

The Jackpot Conundrum, and the factors that influence the desire to play



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The question is no longer whether Powerball and Mega Millions are similar games – they are now strikingly analogous, and they got that way in an amazingly short space of time. Once great cross-state border rivals, the two large national lottery jackpot games now have significantly fewer differences than similarities, and that assessment is based on consumer research. Consider that almost exactly the same percentage of the population played both games when the games were at their most recent jackpot highs: 49% claimed to have played the \$1.6bn Mega jackpot in October and 47% claimed to have bought in to the \$750m Powerball jackpot during the same month. Let’s drill down on why that is not a coincidence, and what Lottery can do to augment the attributes of high jackpots to increase player-ship.

High Jackpots rule!

Leger’s December 2018 U.S. omnibus asked 1,000 Americans about their preference for playing either of the two national jackpot games, and the resounding #1 answer was “whichever game has the highest jackpot” at 43%. Mega Millions, at 17% preference, edged out Powerball at 16%, but ultimately this simply underscores the fact that brand loyalty now plays a distant second fiddle to the actual jackpot amount.

As an aside, 25% of U.S. adults currently remain uninterested in these lottery jackpot games, which raises the question: are there other ways in which the lotteries can attract these non-players?

Leger’s Lottery research team delved deeper into some of the potential external factors

that may be directly affecting sales of these national draw game institutions, including proximity to lottery retailers, weather, primary lottery purchasing, shopping habits, pay days and technology.

Snow joke! Does the weather influence lottery purchases?

Weather may be more of a key factor than previously thought of in the decision-making process of potential Powerball or Mega Millions players. Almost three out of ten (29%) past-year lottery players mentioned that weather is a factor that dictates whether they buy lottery tickets or not. Among Gen Z/Young Millennials this number increases significantly over all other age groups to 45%, while among the non-white population it hits 47%, significantly higher and twice the level when compared to only 22% among caucasians.

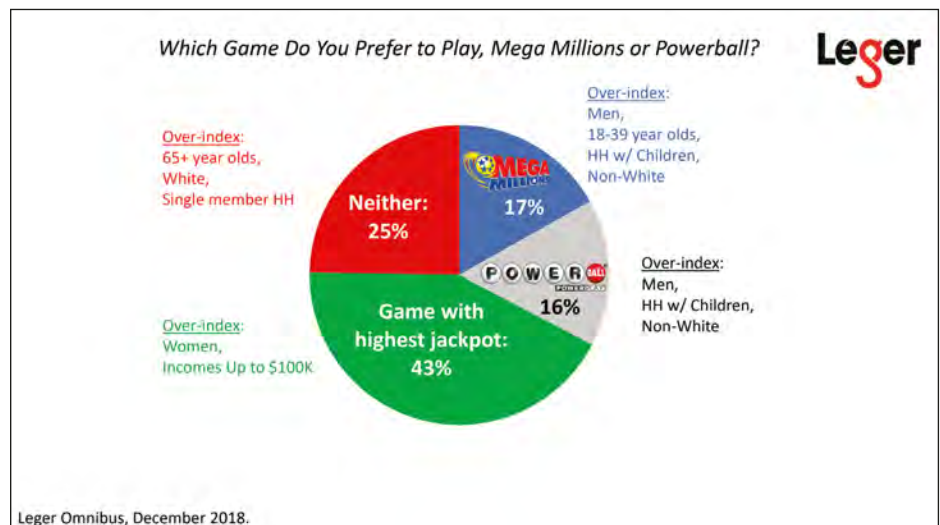
This weather trend seems to make sense. Back in October of last year, Hurricane Michael may have been a factor in the Mega Millions jackpot not growing at a ‘normal’ pace, despite having breached the breakout level of \$400M, the point where we traditionally start seeing the jackpot increase at a faster pace.

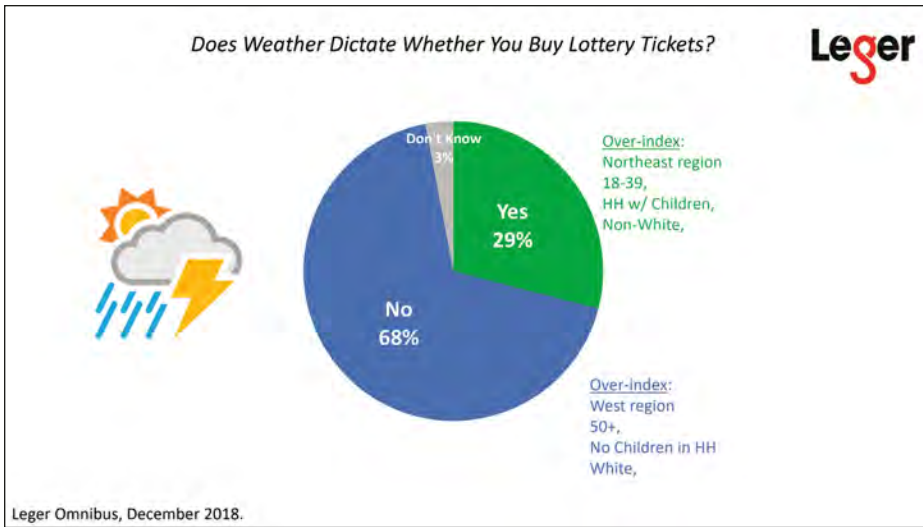
“Buy me a Powerball ticket, Alexa.”

As shopping patterns change, expectations are similarly raised among the younger demographics. 13% of the U.S. population currently ‘does almost all of my shopping online, preferably on my smartphone’, but this hits 24% of 30-39 year-olds, which is perhaps surprisingly higher than 18-29 year-olds at 19%. 36% of Americans ‘do a lot of shopping online, but still grocery shop and visit retailers in person’ which skews higher among higher income groups, notably 42% among \$100k+ households.

So what does this mean for Lottery? Simply put, lotteries must pull out all the stops to ensure they don’t get left behind. iLottery is now available in 8 states. Leger’s research also asked a more pertinent question about which medium would Americans ideally prefer to purchase their Mega Millions or Powerball ticket. 19% stated ‘online, from home’ while 17% requested ‘on my smartphone’ as a preference, for a combined 36% online. Among 18-29 year-olds, this number jumps to a remarkable 51% online net, higher than the traditional ‘at a local store’ (46%).

African Americans, Asians and Hispanics are also fueling the need for an online lottery purchasing option for Powerball and Mega Millions, with 46% wanting the option to purchase at the touch of a button,





as opposed to visiting their local store, which still has a narrow lead among this combined group at 51%.

“I’m off to buy my Mega Millions tickets, honey...”

One of the key nuances that came out of the research is the fact that those who prefer the Mega Millions game are significantly more likely than Powerball preference players, to travel specifically to purchase lottery tickets for a jackpot game. Now, this could merely be a factor of the latest \$1bn + jackpot being for the Mega game, but there may also be more to it.

Only 5% of those who played either the \$1.6bn Mega or \$750m Powerball draws claimed that it was too far to travel to buy their tickets, however this number was more than double among those who prefer to play Mega Millions at 11%.

More than one-third of past year lottery players (36%) travel to the store specifically to purchase lottery tickets (as opposed to lottery being a part of a separate purchase), which over-indexes among males (42%), 18-29 year old (43%) and households with children (44%).

How local is local? How convenient is convenience?

Proximity to their lottery store also provides additional insight into the player journey. Almost two-thirds of past year players travel less than 2 miles to buy their lottery tickets, with a majority of these (34%) travelling less than 1 mile. Despite the propensity for players to avoid going too far out of their way to purchase games, a sizeable proportion of players (1 in 6) travel at least 5 miles to buy their usual lottery tickets.

Show me the money.

Pay day for Americans may not be top of mind when thinking about lottery play, but for almost half of current lottery players it is. When 46% of past year lottery players state they are extremely or somewhat likely to buy lottery tickets on the day they get paid, it is certainly an eye-opener. There are even regional differences, most notably with the Northeast, usually a hotbed for lottery play, hitting a peak of 56% among the four U.S. regions. However, the most startling numbers come in the guise of ‘players with children’ at a staggering 66%, and the critical 18-39 year old age group at 61%. Delving deeper, the critical component of ‘extremely likely’ to buy lottery on pay days peaks among 30-39 year olds at 38%!

Everyone’s a winner?

Among players who have a favorite game (Powerball or Mega Millions), the jackpot size issue is pretty much status quo. First, about half of the brand ‘loyal’ players state either ‘the jackpot size doesn’t matter’ or

they play at \$40m. Next, another quarter of these players join at either the \$100m or \$200m level, while 10% join in at \$300m. This leaves about 1 in 6 of the regular players waiting until \$500m or higher. Combined with the higher entry point at which infrequent players start playing again, it’s safe to say that the breakout level for when these jackpots start to dramatically accelerate in value will approach the half-billion point in the future. But is there a way to get infrequent players to get in on the fun at lower jackpot levels?

Leger also asked this brand ‘loyal’ group whether there was anything that lotteries could do that would encourage the jackpot game players to play at a lower jackpot level. The top two ideas that resonated with players revolved around the concept of winning a single prize. 30% want ‘better odds to win a prize’, while 19% want to be able just to ‘match just 1 number to win a prize’.

Who is to say this would not make sense at some point for one or both of the national games?

Winners, based on other Leger research, are more likely to take their winnings and ‘let it ride’ by opting to reinvest in the same or other lottery games (than just pocketing the cash), which keeps the cycle of play going. Even among the 18-29 year olds, ‘better odds’ or ‘matching just 1 number to win a prize’ won out, although 17% did prefer a second chance game on a Mega Millions or Powerball App as a third choice.

Outside of the dream we all have when playing Powerball or Mega Millions, creating a winning feeling, or even a better opportunity to win, seems a simple solution that demands more in-depth investigation.

