



Point of Purchase. Point of Awareness?

INTRODUCTION

In this month's National Poll, Independent Lottery Research asked questions of Joes and Jacks (Josephine's and Jacqueline's) about their awareness of lottery signage. Those of you who have seen ILR's Street Talk DVDs, or have purchased them for presentations, know that many of the players and non-players randomly interviewed as they leave lottery retailers tell us they did not know whether the store they just left sold lottery tickets or not. A careful viewer of these interviews might find it surprising that such opinions are expressed with a Lottery logo and even "Lottery Tickets Sold Here!" sticker/poster/sign prominent just over the interviewee's shoulder.

So do players and non-players notice our extensive POP/POS? How do they react to our messaging, and how effective is it in encouraging play?

As you might imagine from reading previous ILR columns there are two worlds to measure out there: Joe, the player's world, and Jack, the lapsed, infrequent and non-player's world.

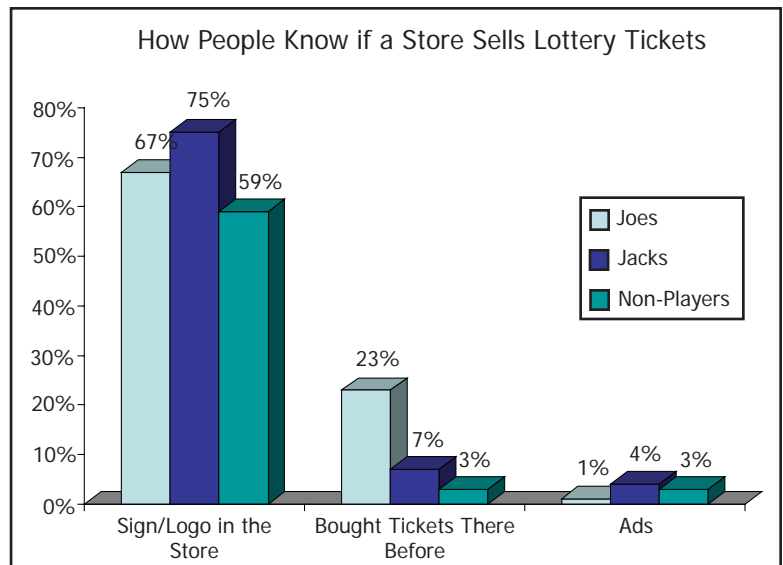
Let's take a look at what they see, what they notice, and what they do when and if they see that sticker/poster/shelf talker/display.

FINDINGS:

WAS THAT A LOTTERY SIGN?

When asked how they know once they are in a retailer whether the store sells lottery tickets, more than two-thirds of adults overall say they recognize a lottery retailer by a sign in the store (68%). Jacks are more likely than Joes to notice lottery signage, whereas Joes are more likely to identify a lottery retailer because they bought tickets there before or by a lottery logo in the store.

Surprisingly, twelve percent of all adults say they have "no idea" how to identify a store as a lottery outlet.



DON'T MISS THE SECOND ANNUAL ILR RESEARCH CAMP!

WHEN: July 16th and 17th, 2007

WHERE: The ILR Headquarters in Chicago, Illinois

For more information on this year's Research Camp, contact Brooke at 312.546.5925 x6 or brookeh@ilresearch.com or visit our website at: <http://www.ilresearch.com/camp>

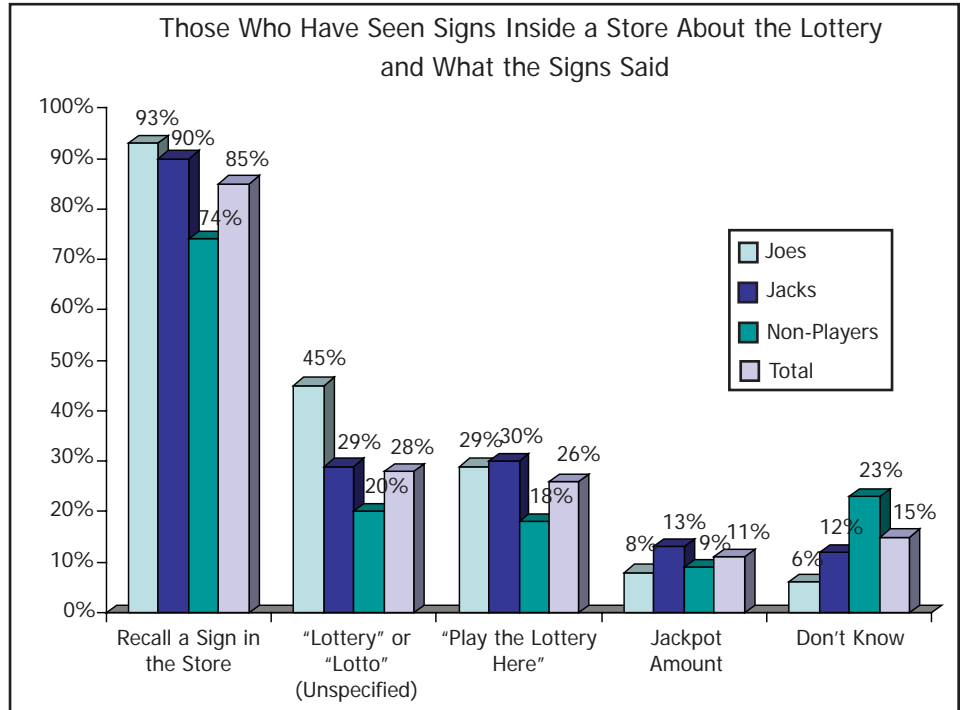
* Campers will get to attend a **Cubs Game** as part of ILR's Street Talk™ Ethnographic research technique!

When asked specifically if they have seen signs about lottery products inside a store, most say they have (85%). While Joes and Jacks appear to notice signs equally well, Jacks seem to pay less attention to their content: twice as many Jacks (12%) than Joes (6%) cannot recall what the sign said and one quarter of non-players have no idea (23%). Consumers overall are most likely to recall the word "lottery" or "lotto" (28%), the phrase "play the lottery here" (26%), or the size of the jackpot (11%) on the sign.

A full detailed report of the past month of data collected from our National Jack PollSM, with implications, recommendations and a breakout of residents in your state (where available) is available for purchase. Please allow one to two weeks for delivery.

- A detailed report, summary tables, data tables, as well as implications is available for **\$2,500**
- **\$1,500** for data tables only
- **\$24,000** for a full year's subscription of detailed reports, a savings of **\$6,000**

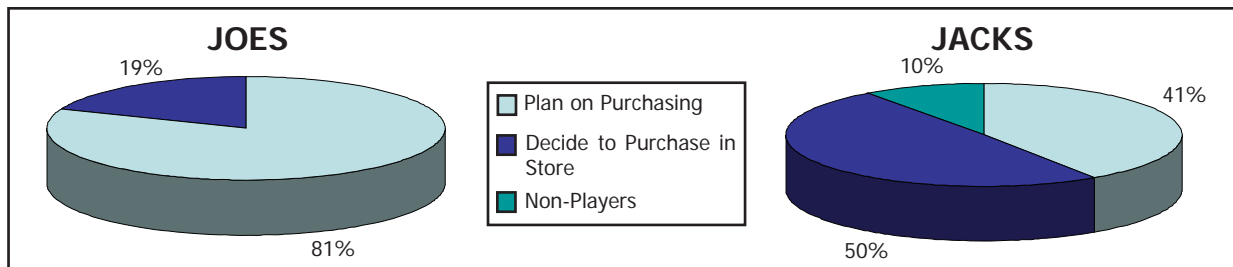
Contact Margaret Mueller at
(312) 546-5925 x3 or
margaretm@ilresearch.com
to purchase



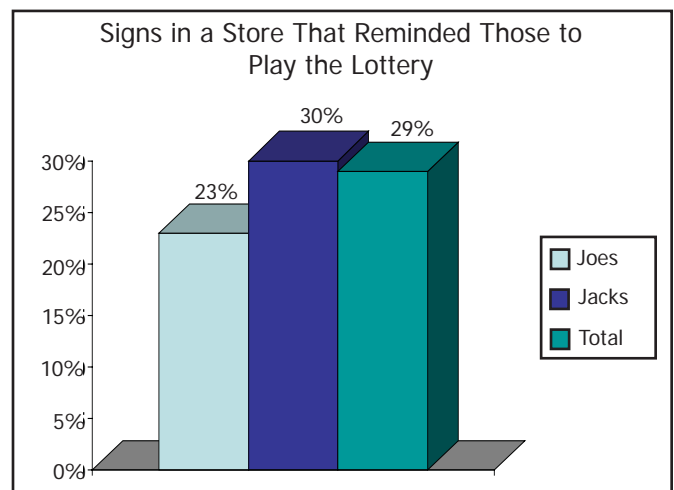
Note: Totals may not add to 100% due to multiple mentions among respondents

BUT DOES POP/POS WORK?

For more Jacks than Joes, buying a lottery ticket is an impulse purchase. Half of Jacks say that they do not decide to buy a ticket until they are inside the store (50%), versus one in five Joes (19%).

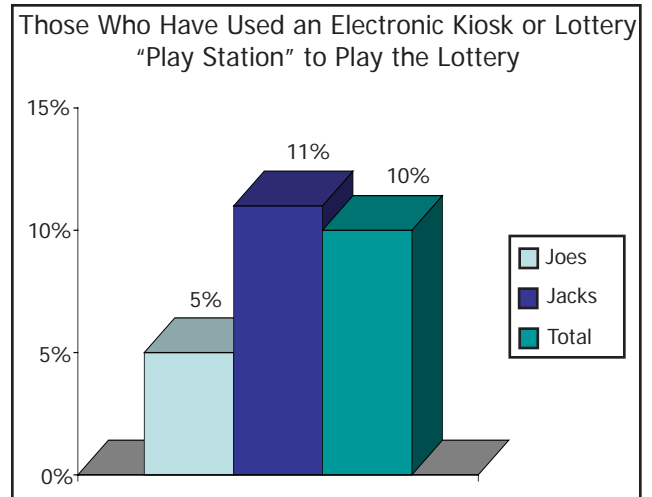


Signs are effective at generating impulse buys, as one third of those who purchase tickets on a whim say an in-store sign prompted them to play (35%, versus only 25% of those who planned to purchase tickets – data not shown). Signage is also a key prompt for Jacks—nearly one third say a sign has reminded them to play (30%, versus 23% Joes).



Each month we conduct our monthly National Jack PollSM and will share this information with you. If you would like to suggest a question to add to our poll, email us: info@ilresearch.com.

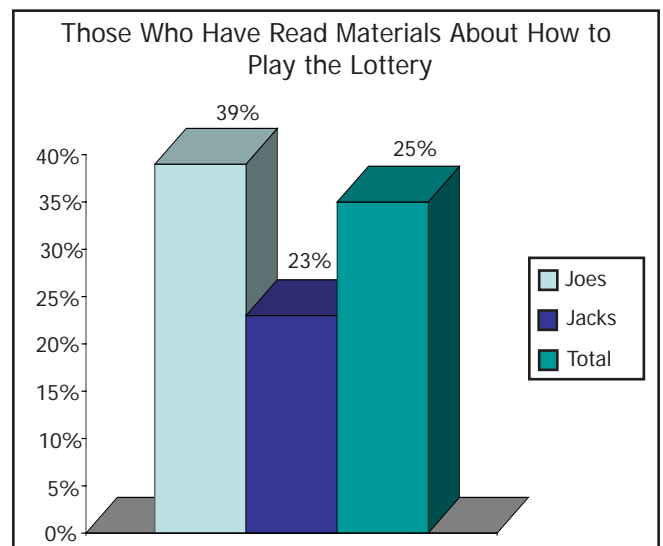
Most consumers have never used an electronic kiosk, or lottery "play station," to play the Lottery (10% have used one). Jacks are more likely than Joes to have used one (11% Jacks versus 5% Joes).



WHO USES HOW-TO-PLAYS?

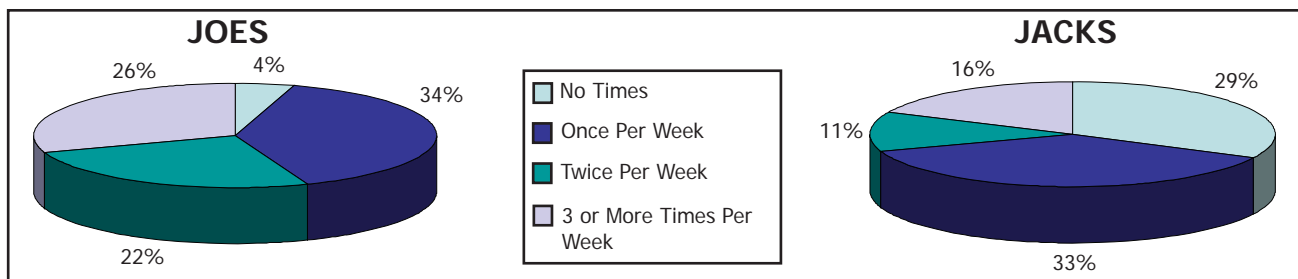
Only one quarter of respondents have ever read materials in a store about how to play lottery games (25%). More Joes than Jacks have used literature to learn how to play lottery games (39% of Joes versus 23% of Jacks).

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NO RETAIL CATEGORY HAS MORE CHANCES TO SELL ITS PRODUCTS THAN LOTTERIES

On average, most adults say they visit a lottery retailer at least once a week. Based on what we know about consumer behavior, Jacks are likely visiting lottery retailers more often than they are aware.



OUR LAST NEWSLETTER ON LOTTERY PRIVATIZATION HAS ELICITED A GREAT DEAL OF INTEREST FROM THE MEDIA, GOVERNMENT AND INVESTMENT COMMUNITIES. IF YOU DID NOT RECEIVE THE LAST NEWSLETTER, PLEASE VISIT OUR WEBSITE FOR MORE INFORMATION. ILR CAN ALSO PROVIDE A MORE IN-DEPTH PERSPECTIVE ON THE TOPIC WITH ADDITIONAL DATA POINTS NOT INCLUDED IN THE NEWSLETTER. CONTACT MARGARET MUELLER AT 312.546.5925 X3 OR AT margaretm@ilresearch.com.

IMPLICATIONS

To sum up: point of purchase works, especially among Jacks. But, point of purchase is not very efficient in its current messaging and design in that so many Jacks and Joes don't notice or react to it. When they do notice lottery signage, it seems to be exactly that: lottery signage with no specificity of message or call to action.

Our previous work has shown that many of our Joes and even Jacks do not play as often because they simply "forget to play." This would indicate that if our players see lottery messaging at point of sale, they would play. Jacks are more responsive to in-store signage with almost a third saying signs have prompted them to buy a ticket. Further, signage facilitates impulse play – more than a third of those who say they don't normally plan to buy tickets until they are inside the store say a sign prompted their purchase.

Jacks use stand-alone ticket machines more than Joes. This may have something to do with machines being giant pieces of POP...taking a nervous Jack scared to ask a clerk about myriad instant tickets on sale by giving him an anonymous method of buying. Play stations are not used, how-to-plays are only somewhat effective, and lottery signs are either recognized as brand messengers or made more ticket/prize/promotions specific.

RECOMMENDATIONS

POP is a cheap way to get Jacks to play. Our data consistently indicate that the single biggest reason "not to play" among Joes and Jacks is forgetting to play. But, this National Poll clearly shows that many Jacks cite a lottery sign as the reason they purchased a ticket. Not frequently, not in great amounts, but it's a start – POP works with them when well executed.

This poll measured what happens in stores; next month we'll measure what happens outside stores...that is, why our Street Talk videos generally show Joe and Jack blissfully ignorant of the sign in the window. Somehow, between design and placement, the in-store marketing that tells consumers "Lottery tickets sold here!" becomes invisible.

FOR VENDORS ONLY

In some states, advertising agencies are responsible for POP design. In others, there are specialized companies tasked with store messaging. Every year at our NASPL conference we reward effective POP with recognition. But, there are no standards, and we have never sat in on a research presentation from a vendor to a state that went beyond "best practices" in instant or online game sales performance, or price points, or prize percentage payouts...that went further and discussed "best practices" in effective use of POP by game, by consumer, in store and out, new game or old, branding or game specific, sales creating or defeating. It's time to address these issues.



The ILR Directors from left to right: Michael Jones, Gary Kubo, Margaret Mueller, Matthew Smith

Independent Lottery Research (ILR) is an internationally respected consumer behavior research firm dedicated to ensuring lotteries maximize sales and profits in a socially and ethically responsible manner through independent and objective research concerning players (Joes) as well as non-players and lapsed players (Jacks). Lotteries and vendors have spent a lot of time understanding who Joe is.

The question is:

DO YOU KNOW JACK?

