

A Different Solution from Alchemy3

Where do you start when developing a desirable game for the lottery player? There are several obvious paths to duplicating the success of a concept from a parallel or unrelated industry. Oftentimes a brand or concept will translate nicely into a successful lottery game. However, sometimes you have to take a few steps back to see things more clearly. A successful lottery program has to be more than just incremental sales. It has to increase awareness for the lottery, improve the image of the lottery and expand the reach of the lottery.

On the surface, The Home Depot appears to be an attractive brand that would translate into a good lottery game. However, outside of the store, The Home Depot is not a widely merchandised brand. When you take a step back, it is a brand that is highly recognizable, has strong consumer acceptance and has

or awarding a custom built home goes a long way to complete that image for the player.

Omaha Steaks falls into the same category. It's a very recognizable brand. It has a high perceived value. It is not widely merchandised on other consumer items. However, it still translates nicely into a lottery program as it touches an emotion with the player by reminding them of outdoor grilling. By wrapping this brand into a bigger concept that delivers that image, a lottery can have a successful program for the summer sales period or the fall tailgating season.

"You don't need a top-tier brand to achieve your sales objectives," said Jeff Schweig, President, Alchemy3. "We're not just selling the brand, but rather a comprehensive program. There are few brands that are relevant to every lottery. Each lottery is different, and so our

"This game literally exploded for us..."

Gary Grief, Executive Director, Texas Lottery

the potential to increase the reach of the lottery. In order to make it work as a successful lottery program, you have to deliver what the brand means to a player in a broader sense. In the case of The Home Depot, providing room makeovers

products and programs have to change to match our client's wants and needs."

Alchemy3's mission is to discover those things that make sense but aren't so obvious to people. "We concentrate on what we perceive as opportunities and



problems and then take the right path to deliver the solution," said Paul Guziel, CEO, Alchemy3.

A perfect example is the Texas Lottery's launch of a licensed Home Depot scratch game. "The Home Depot might not be an obvious choice for any kind of branding or goods partnership but it has a lot of legs. It is a desirable brand because it is a huge retail opportunity and our client's research has demonstrated that there is strong cross-over between the lottery player and The Home Depot consumer," said Guziel.

The Home Depot Ticket Timeline

Problem

Texas Lottery wants to expand its retailer network. "We approached The Home Depot and Lowes a couple of years ago to see if they would be interested in co-branding or perhaps selling lottery at their store, and frankly they were not interested," said Gary Grief, Executive Director, Texas Lottery.



Solution

Once Alchemy3 acquired The Home Depot property, the Texas Lottery eagerly accepted the opportunity to launch the game under the Texas Dream Home game name. "Alchemy3 worked out a great package for us. Now my secret mission in doing this ticket is to somehow establish that if the lottery is a good partner for The Home Depot, they would be a good partner for any well run business. Once they realize that, then we can start selling," said Grief.



Alchemy3 created the game under the 'Texas Dream Home' name—a \$5 instant ticket with a second chance prize to win a D.R. Horton Dream Home.

Players who posted on the Texas Lottery Twitter account, or liked them on Facebook, could enter into drawings for The Home Depot gift cards. "This game literally exploded for us on social media," said Gary Grief, Executive Director, Texas Lottery in an interview on La Fleur's TV (LTV). "The number of people who have entered into our second chance drawing has more than doubled any

other scratch off game that we have had, including the popular Dallas Cowboys game and everybody in Texas is a fan of the Dallas Cowboys."

The lottery's primary goal for The Home Depot game was to create a big media splash—not a high indexing game. "Where I see the value in licensed properties is in the promotional aspect for your overall lottery portfolio," explained Grief. "Many times we will do a licensed property and perhaps not have it index as well as our other typical games."

"Not so with the Texas Dream Home. This game indexed actually at 111 and has been averaging \$2 million a week in sales," added Grief. "We aren't just getting the social media effect or the advertising aspect because of The Home Depot tie in, but we are also getting significant revenue from this ticket."

Four additional lotteries—Florida, Idaho, Virginia and Washington State—plan to sell The Home Depot ticket with home makeovers.

The Home Depot and Omaha Steaks aren't brands that you'd normally wear on a T-shirt or put on a bumper sticker. But they do have strong brand loyalty, and therein lies the beauty of what Alchemy3 does. They take everyday brands and they harness the stories behind them that everyone can identify with, like winning a dream home, or grilling steaks with family and friends. Then Alchemy3 transforms them into lottery games that people want to buy.

"It's about taking the not so obvious and making it so obvious," ended Schweig.

Three tips for lotteries on how to attract their own brands

Jeffrey Schweig, President of Alchemy3, offers his advice on how lotteries can negotiate licensed product deals.

Tip 1

Reach out to potential regional partners. Private sector companies are finally beginning to realize the value of tying in with lotteries and are willing to engage in barter agreements.

Tip 2

Create a monetary value for everything the lottery can offer a brand partner (i.e. ticket impressions, POP and media exposure). Help them understand the purchasing power of partnering with you.

Tip 3

Make sure the prospective partner understands the breadth of innovative ways a lottery can boost their exposure—tactics such as terminal ticket messaging or using the back of instant tickets as a coupon delivery are examples of advertising that the partner cannot purchase on its own.

Results

This game indexed at 111 and has been averaging \$2 million a week. "The number of people who entered into our second-chance drawing more than doubled any other scratch off game that we had. We aren't just getting the social media effect, or the advertising aspect because of The Home Depot tie in, we are also getting significant revenue from that ticket," said Grief.

