

# Change Brings Opportunities for the Texas Lottery



**Ryan Mindell**

*Executive Director, Texas Lottery Commission*

**PGRI Introduction:** Ryan Mindell joined the Texas Lottery in April 2016 as Deputy General Counsel and moved over to Director of Lottery Operations in February 2018 before being appointed Deputy Executive Director in September 2022. Ryan had been on the front lines for many years prior to his appointment as Executive Director in April 2024.

While our discussion ranges across a variety of topics, it focuses on how lotteries operating within constraints (like prohibition to sell online) can still take an ambitious approach towards technological and digital innovation. Congratulations, Ryan, on your appointment to lead the Texas Lottery!



**Paul Jason:** Nobody really goes to college with plans to pursue a career in the lottery. How did you go from being a New York City lawyer to being the executive director of the Texas Lottery?

**Ryan Mindell:** I graduated from Duke University in 2007. New York has that “If you can make it there ...” aura, so I thought that it was a good place to start my career. The actual work of being a lawyer is not as exciting as it might appear on TV. But it was a fabulous learning experience, preparing me for opportunities in ways that may not have happened if I had stayed in North Carolina. And it’s where I met my wife, so we have a very special fondness for New York.

My wife and I had been in New York for a few years and were starting our family and decided it was time for something different. We considered the places where she and I had family and friends. There were some personal connections to Austin, so I applied to the office of the Texas Attorney General and was hired. It happened that the lawyer who dealt with

the Lottery retired shortly after I arrived and right before legal issues came up that threw me into the deep water right away. I worked with Gary Grief and others at the Texas Lottery directly on these issues. Two years later, in 2016, a legal position at the Texas Lottery opened up. I applied and was hired and that’s how I ended up at the Texas Lottery.

**I see that you were then promoted to be Director of Lottery Operations just 18 months later. Legal Counsel to Op’s seems like an interesting leap.**

**R. Mindell:** My attitude is that the best way to qualify for the job you want is to excel at whatever job you are currently doing. I did not join the Texas Lottery with a plan to move to operations or to be appointed executive director. I must

admit, though, that it did not take long to be absorbed in all aspects of the lottery business! I asked to be included in planning and problem-solving meetings in other areas of the business so I could learn and grow. One thing led to another as I embraced the opportunity to make a difference beyond legal issues.

**How does private sector work differ from working for an agency of state government?**

**R. Mindell:** In successful private sector companies, the focus is on results more than the execution of tasks. It might seem like the client is the boss who is yelling at you. But the real client is the customer who pays for the product or service your company produces. In my case, if a client like JP Morgan is not

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happy with our work, they could easily get another law firm. And whoever is held responsible for losing a big client is typically invited to leave the firm. The focus on accountability for outcomes is intense.

This level of hyper competition can be very counter-productive. Our priority at the Texas Lottery is decisively different. We support a hospitable corporate culture that nurtures mutual respect and a collaborative team spirit. We help our colleagues be the best that they can be, so we all win as a team. We do hold fast to an intense customer-first focus, and personal accountability for producing results. But the result we want most is to win as a team for the benefit of all our stakeholders, especially public education, veterans, and the other causes supported by the Texas Lottery.



**R. Mindell:** I would call it a re-solidification. Our sales are down around 2% compared to last year. But we should put these trend lines into proper context. The pandemic disrupted the whole games-of-chance industry in the middle of 2020. The closing of casinos and curtailing of sports betting and other entertainment

2018 to \$8.7 billion last year. That's a massive increase. The fact that we may end up at \$8.3 billion this year still reflects a pretty robust trend line for a mature lottery.

That leads most of us to be confident that there is still lots of headroom for innovation to continue to enhance the player experience, bringing in new players and continuing to drive sales increases.

**Higher price-points have boosted sales over the last decade or more. Has that pathway to growth run its course?**

**R. Mindell:** The kinds of innovation in scratch tickets that have appealed to players extend far beyond high price tickets. Second-chance promotions and licensed properties have been around for years because players love these additions to the experience, and they continue to represent huge opportunities for change and innovation.

As always, we need to deconstruct and drill down on the underlying motivations. For instance, some of the players who jumped on higher-priced tickets were not playing the lottery when tickets were only available at lower price points. The data clearly show that we brought new players in by launching a \$100 ticket because that is what those players wanted. Granted, we likely lost some of those players who returned to casinos and sports betting. But the data also clearly shows that some of those newcomers continue to play lottery at the higher price-points. What does this mean? Should we be creating products with

## “Everything is changing in ways that represent incredible opportunities for all of us as we learn how to tap into them and make disruption work for us.”

I would observe that lotteries are incredibly innovative at forging creative pathways to enhance the player experience. Many of the fundamental attributes of the games are immutable. Lotteries operate within statutory and regulatory constraints far more rigorous than those applied to private operators. And lotteries hold themselves to even higher standards of security, integrity, and responsible gaming. Lotteries turn over a much higher percentage of wagers than do private operators. But the history of lotteries is a success story unmatched by most in private enterprise for their innovation, creativity, and results that benefit everyone.

**Is the sales growth trajectory of Instant Scratch-Offs starting to soften?**

options left consumers with fewer ways to spend money to have fun. Convenience stores stayed open and continued to offer lottery products. Consumers turned to lottery as a source of entertainment. This situation and perhaps other factors contributed to a spike in sales that began in the middle of 2021 and for many lotteries lasted into 2023. But those sales increases were never going to be fully sustainable as consumers slowly drifted back to pre-Covid behavior patterns.

For that reason, it is probably more useful to compare current sales to pre-Covid sales. Do that and you see that sales at most lotteries, including the Texas Lottery, are way up. Texas Lottery sales increased from just over \$5 billion in

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other attributes that appeal to new demographic profiles? What can we do to tap into these new play styles and motivations? We are seeing that being responsive to the market and giving players what they want is leading to incremental sales and greater success.

I think we're just scratching the surface of the potential to integrate digital platforms into the lottery-playing experience. Likewise with licensed properties, experiential prizes, and innovative prize structures. The impact of our Cowboys and Luke Combs licenses are hugely amplified by their own social media megaphones. Lotteries are now sending people into space. The runway for experiential prizes and ability to tap into a new universe of players on social media appears to be without limits.

do more. So, we began by talking to movie theater operator Alamo Drafthouse who helped us gin up exciting events to support the launch. To augment the launch, there will be a Spielberg film festival in the theater sponsored by the Texas Lottery. During the pre-roll before every movie, a commercial for the ticket will be shown. It's an effective way to connect with an engaged audience who is just sitting there watching the screen, waiting for the movie to begin, and whose interest is directly tied to our ticket theme. That level of engagement is hard to match. The movie theater loves this collaboration too as it supports the movie. Then later in the summer, a Jaws show will be broadcast on a big screen with viewers actually in the water! Texas Lottery and our Jaws game will get lots

building and implementing our mobile claims app costs money that could have been spent on advertising that we know from experience impacts sales. Some might ask how much sales increased by implementing the mobile app, right? That may be hard to measure. What's not hard to measure is the level of service and convenience produced by the mobile app as we now have over 15% of eligible claims being paid out on mobile — and we have not even promoted it yet. That is a concrete data-point confirming the value of the mobile app to our players.

As lotteries that sell online will attest, the value of digital is much less about selling tickets online as it is about engaging the players in a dynamic relationship.

### **Isn't the success of the mobile app' a testament to the power of the lottery's website?**

**R. Mindell:** Absolutely. Our websites are a grossly underutilized resource. They are a direct line of communication with players, they cost much less than traditional advertising, and they are flexible to change the message as frequently as you want. Compare that to billboards which are costly, the singular message is static, and you're hoping that people who happen to drive by will see it and act on it sometime in the future when they are in a store. The future is in creating more services and benefits for our players, where our players are.

### **How do you measure the effectiveness of digital advertising or unconventional promotional strategies?**

**R. Mindell:** The tools we use to measure are evolving. I would submit that we need to use common-sense and judgment in addition to raw data. You might have a data-point that a brief scoreboard ad in a sports stadium delivers hundreds of thousands of "impressions". And our ad that displays during the pre-movie rolls delivers far fewer "impressions." I would argue that these raw data-points do not tell us what we need to know. It might be hard to measure the effect of a captured audience who is watching a dynamic 10-second story told about our lottery on

## **“The fact that outcomes may be hard to measure and turned into easily measured data does not mean the strategy or initiative is not producing a powerful impact.”**

Of course, all markets are local. Maybe some states would not be as responsive to \$100 tickets, Luke Combs, and trips into space. But it's not as if we can't cater to the needs of all playstyles and preferences. This is true at high price points as well as low ones. Some states have essentially eliminated the \$1 ticket, but in Texas, we cut back without eliminating. The point is that everything is changing in ways that represent incredible opportunities for all of us as we learn how to tap into them and make disruption work for us.

### **Texas Lottery has always been good at forging creative brand tie-ins and promotions. What's in the pipeline?**

**R. Mindell:** We are planning to launch Jaws for next summer's 50th anniversary of the original movie. The launch plan was impressive, but we thought we could

of publicity for our sponsorship. And our brand collaborators, the water park owners, benefit as they deliver more fun and value for their customers. As these kinds of promotional integrations get tighter and more synergistic, the value for both the Texas Lottery and our brand collaborators is enhanced.

### **It is incredibly exciting to imagine the possibilities for reinventing the whole area of co-branding initiatives and promotions. Could you talk about how you assess the ROI for initiatives that are longer-term and have hard to measure outcomes like digital versus more conventional advertising and promotional media?**

**R. Mindell:** Our basic philosophy is that the best way to increase sales is to produce and deliver a better player experience across the board. For example,