



# Lotto Prize Blocs: Players of the World Unite

## DIRECTORS' NOTE

After closely examining the behavior of both Joes (core lottery players) and Jacks (lapsed, infrequent, and non players) relative to instant game products for the past several months, this month's National Jack Poll<sup>SM</sup> asks questions about consumer behavior during large bloc lotto prize events. Our timing was impeccable given that both Mega Millions and Powerball have recently experienced huge prize run-ups that have attracted the interest of both local and national media, leading to record setting sales months for a number of United States lotteries. We could have expanded our National Jack Poll<sup>SM</sup> to encompass our European friends, since they, too, have just gone through the largest Euro Millions grand prize drawing in the short history of that bloc lotto game. As we all know, these huge prizes are galvanizing events in our lotteries' sales and participation cycles. During such periods, we have the opportunity to sell tickets based on a level of demand that is not typically available with preordered tickets, and the size of the prize attracts both Joes and Jacks. We at ILR believe that lotteries should conduct both pre and post research to determine what consumer behavior and attitudes are after experiencing such huge prizes to learn how to maximize sales and profits when feelings of "luck" and increased ticket sales create the next wave of Bloc Lotto Fever.

## THE WHO, WHAT, WHERE, AND HOW OF MEGA MILLIONS AND POWERBALL...OR MEGA POWER TO THE PEOPLE

Residents of states with Powerball are almost 50% more likely to have ever played Powerball than residents of Mega Millions states are to have ever played Mega Millions. This may be a function of the relative age of the two bloc lotto consortia. Further analysis of the data by game is available upon request.

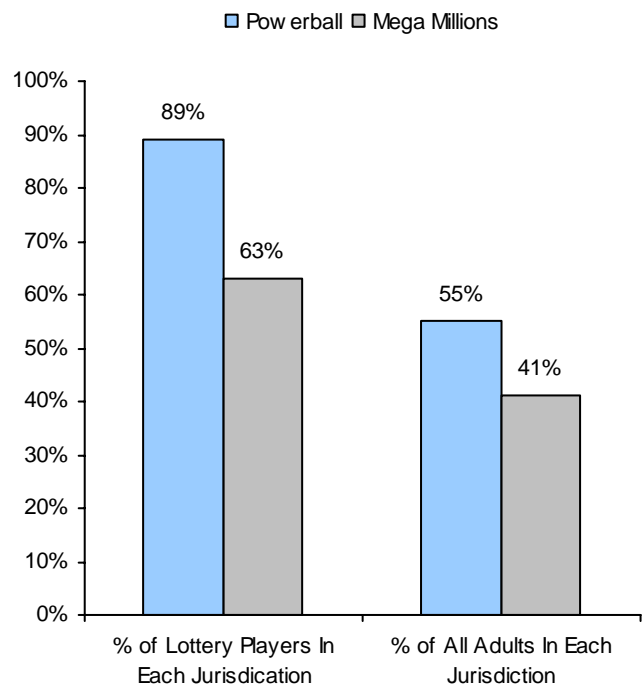
However, Mega Millions players begin playing at a lower jackpot amount than Powerball players. One quarter of total players for both games were in by the time the jackpot reached \$100 million (26%). However, one-third of Powerball players did not start playing until the jackpot reached \$150 million or more (22% over \$200 million), compared to only one-fifth of Mega Millions players.

Mega Millions and Powerball players both spent roughly the same amount on tickets for the recent major jackpot drawings (median of \$5). However, a greater proportion of Mega Millions players spent more than \$10 (25% versus 17% among Powerball players).

There is a fair amount of cross-over play of the multi-state games, especially during major grand prize drawings. For the most recent \$365 million Powerball grand prize, half of Powerball state residents who have ever played Powerball played (54%). In addition, 29% of Mega Millions players in Mega Millions states played Powerball when it reached \$365 million.

(Continued...)

Percent who have ever played each



Note: Powerball figures come from the 155 respondents who live in states with Powerball and the Mega Millions figures come from the 219 respondents who live in states with Mega Millions.

# THE WHO, WHAT, WHERE, AND HOW OF MEGA MILLIONS AND POWERBALL... OR MEGA POWER TO THE PEOPLE

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Similarly, one-third of respondents who have ever played Mega Millions played at the \$250 million grand prize drawing, and 26% of Powerball players bought Mega Millions tickets as well.

You want in? Find how many Powerball and Mega Millions players use office pools.  
<http://www.ilresearch.com/resources/may06.html>

## IMPLICATIONS

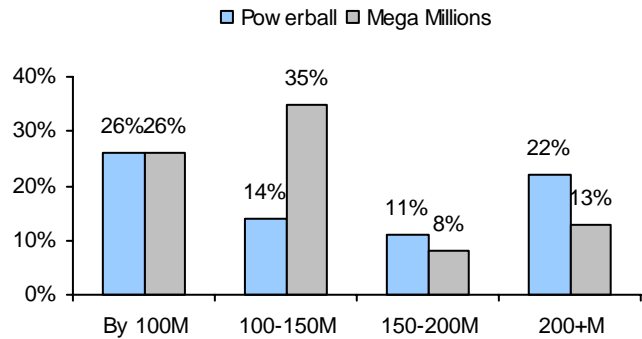
This was a wonderfully timed National Jack Poll<sup>SM</sup> chock-full of interesting insights into our existing player base, indicating once again just how “large” that large can be if Jacks join Joes in playing their state lotteries. Some of the data may be skewed by the relative maturity of Powerball over Mega Millions in terms of participation and prize entry levels, but we also must look at how the two games are marketed. Do media in less populated states get on the publicity bandwagon earlier than in higher populated states? With several of ILR’s Directors intimately involved in both launching and marketing lotto-style games, we have a number of further questions and some controversial hypotheses as to what these data mean and what they *could* mean for better sales and profits.

A key finding for all Lottery Directors, staff, and vendors is the refutation of the standard criticism of lotteries that they foster excessive consumer behavior during these huge prize events. Our poll indicates clearly that this is not so. The median expenditure is virtually the same, huge prize or small prize...about \$5. The high side is \$10. This means that even while the size of the prize alters our playership by dramatically expanding it, the new players do not behave any differently than core players. Recognizing the odds, they want to participate, but they want to participate with good sense. A more dramatic implication is that the record sales experienced by lotteries during these recent huge prizes came from millions of new players playing a little...not a core playership being called upon to play more and spend more per capita.

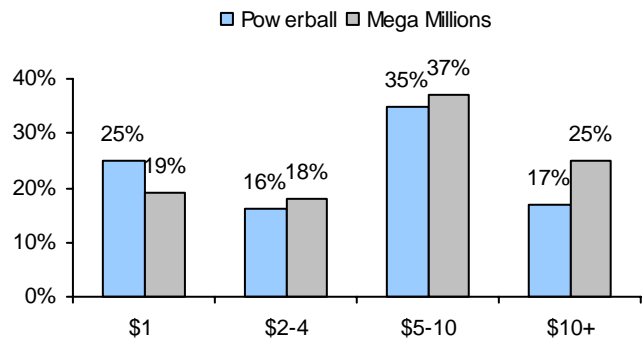
The data indicate the competitive advantage of a lottery over any other form of gambling: betting a small amount against long odds to win a large prize with the net proceeds going to the common good.

The two most surprising findings to ILR Directors were the high volume of interstate play and the percentage of players who participate in office pools during these prize events. When we see ads for Powerball here in Chicago they must be working. (Continued...)

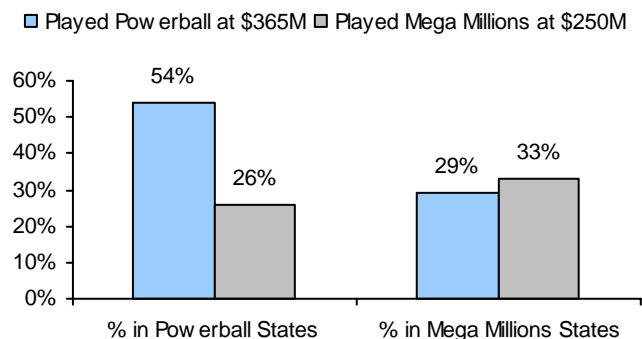
What was the size of the jackpot when you first started playing?



How much did you spend on all tickets for the latest jackpot?



Did you play for the latest \$365M/\$250M grand-prize drawing?



## IMPLICATIONS

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Furthermore, the percentages of office pool behavior suggest a vibrant market that can be expanded and made into a major profit center for enterprising lotteries. All the findings point to the need for research and marketing tools to take advantage of these events in such a manner to maximize sales, make our games easy to play for new and/or inexperienced players, recognize the sales potential inherent in group behavior, market across state lines to Joes and Jacks seeking multi-million dollar jackpots, and address the importance of millions and millions of \$5 bets as opposed to hundreds of thousands of \$50 bets in creating a healthy fiscal year of sales and profits.

A full detailed report of the past month of data collected from our National Jack Poll<sup>SM</sup>, 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](mailto:margaretm@ilresearch.com) to purchase

## RECOMMENDATIONS

This month's recommendations are almost self evident: office pools are hot. Let's make them easy to organize. Cross state play is hot. Let's look at those media possibilities across the state line. Everybody plays when the prize gets big. Prepare your agents, sell them something else when they're in the store. With so many Jacks, let's make sure it's a pleasurable experience. People spend about \$5 a drawing, so tell your critics to go stuff it...just kidding about the last one.

Retailer training is a must. For many big prize players, \$265 million will be their first time experiencing your lottery, your terminal, your how-to-plays, the graphics on your tickets, the signage identifying your retailers, etc. Prepare for these prizes and you'll be surprised at the sales results.

Finally, big prize events are the best time to sell the story of your lottery. Where does the money go? What good causes do you support? Why should citizens like playing your games? These are times to put your best foot forward and show how good a lottery can be.

## A NOTE FOR VENDORS

Hello, online vendors! Did you think we had forgotten you? No chance. We've been reading our website requests from lotteries and lottery vendors and hope that this month's poll results on your flagship game are the type of research questions you want answered.

The data suggest that it's a perfect time to fine-tune your technologies, research capabilities, and marketing suggestions to your state and provincial customers to turn such golden moments into platinum ones. Dive into office pool technology. It's a much bigger pool than we suspected, and we have an inkling that most members of office pools also play individually, so once you have Joes and Jacks in your pool, Jacks will become Joes.

Speed up the technology of \$5 quick pick bets. Shorter lines will mean more sales. Recognize that many of your customers will be new or returning players. If you are a vendor that supplies both online and instant products, use the time spent in-store waiting to push an online game to sell available offline games.

We know that these events will happen every fiscal year with some regularity, so let ILR help you prepare for them.

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Each month we conduct our monthly National Jack Poll<sup>SM</sup> 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](mailto:info@ilresearch.com)

Independent Lottery Research (ILR) is a 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? WE KNOW JACK!**