retail strategy, advertising, and prize payout percentage.

“The Georgia Lottery Corporation’s HOPE scholarship and pre-kindergarten programs have benefited two million families in Georgia in fifteen years,” said Georgia Lottery President and CEO Margaret DeFrancisco. “We have been able to achieve record sales and profit numbers, and even with that success, we are constantly working to responsibly maximize revenues while planning for sustained growth.”

The study, *U.S. Lotteries: Achieving Strong Results in a Weak Economy*, was presented to a group of lottery industry leaders at the La Fleur’s 14th Annual Lottery Symposium in Washington D.C. yesterday.

The Right Time for Change

The study, based on Frost & Sullivan’s in-depth analysis of U.S. Lotteries, examined key areas of state lotteries’ operations and identified opportunities for improvement. The study found that, if state lotteries implement these best practices, the potential exists for lotteries to generate an additional \$14 billion dollars in funding to state governments facing unprecedented budget gaps.

Key findings include:

- Lottery products should be treated like any other consumer good. Analysis of specific state sales numbers show that lotteries fare better when using retail channels for small-scale marketing, such as implementing digital signage at lottery checkout points.
- U.S. lotteries can generate more revenue by leveraging the lottery’s trusted brand and assisting in regulating online gambling, a \$15 billion industry worldwide. At the same time, lotteries can capture a more current demographic that is most likely to play lottery games online.

- In general, prize payout flexibility is a key factor in increasing state lottery per capita sales; For example, the state with the highest per capita sales in 2007, Massachusetts, also had the highest prize payout allocation.
- In recent years, consumer trends indicate that more people are shopping at Big Box retail stores and retail chains; lotteries have begun mirroring this retail trend, and are bringing in additional sales as a result.
- Whether lotteries allocate money to a general fund or education specifically, it benefits the lottery when the public is aware of where the money goes.

“U.S. lotteries have already contributed billions of dollars to good causes,” said Frost & Sullivan Vice President, Wayne Adams. “However, our analysis demonstrated that, by being able to implement some basic changes and practices and innovation similar to other consumer products, lotteries have a unique opportunity to contribute even more to state governments.”

Since the inception of the lottery in 1964, lotteries have raised nearly \$260 billion for government programs, but recent data has indicated that, in the economic downturn, many lotteries have seen declines in revenues.

The complete study may be accessed online at www.frost.com/uslotterybestpractices. The study grew out of a public education and awareness initiative jointly partnered by Frost & Sullivan and global public relations and communications firm Burson-Marsteller.

About Frost & Sullivan

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