



Hey, Did You See Our Ad?

DIRECTORS' NOTE

Aha! An Independent Lottery Research National Jack PollSM that will interest everyone. Come on, we all know that those of us in the lottery business are experts in advertising and advertising effectiveness. Scratch below the surface of any lottery employee or vendor and you'll find a closet art director. And politicians? Between trying to sell a budget cut and complaining about the latest lottery creative, it's clear that they are all experts in advertising as well. An ILR Director once had to defend a Joe Settlemeyer (the guy who did the 'Where's the Beef' Wendy's ads, as well as the 'Motor Mouth' FedEx commercials) lottery ad as not being the beginning of the fall of Western Civilization as we know it. So, gather around this month's newsletter and then pass it on to your account management supervisors at the ad agency (and remind them that ILR is available to do research for them), and share it with the friendly Senator in the Budget Committee. This month we ask: "Hey, did you see our ad?" We'll give you the good news first.

THE GOOD NEWS: THEY KNOW WE ADVERTISE

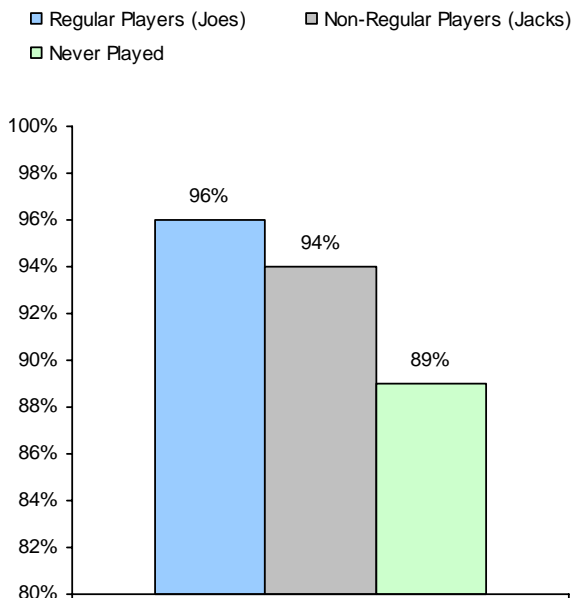
Overall, lottery advertising reaches Joes (core players) and Jacks (lapsed, non, and sometime lottery players). Roughly nine in ten adults (93%) have, on average, heard or seen some form of lottery advertising in their state. This figure includes those who have never played their state lottery.

Beyond ever recalling, most people also report that they have heard lottery advertising in the past week (67%), while an additional 21% report having seen lottery advertising a month or longer ago.

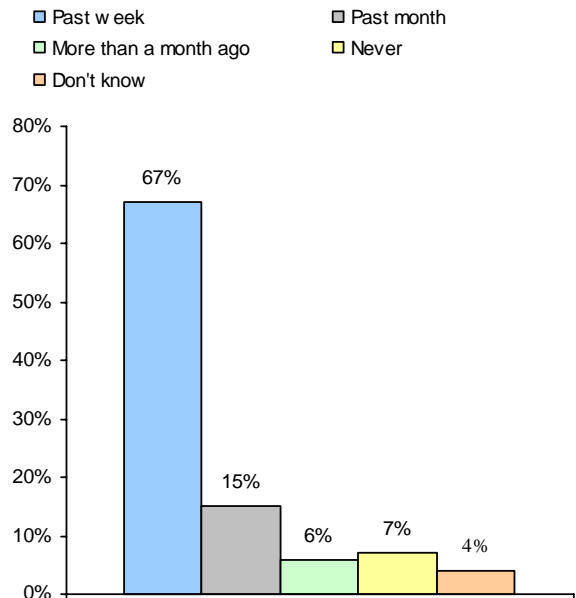
Interestingly, advertising recall is higher among regular players (Joes) than Jacks or non-players (Joes, 84% past week; Jacks, 62% past week; Non-players 66% past week). But, there is significant reporting of lottery advertising recall from all population segments.

Most people who have seen or heard ads report having most recently seen ads on television (63% most recently, 69% net of ever seeing television ads), followed by billboards (11% most recently, 20% net), radio (10% most recently, 18% net) and in-store signage (9% most recently, 18% net). Newspapers trail the other media formats with only a 5% net.

Percent who have ever seen or heard any lottery advertising in their state



Last seen or heard advertising



THE BAD NEWS: SEEING ISN'T BELIEVING

Overall, we find that respondents report lottery advertising is not very effective at getting Jacks to play the lottery.

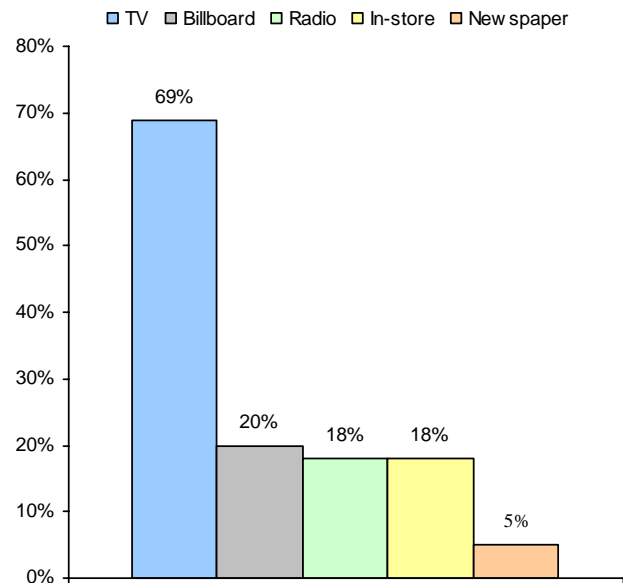
But, we do find that advertising is effective at getting non-regular players to actually play once in a while. One-third of non-regular players (Jacks) say that they have thought of buying a lottery ticket because of an ad they saw or heard.

Finally, we asked consumers what their state lottery could say or do that would get them excited to play. They were asked to complete the following statement: "My lottery could get me to play more if..."

Here are some examples of things they said:

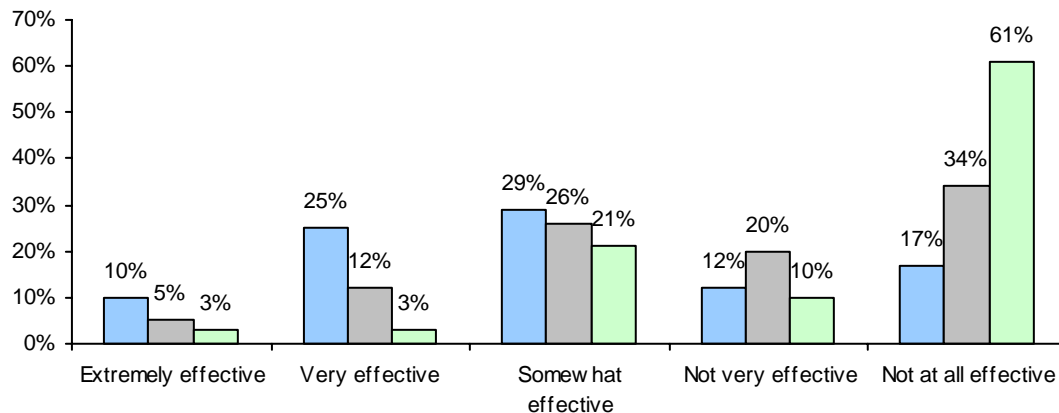
- "If they could guarantee that my kids would have that money help pay [their] tuition. They try to say that it does that, but it doesn't."*
- "Make it so the money went to the charity of your choice."*
- "(If) they told me how much of it went to education."*
- "I would like to know where the money goes...they never tell."*
- "I guess they could have more winners of smaller amounts of money. The big numbers are nice, but generally one ticket wins. If there was less money per winner. Instead of one person winning a million, we could have five people win."*
- "Nothing. I play when I want to, not because of some ad I saw."*
- "Give full scholarships."*
- "If I could play online."*
- "They shouldn't take so much money away from the people who are winning it."*

Where do you recall seeing lottery advertising most recently? Where else have you recently seen or heard any lottery advertising? (Net ever seen or heard)



How effective would you say the lottery advertising in your state is for getting you to think about playing the lottery? (Base: All who have seen/heard ads)

■ Regular Players (Joes) ■ Non-Regular Players (Jacks) ■ Never Played



IMPLICATIONS

Television works for reach, POP is surprisingly ineffective, and our ads are noticed but not acted upon. And, as always, there are parallel worlds; one inhabited by Joes and one inhabited by Jacks. Yet we chiefly use one medium (television) that reaches both with little discrimination.

This month's National Jack PollSM reinforces what many advertisers in the industry might suspect, namely that mass advertising will reach the population in your state eventually; no one is immune to it. However, ILR data questions the relevancy of some lottery advertising and its messages.

"Relevancy" is the importance to the listener/viewer of the ideas we are communicating, and whether our messages are resonating on the kind of emotional level that translates awareness into action. If I'm a "Joe", then ads need to reinforce the positive feelings I have for my lottery's brand. However, if I'm a "Jack", then in order to be effective ads should get me to reconsider some perhaps long-held notions I have about the lottery, motivate me to (re)try it, and hopefully experience something that I had either been missing or didn't know I was missing.

Better understanding the player base has huge media implications. Delivering brand and game messages via traditional broadcast channels may reach the target audience on a cumulative basis (that is, have a "campaign effect") but may not effectively move the dial on a retail basis.

The survey results suggest that many efforts at POS go unnoticed. POS is the "final front" of our communications strategy, yet we are missing *both Joes and Jacks*.

Alternative touch-points may prove to be more effective in reaching players and non-players than general mass advertising. Unexpected encounters with lottery messages, delivered in really creative and exciting ways, could spur peoples' interest in playing our games.

One of our Directors was part of an interesting research project a few years ago involving players and non-players (Joes and Jacks). Almost universally, with Jacks and even with Joes, our marketing efforts were invisible. Reportedly noticed if asked, but essentially background at best and invisible at worst.

Yet beyond large bloc lotto prize events (see our May 2006 Jack UpdateSM), advertising is our only tool to broaden our potential player base. However, it can be done. The New York Lottery ads of a decade ago: "Hey, ya never know". The Illinois Lottery's ping pong ball ads: "Of all the ping pong balls in all the world she had to pop up next to me". The Best of the Batchies.

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 possible) 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

RECOMMENDATIONS

ILR has proprietary research tools that will uncover the messages for your lottery brand and game type, which can be interesting to various player segments. Knowing your customers beyond demographics, means media plans can be developed to speak to them on a timely basis, rather than waiting for a campaign effect to take hold. If we're speaking imagery, then let's look at overall brand health and then determine if what we're saying resonates and is believable.

Test POS creative before placement. Judge its ability to gain interest, break through store clutter, and be sure it is saying the same thing as your other efforts outside the retail environment. Can we say "integrated communications"? ILR can give you a perspective of effectiveness at the retail point of encounter with real Jack's and Joe's. They will let us know firsthand what works and what doesn't.

We know the Jack Syndrome stretches beyond demographic profiles and play levels. We strive to know who they are, what they're thinking, and what motivates them to play or not. We can help your media planners look beyond seasons, launch schedules, and merchandising.

A NOTE FOR LOTTERIES

Our data would suggest that your advertising is working to gain presence. You need to know whether that presence is timely and meaningful to your players and prospects. Recall is multi-dimensional and critical to business development. Your tracking study is the primary tool to evaluate your advertising and marketing programs, and should have the sensitivity to overlay sales against the weeks when your retail focused media is running. You can gauge impact and gain diagnostics about what's working and what isn't. If you're not gaining this insight from your marketing and research programs, let us know. ILR can help.

A NOTE FOR VENDORS

Advertising is more than awareness. You've done a great job of recall against consuming segments but, beyond awareness, there must be better means of motivating play. Integrated marketing plans, so hard to organize and follow, are a key. The marriage of advertising and promotion, the right games, the right graphics, the right prizes, the right medium, we all understand and strive to be this savvy. Based on this month's poll we need to redouble our efforts. People see us, know us, but don't play. Why?

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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



NASPL 2006 TRADESHOW

As many of you know, ILR officially debuted at the 2005 NASPL Tradeshow in Minneapolis. In celebration of one year of lottery research revolution, ILR is planning a variety of educational activities at this year's conference. Details to follow.

If you would like to meet with ILR or one of our directors during the tradeshow, contact us at 312/546-5925.



The ILR team 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?**

