

The Million-Dollar Question: Advertising ROI

Stephanie Weyant
Deputy Executive Director, Marketing & Products

Lottery Advertising Budget

"How do you know Lottery advertising is effective?"

"What is the Lottery's advertising ROI?"

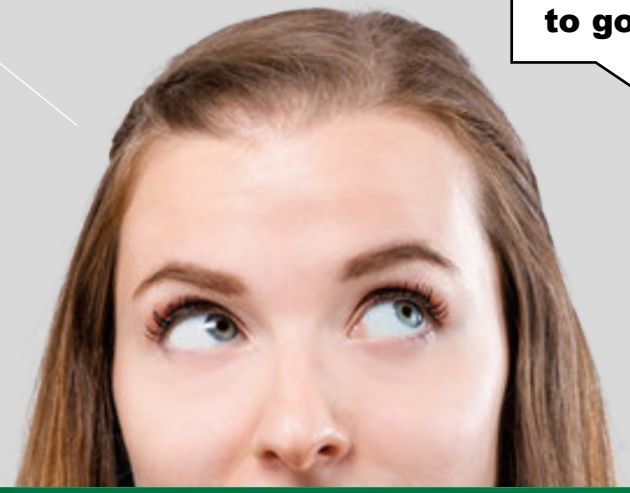
"If we approve Lottery's ad budget, how much will sales increase?"

"How does Lottery's ad budget compare to other lotteries?

"If we cut Lottery's advertising budget, won't more money go to good causes?

"What is Lottery's advertising budget as a % of sales?

"Lottery is a monopoly - why does it advertise?"



Marketing Mix Modeling

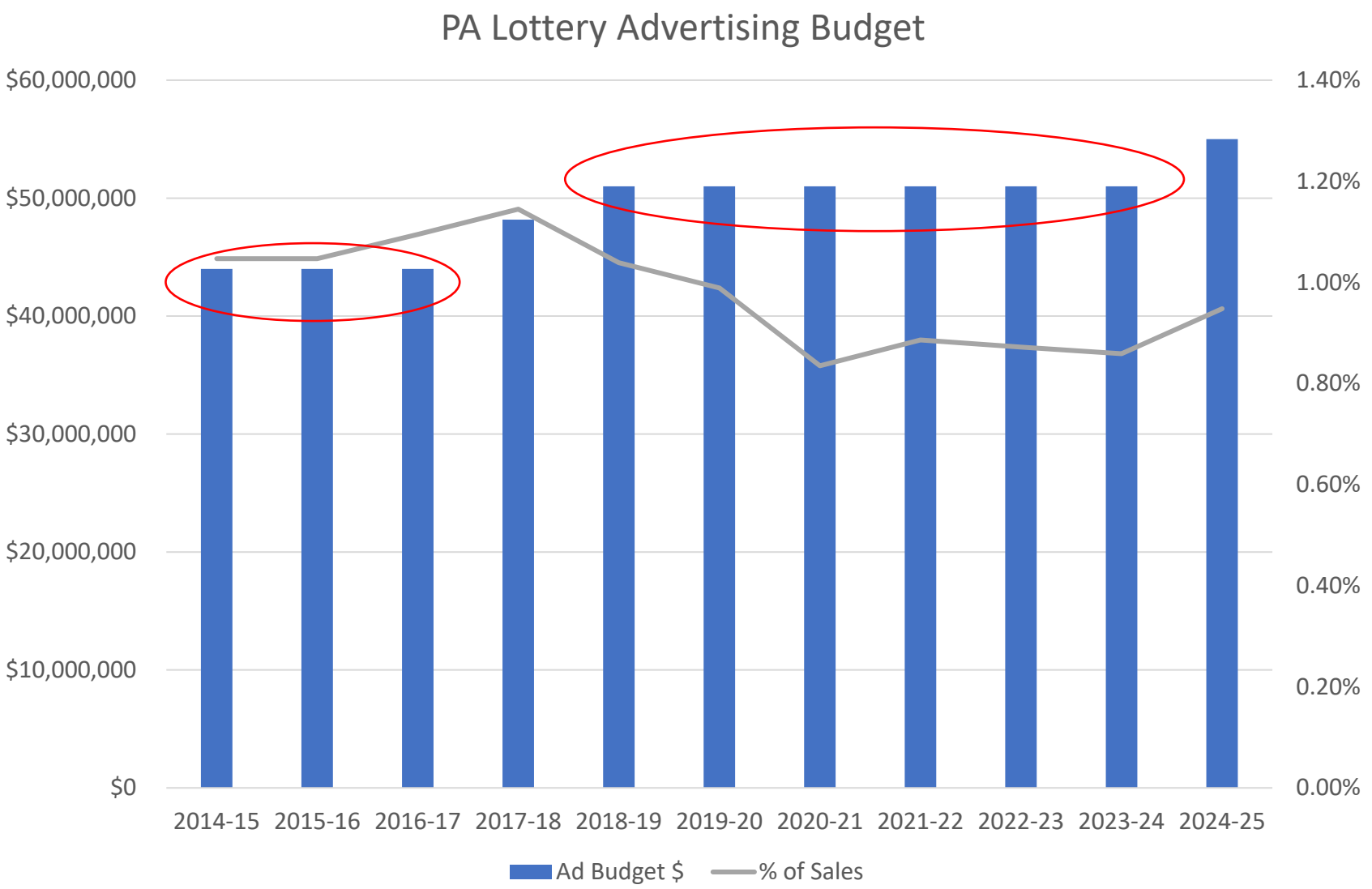
Econometric modeling is a statistical technique that observes the mathematical relationship between two variables (in this case marketing and sales), while controlling for factors such as seasonality, distribution, trend, weather, new product launches and more.

PA Lottery's Advertising Agency, 9Rooftops

Diminished Media Buying Power



Request for Increase





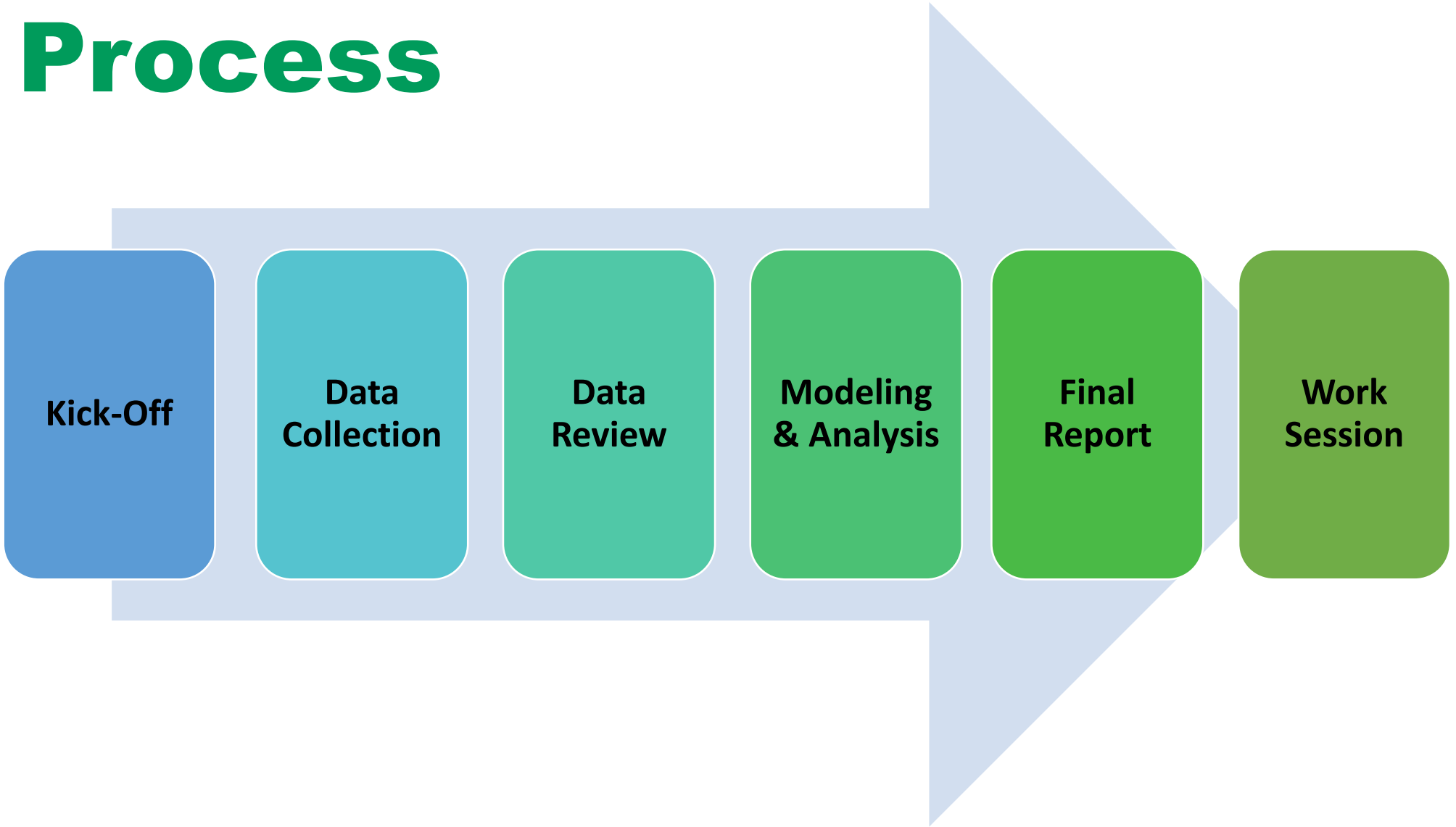
Nielsen

Name Recognition

Optimize Media Spend by Channel

Traditional Advertising ROI

Process



Source: Nielsen

Key Metrics

Incremental Sales	% Contribution	Effectiveness	ROAS	Waterfall Change
Sales that would not have occurred without advertising	Share of total sales driven by each tactic	Amount of incremental sales volume per unit of media	Incremental revenue per advertising dollar spent	% of YOY sales change driven by any given tactic

Source: Nielsen

High-Level Results



MEDIA-DRIVEN SALES

- 16% - 17%



MEDIA SALES DRIVER

- Out of Home



HIGHEST ROAS

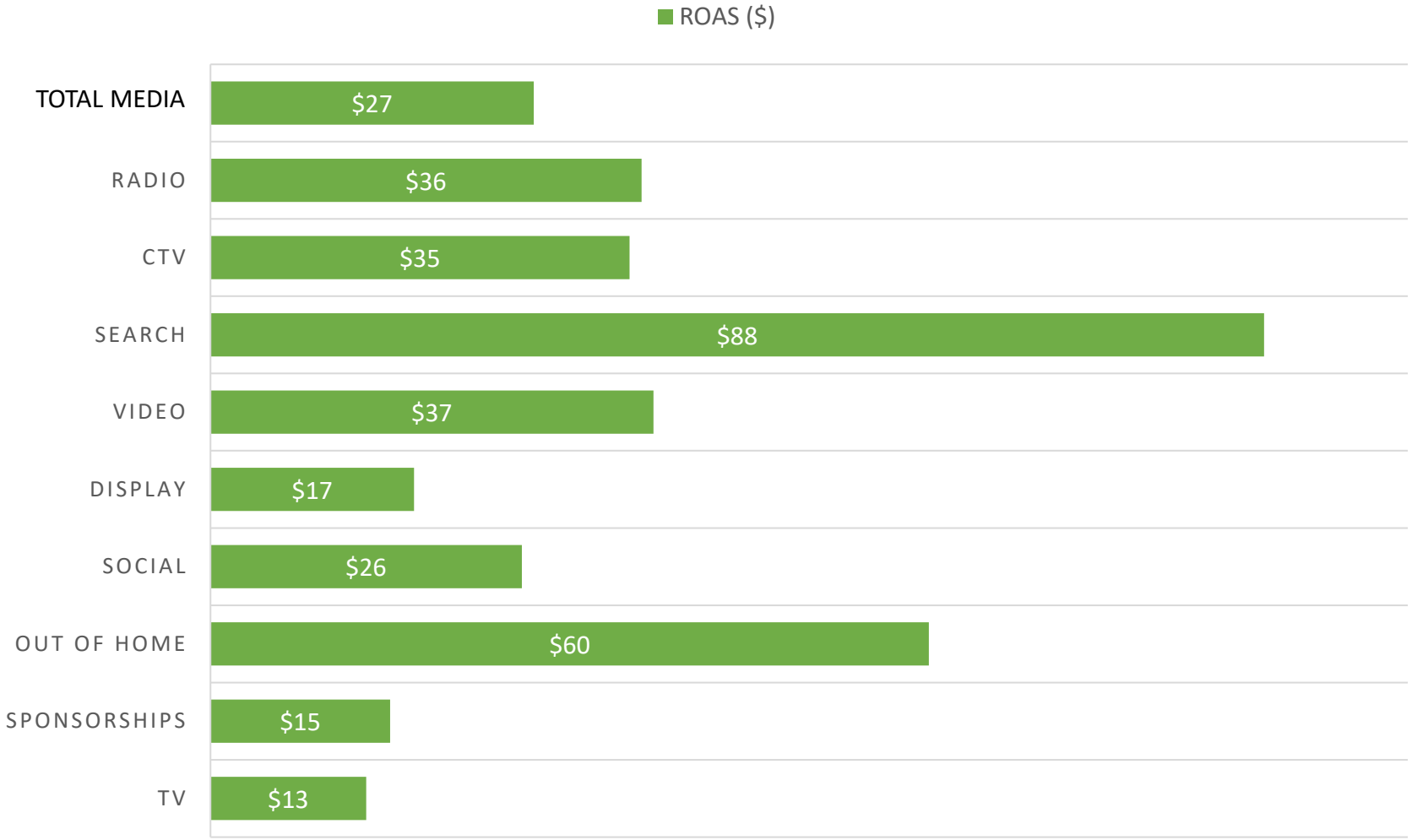
- Search
- Out of Home



JACKPOTS

- Increase advertising exponentially to mimic same pattern

RETURN ON ADVERTISING SPEND (ROAS)





THANK YOU

Stephanie Weyant
Deputy Executive Director, Marketing & Products
sweyant@pa.gov