



INDEPENDENT LOTTERY RESEARCH

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THE EFFECT OF THE ECONOMY ON LOTTERY PLAY

Joe and Jack have been directly affected.

CHICAGO, IL (Apr. 13, 2009) - Independent Lottery Research (ILR) released its most recent National Poll in which frequent lottery players (Joes) and lapsed and non-lottery players (Jacks) weigh the effects of the economy on their lottery play.

Not only is the economy top of mind, but lottery players say they have been directly affected by the economic downturn, with Joes being affected more than Jacks: almost two thirds of Joes (63%) and just over half of Jacks (54%) say they have been negatively impacted in some way by this crisis.

"In recent months, directors of Independent Lottery Research have fielded questions from a variety of media on lottery sales during hard economic times," said Margaret Mueller of ILR, "in general, the opinion of reporters was that the recession would increase sales as people looked to lotteries for economic salvation. Based on this data, those opinions and media template are erroneous."

Seven in ten of those who have ever played the lottery say they are playing just as much now as they did at this time last year (70%). One quarter say they are playing less (24%) and just 4% say they are playing more. Joes are more likely than Jacks to say they are playing more now than they played last year (11% Joes are playing more now, only 2% Jacks).

The few respondents who say they are playing more mention things like, "Just the thought of winning is nice," and "Things are tough, so I'm hoping I can win!"

Those players who say they are spending less on the lottery mostly cite economic reasons for decreasing their spending because "money is tight" (30%) or they cannot afford it (25%). One in eight say they are no longer interested in playing (13%), and one in ten each say they "never win" (11%), they are spending their money elsewhere (11%), or they feel the lottery is a waste of money (10%).

Respondents who are playing the lottery less are about as likely to say they are buying fewer instant tickets (37%), lotto tickets (36%), and Powerball (34%) or Mega Millions (20%) tickets. Joes (64%) are more likely than Jacks (32%) to say they are cutting back on instants, while Jacks (40%) are more likely than Joes (8%) to say they are cutting back on Lotto tickets.

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To further understand the impact of the economy upon players' behavior, ILR reviewed 2007 and 2008 fourth quarter calendar sales and identified which states reported an increase or decrease. Eight of the twelve Mega Millions states and seven of the thirty-one Powerball states have experienced a decrease in lottery sales from 2007 to 2008. No matter the state sales report, those that have played the lottery have similar mindsets, about how often they play relative to this time last year. About one quarter of those residing in states reporting an increase (23%) or decrease (24%) in sales say they currently spend less on the lottery now than last year.

In August last year, when the national average price of gas hovered at \$4 per gallon, ILR asked Joes and Jacks to talk about the impact of the rising cost of gas on their lottery play. Nearly one in five lottery players told ILR that the recent increase has affected their lottery play (18%). A year prior, in 2007, Joes noted a significantly greater impact on play than Jacks, with 28% of Joes and 15% of Jacks saying the cost of gas impacted play in 2007. Just last August, however, a greater proportion of Jacks were feeling the pinch too, as the average cost of gas moved from \$3 per gallon in 2007 to \$4 per gallon in 2008 (13% of Joes affected by recent increases, 19% of Jacks).

Between increasing gasoline prices and now a sudden deep recession, a sizable number of Joes and Jacks have reported over time a decrease in lottery play. The impact of these events continues to be more pronounced on Joe behavior than Jack, and that impact is seen in recent reports of sales decreases by a number of lottery jurisdictions. Although most Joes and Jacks indicate significant changes in behavior, small changes among key groups can have a major affect on overall sales.

"We will continue to track the effect of the economy on lottery play among Joes and Jacks," said Matthew Smith, a director of ILR, "the impact of rising gas prices a year ago, and the recession over the last six months underline the importance of broadening the lottery player base from core players to infrequent and lapsed players. A small decline in Joe participation has a major impact on overall sales, while the total number of Jacks who might play even in a recession if offered the right game with the right prize by lotteries with the best brand image could actually increase lottery sales during tough times."

The fourth annual ILR Research Camp, *How to Evaluate and Improve Your Lottery's Brand*, will be held July 23rd and 24th in Chicago, Illinois.

For more information on Independent Lottery Research or Research Camp, please contact Jessica Ellington at jessicae@ilr.com or 312-321-8117.

About Independent Lottery Research

Independent Lottery Research provides a breadth and depth of lottery specific marketing and research experience to all sectors of the lottery industry in the United States and worldwide. To learn more about Independent Lottery Research, please visit www.ilresearch.com.

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