



State Lottery Officials Eye Younger Players, Plan Direct Online Sales

By: John Reitmeyer, September 19, 2023

After a record-setting year for sales, New Jersey Lottery officials are forging ahead with plans to generate even more money through direct sales online or with a mobile app.

A new policy that would allow online sales for so-called draw games like Mega Millions, Pick-6 and Powerball is on course to go into effect in fall 2024, according to state Lottery officials.

But the Lottery's impending change in sales policy is drawing criticism, including from some state lawmakers and groups that represent brick-and-mortar retailers. They are concerned about the impact of the online sales on small businesses.

The state Lottery currently relies on a network of nearly 7,000 brick-and-mortar retail partners throughout the state, although tickets can also be purchased online using third-party "courier" services.

Officials say offering online sales by the Lottery itself directly to consumers will help the decades-old system keep pace with the habits of younger residents who use websites and apps in their day-to-day lives for everything from ordering food to paying bills.

The state over the last decade has already legalized online casino gambling and sports betting.

No change for certain games

People who want to buy the Lottery's popular scratch-off games would still have to visit brick-and-mortar locations, according to the proposed policy recently approved by the New Jersey Lottery Commission.

In all, state Lottery sales hit a record \$3.72 billion during the 2023 fiscal year, which ended June 30.

Also hitting a record high of more than \$1 billion during the last fiscal year was the portion of Lottery revenues dedicated by law to funding public-worker pensions in New Jersey.

That's all according to the Lottery's latest financial results, which are still subject to final auditing, officials said.

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The record sales and proceeds for worker pensions, according to Lottery officials, were primarily driven by the Mega Millions and Powerball contests, which each saw jackpots totaling more than \$1 billion awarded to players across the country during the last fiscal year.

The proposed new rule to allow direct sales via the Lottery's website or a mobile app was drafted around this time last year. After a lengthy public comment period, it was approved by members of the New Jersey Lottery Commission on Aug. 17.

Appealing to under-40s

State lotteries in 10 other states and the District of Columbia already allow online sales. In New Jersey, operational issues and other planning concerns must be worked out over the next year or so before online sales can be offered to residents, officials said.

"The (New Jersey) Lottery proposed online sales because we strongly believe that it is in the best interests of the State of New Jersey, the New Jersey Lottery, our retail network, the Pension system our proceeds serve, and our future players," said Missy Gillespie, the Lottery's chief communications officer, in an emailed statement.

"The future of the New Jersey Lottery, and the many worthy interests it supports, depends on appealing to the next generation of lottery players, primarily those under the age of 40, who conduct the vast majority of their lives online," she said.

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But speaking out against the latest action by the Lottery Commission has been the New Jersey Gasoline, Convenience Store, Automotive Association, a group that represents many of the small businesses that are authorized to sell Lottery tickets throughout the state.

The group claims online sales that go beyond the currently authorized courier services will put the state in direct competition with its retail partners.

"I just can't imagine that this won't take business that would have otherwise been in neighborhood stores, whether that's irregular players jumping in on a jackpot

now doing it on their phone, or regular players making a portion of their purchases online,” said Eric Blomgren, the group’s chief administrator and director of government affairs.

Some lawmakers from both Democratic and Republican parties have also jumped into the fray during a year that will see all 120 seats in the Assembly and Senate up for election in the fall. Some are threatening to introduce legislation to alter the Lottery system’s plan.

Good or bad for mom-and-pop stores?

“It is not the job of the state of New Jersey to simply make money at the expense of cutting our mom and pop small-businesses out,” said Sen. Vin Gopal (D-Monmouth).

Asked for a response to some of the concerns, Gillespie noted scratch-off games account for more than 50% of the Lottery’s ticket sales and cited experiences in other states where ticket sales increased at brick-and-mortar locations even with online sales.

“The backbone of the New Jersey Lottery is and will always be our network of almost 7,000 traditional brick and mortar retailers,” Gillespie said.

“At the end of the day, the proposed online sale of draw games is in the best interests of the New Jersey Lottery and our state as a whole, including our retail network, the public employees retirement system that the Lottery supports, and our current and future players,” she said.