



State of Illinois
Department of the Lottery



Vending Machine Policy
Effective: January 2022

Department of the Illinois Lottery: Vending Machine Policy

APPROVAL SHEET

Acting Director: _____ Date: _____

Chief of Staff: _____ Date: _____

General Counsel: _____ Date: _____

Retail Sales Director: _____ Date: _____

Department of the Illinois Lottery: Vending Machine Policy

Table of Contents

Policy Statement	4
Purpose.....	4
Scope	4
Responsibility	4
Policy.....	5
A. Retailers Requesting Vending Machine:	5
B. Retailers Requesting Additional Vending Machine(s):	6
C. Retailers With Vending:.....	6
D. Installation and Removal:.....	7
Version Control	8

Department of the Illinois Lottery: Vending Machine Policy

Policy Statement

The Illinois Department of the Lottery (“Lottery”) has the authority, from the IDL-61 (Retailer Agreement for Sale of Lottery Tickets) to decide on the deployment of these vending machines and is obligated to evaluate and redeploy machines to retailers with higher revenue generation potential on a regular basis.

Purpose

The Lottery has an obligation to the State of Illinois (“State”) to responsibly maximize the return of revenue to the State. As part of a modern retail offering the Lottery and its vendors have manufactured vending machines for purpose of having alternate points of sale within the retail environment. These vending machines provide higher visibility and incremental sales opportunities for Lottery products. These vending machines are valuable capital expenditures and are in limited supply. Due to this, the Lottery is obligated to distribute these vending machines as a supplement to over the counter sales throughout the State.

The Lottery Vending Machine Policy below outlines the standards by which the Lottery, itself and through its Private Manager, shall conduct the distribution of the lottery vending machines to Lottery Retailers (“Retailer(s)”). This Policy includes the factors the Lottery considers when determining which Retailer(s) may receive a vending machine and also the metrics and evaluation process of those Retailers which already have a vending machine.

Scope

This Policy is meant to apply to both chain and independent Lottery Retailers throughout the State of Illinois. The Lottery reserves the right to make agreements with Retailers outside of this policy on a case by case basis as business needs dictate.

Responsibility

Illinois Lottery – to distribute vending machines to Lottery Retailers in order to responsibly maximize the return of revenue to the state.

Lottery Private Manager – to assess the Lottery vending retail environment and recommend vending machine distribution based on the below standards. To work with Lottery staff and Retailers to implement best practices for Lottery vending machines.

Department of the Illinois Lottery: Vending Machine Policy

Lottery Retailer(s) – To maintain the below policy standards for receiving or maintaining a Lottery vending machine in their Retailer location. To work with the Lottery and its private manager to make sure that Lottery vending machines are properly utilized in the retail environment.

Policy

A. Retailers Requesting Vending Machine:

For Retailers who do not have vending but would like to request a vending machine in their location, Retailers should meet the following minimum standards for sales and compliance:

Retailers are required to

1. sell instant tickets from the counter and maintain counter sales if qualifications for a vending machine are met (front, back, side, in-counter execution).
2. carry at least one of every instant ticket price point.
3. have a 13-week total sales average (i.e., instant ticket and draw game sales) that is greater than or equal to the 13-week total sales average for the Retailer's territory
4. have sufficient floor space for the machine to accommodate a machine of 36.2" x 24.4" x 75".
5. the minimum electrical requirement for the machine to operate. Standard 120 V three prong outlet.
6. have a line of sight of the machine to intervene in underage purchases or willingness to use the vending machines age verification functionality.
7. have the ability to keep the machine free from damage or theft.
8. have business liability insurance to cover the cost of the machine in the event of damage or destruction, or the resources to pay the cost to replace the machine.
9. have a separate Lottery trust fund account (bank account) for Lottery funds.

Retailers should

Department of the Illinois Lottery: Vending Machine Policy

10. have a good reputation in their interaction with their Regional Coordinator, Lottery Sales Representative and Tel-Sell Representative as well as other employees and agents of the Lottery.
11. have a license record free from revocation or suspension warnings for any reason.
12. **not** have a history of non-sufficient funds or excessive open instant ticket books.
13. **not** have a history of customer complaints.

Once the Retailer has confirmed that they qualify by meeting the minimum standards outlined above they may notify the Lottery by inquiring with your Lottery sales representative.

The Lottery will assess the request and notify the Retailer that they meet the minimum standards above. The Retailer will then be entered on to a vending machine waiting list maintained by the Lottery. Retailers should understand that entry on the waiting list does not guarantee a machine as this will be determined by available inventory.

As vending machines become available the Lottery or its private manager shall determine the most advantageous placement based on factors it deems appropriate such as sales history, proximity to other lottery Retailers, or other pertinent factors at the Lottery's discretion.

B. Retailers Requesting Additional Vending Machine(s):

For Retailers requesting additional vending machines in their location in addition to the requirements in Section A the Retailer is required to:

1. maintain a 13-week total sales average (i.e., instant ticket and draw game sales) that is over 250% of the 13-week total sales average for the Retailer's territory.

C. Retailers With Vending:

Quarterly the Lottery and its private manager shall evaluate the vending machine performance throughout the state and based on the requirements in Section A underperforming Retailers may receive notification that they have been placed on a vending improvement plan. The goal of this notification is to let the Retailer

Department of the Illinois Lottery: Vending Machine Policy

know that their vending performance is currently below the performance levels needed to keep a vending machine.

The Lottery and its private manager will work with the Retailer over a 90-day period to bring the retailer into compliance with the policy standards in section A above.

The Lottery recommends the following best practices for Retailers who receive such a notification. In order to maximize sales Retailers should:

1. Keep the vending machine bins full of instant ticket stock at least 95% of the time.
2. activate new instant tickets within 72 hours of receipt.
3. Maintain at least 90% compliance with the planogram.
4. Consider moving vending machine to a higher traffic area.

If at the end of the 90-day period, the Retailer is not able to improve sales to meet the territory average sales the Lottery reserves the right to remove and reallocate the Lottery vending machine.

D. Installation and Removal:

If a Retailer is eligible for a vending machine and a machine is not immediately available, the Retailer will be placed on a waiting list. Once a machine is available the Retailer will receive notification from the Lottery, or its private manager, and further information will be provided on deliver and installation of a Lottery vending machine.

For Retailers that are identified as no longer meeting the vending machine standards in section A of this policy will be given written notice of under performance and placed on a 90-day performance improvement plan. If there is insufficient performance improvement within the 90 days, the vending machine will be subject to removal. As with installation, information on the time details of removal will be provided in advance.

Department of the Illinois Lottery: Vending Machine Policy

Version Control

Version	Date	Responsible	Notes
0.1	11/5/2021	Scott Gillard	Lottery Draft Policy
0.2	11/12/2021	Cosgrove, Wilson, Weiss	Lottery Legal and Retail Review
0.3	12/2/2021	Cunningham	Private Manager Review (Camelot)
1.0	1/13/2022	Scott Gillard	Final Signed Version