

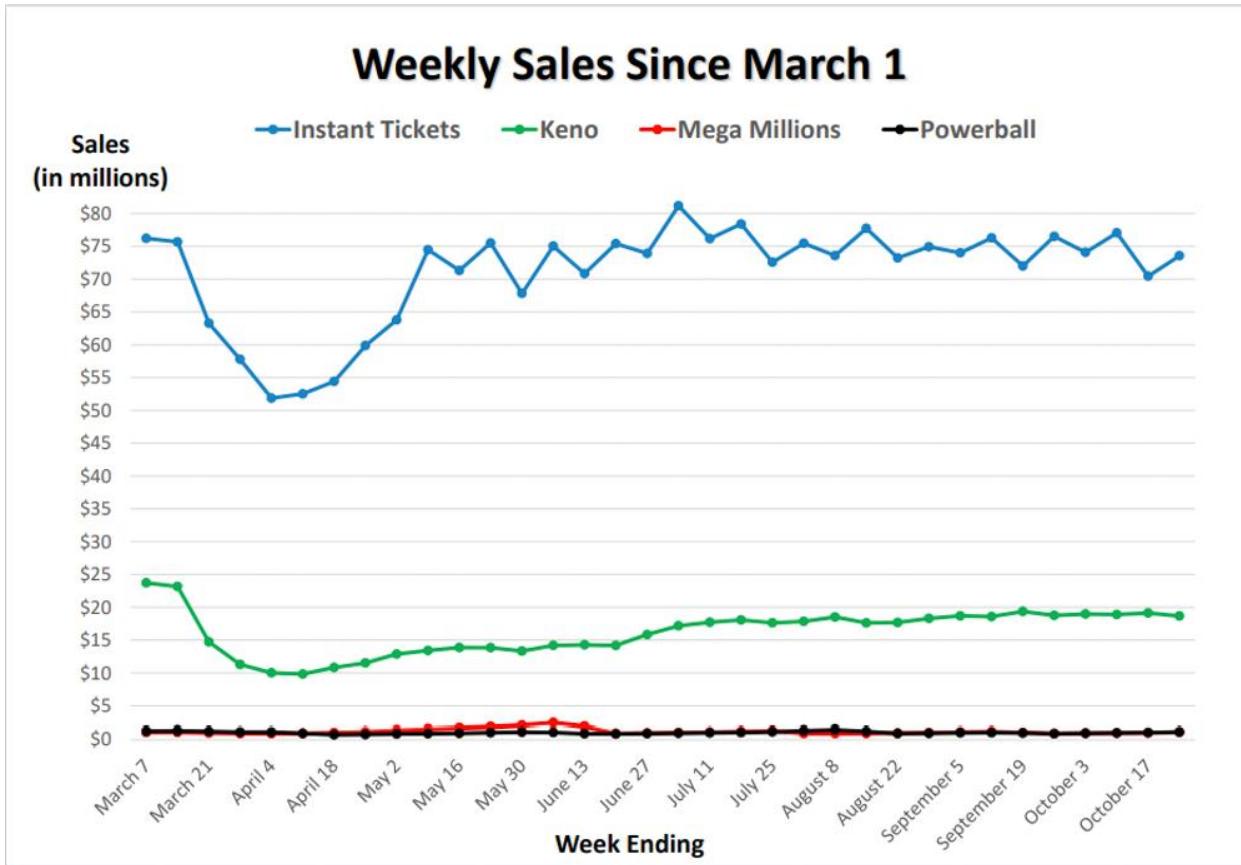


STATE HOUSE NEWS SERVICE

## Mass. Lottery Scratches Its Way Back to Profitability

*Tough Times for Keno Offset by Instant Ticket Sales*

Colin A. Young 10/27/20 1:19 PM



State lottery sales were up \$20 million over September 2019 and the lottery turned an estimated profit of \$61 million last month. [Courtesy of Mass. Lottery Commission]

OCT. 27, 2020.....Having navigated through the initial disruptions of the pandemic earlier this year, September sales results show the Massachusetts Lottery has righted the ship but a persistent drag on its second most popular product is expected to continue or perhaps worsen.

September sales of \$421.3 million were up \$20 million over September 2019 and year-to-date sales of \$1.37 billion are running \$80.6 million, or about 6 percent, above the same time period last fiscal year, Executive Director Michael Sweeney told the Lottery Commission on Tuesday morning.

The Lottery turned an estimated profit of \$61 million last month, compared to \$68.4 million in September 2019. Sweeney said the profit dip was due in part to a \$10 million increase in instant ticket grand prize claims last month.

Through the first quarter of fiscal 2021, the Lottery has generated profits \$31.8 million greater than at the same point last year.

Though sales appear to have mostly rebounded to pre-pandemic levels, the effects of the widespread business closures are evident in the agency's monthly sales report.

Scratch tickets are the engine that drives the Lottery -- they generally account for 70 percent of all Lottery sales. Keno generally accounts for another 20 percent of all sales and the rest of the Lottery's games each command a few percentage points of the total.

But with bars closed until there is a COVID-19 treatment or vaccine and many restaurants offering limited indoor service, closing for the winter or having already shuttered this year, Keno players have fewer options and year-to-date Keno sales are down nearly 10 percent. The game has been responsible for 17.2 percent of Lottery sales since July 1, compared with 20.2 percent over the same amount of time in fiscal 2020.

"Keno came back a little bit during the summer, particularly the late summer months, as some restaurants adjusted and reopened with limited capacity and outdoor seating. But it is still well below on a biweekly basis in comparison to pre-pandemic levels," Sweeney said.

Sweeney highlighted Keno sales data from one unnamed restaurant on the North Shore in a chart that displayed a line graph for Keno sales from March through October 2019 and another line for Keno sales during the same months of 2020. That restaurant had been doing at least \$18,000 in Keno sales each week during 2019, but has not crossed the \$2,000 threshold any week since the end of March, he said.

Even once the restaurant reopened this summer with outdoor seating, Sweeney said, "those Keno numbers, for the most part, continue to be completely flatlined." And the Lottery will monitor Keno performance as the colder weather makes outdoor dining less practical, reducing the number of people who eat out.

"Certainly these numbers are not going to get better as we now go into the colder weather," Sweeney said.

Scratch tickets appear to be picking up the slack from Keno -- they account for 71.6 percent of sales so far this budget year, compared to 68.3 percent last budget year. While Keno sales are down \$24.5 million or 9.4 percent so far this fiscal year, scratch ticket sales are up \$99.7 million, or 11.3 percent.

Instant tickets, the Numbers Game and Mass Cash are the only Lottery products to have sold more so far in fiscal 2021 than to this point in fiscal 2020.

The Lottery recently turned to man's best friend to gin up fresh interest in scratch tickets and ran a series of \$2 "Lucky Dog" tickets connected to an [online contest](#) in which players could vote for their favorite of seven dogs. Each dog was used on a scratch ticket as the "winning dog" that a player was trying to match after scratching off bone-shaped decals.

"I got unbelievable feedback on this ticket," Treasurer Deborah Goldberg, who oversees the Lottery, said. "I have never had people message me on Facebook, text me out of the blue and tell me how these tickets brought a smile to their face. Honest to God, they said they bought extras."

Assistant Executive Director Ed Farley backed up what Goldberg heard anecdotally with data and said the Lucky Dog tickets performed 14 percent better than an average instant ticket.

"With all the news about Keno and other things that are negatively impacted, this ticket positively impacted [the Lottery]," Goldberg said of the fully in-house marketing and promotional project. "Which goes to show you how critical the type of marketing that we do have available to us, what a great job they've done and how we do so much with so little."

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