



I'D RATHER DO THE
WASHING UP

Why new research signals **wake-up call for lotteries** around the world.

New research, carried out by **Gluck Games** with over 1000 respondents in the USA and a further 1000 in Europe, makes compelling reading. Digging deep into the motivations of lottery players, lapsed players and those who have never played the lottery. The research provides a stark reminder of the problems faced by industry leaders – but offers crucial clues to where they should focus their efforts and several reasons for optimism and a brighter future.

Levels of play for the main lottery game are dropping. Lotteries' own data and government studies confirm that fewer people play the main game than ever before – a drop of over 30% in just 4 years. More particularly, the younger generation is seeing the fastest fall in player numbers – nor do younger people suddenly start to play as they age, rather a larger proportion of the 18-year-olds who played in 2010 have lapsed by their mid 30s.

For lotteries thinking about their mid and long-term future the warning signs are clear: – the **audience is ageing and**

not being replaced, and current players are more likely to lapse than new players are to be acquired. For the lotteries themselves it spells shrinking budgets, and fewer staff. For society, it means a funding gap between the voluntary contributions raised for good causes and direct state care.



Reports of my death have been greatly exaggerated” Mark Twain.

Perhaps it is irritating to run what remains the world's most popular game, and hear others constantly tolling a warning bell! Whatever the reasons, many lotteries appear to shrug away this data, either pointing out that young people have never been the core target market or focusing instead on good news: lotteries that are lifting profits by successfully bringing players online or that are persuading existing players to spend more through games stores.

Yet both comforts are mistaken. First it is clear that GenZ are NOT acting like their parents as they age and second there are enormous risks in being reliant on ever-heavier spend from a shrinking player base. **Monopoly status** protects lotteries from direct competition, but it won't protect them from the quantum shifts in lifestyle, shopping, socializing, communication, and gaming behaviours exhibited by the next generation of consumers.

The need **to understand more.**

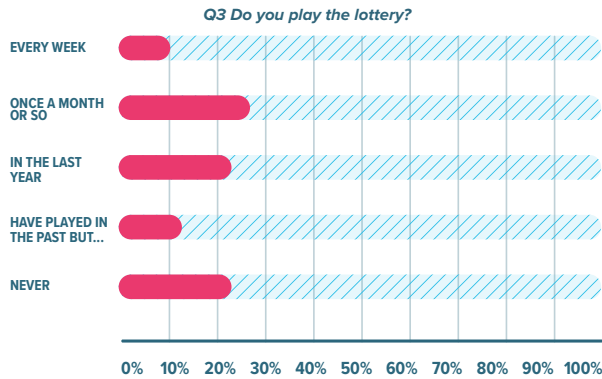
What the data so exhaustively gathered and presented from around the world does not tell us is why there has been this decline. Instead we are left with a series of guesses and untested assumptions frequently circulated but rarely rigorously examined.

- Is lottery no longer part of daily life – that is, does the bricks-and-mortar sale of tickets appeal less to an Amazon-shopping generation?
- Do people understand how to play lottery?
- Are people bored by the game experience? Does waiting a week (or a few days) for a result feel too slow?
- Are people only excited at \$billion+ jackpots nowadays?
- Does lottery have an image problem?

To understand more about the motivation of this group of younger players, Gluck commissioned the most in-depth research on the motivations towards playing the lottery. We surveyed over 1,000 people in the US and 1,000 people in Europe for a set of statistically significant results that allow us to compare by region, age group and player type.

The answers we expected to find.

Our findings on overall play level exactly matched that reported by governments and private lottery research. That is: 25% of respondents had never played the lottery (rising to 30% for those under 35), while 15% used to play but had now stopped. 11% played every week (falling to 8% for those under 35), a further 25% played once a month and the rest had played at least once in the last year.



People who play the lottery are the ones who like it the most. Those who don't play, are the ones with the most negative perceptions. No surprises there. The bad news starts as you consider the enjoyment scores of these groups.

Sure, lottery players have a higher enjoyment score than non-players. But at 6 out of 10, it's hardly a ringing endorsement. Also, fewer than half of lottery players would admit to buying a ticket – even if the conversation came up!

So WHY do people play or not play?

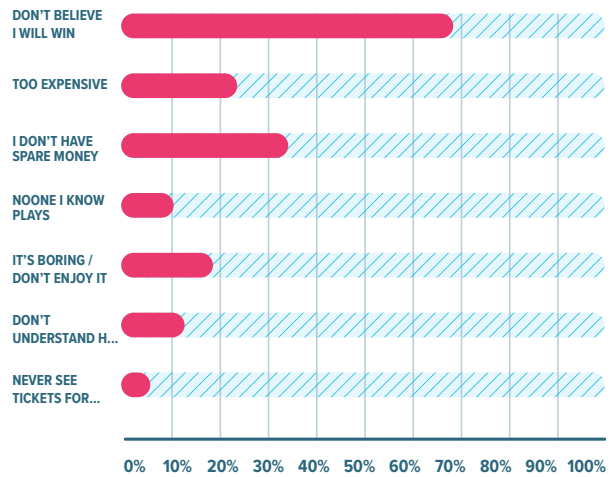
For those who have never played or who used to play but now don't, there are two main reasons given:

- ① I won't win.
- ② Lottery is too expensive (or I have too little money).

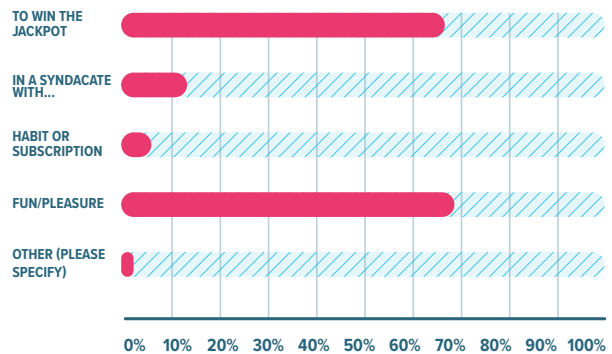
Not understanding the game, not seeing the tickets or negative perceptions are seen as less important. Those who do play are playing to win the jackpot or because they enjoy the game. That sounds great – they play for fun! Yet on the very next question, the same people were asked to mark words they associated with lottery and only 50% answered 'fun' and 38% 'enjoyable'.



Q4 Why have you never played lottery? (mark all that apply)



Q13 Why do you have play the lottery? (tick all that apply)



What are they doing instead?

The interesting thing is that the majority of people ARE playing games for real money. So there is no movement away from gambling or betting – simply away from lottery. For all groups, the most popular alternative to lottery is scratch-cards at 37% overall. Even so the vast majority (60%) of respondents fall into the “low-time, low-spend” category, with only 8% playing once a week or more and only 14% spending more than \$10 a month.

Plenty of people pay to play games (whether buying them or in-app purchases), but skins gambling and loot boxes remains a minority experience - although a surprising 21% of those under 35 have gambled on them.

The answers we didn't expect.

The image of lottery

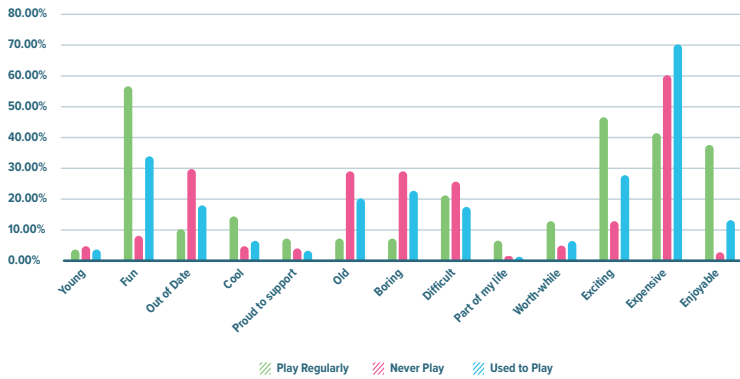
The overall word cloud for descriptions of lottery players shows that the most positive descriptor regularly given by lottery players is 'ordinary', a term that shades towards its more negative meaning in the descriptors of lapsed and no-players: 'boring' or even 'desperate'.

Q23 Can You describe a "typical" lottery player?



When given an equal mixture of positive and negative words, respondents overwhelmingly chose negative terms – only those who played regularly found the game fun, exciting or enjoyable and even so, at least half of the regular players did NOT select those positive terms.

What word do you associate with lottery? (mark all that apply)



The fun gap

Respondents were given a list of 9 mundane tasks. Buying a lottery ticket (a game, after all, which could change your life) might have been expected to stand out as a more enjoyable than a chore! Yet even amongst regular lottery players, buying a lottery ticket scored fifth. Those who do not play lotto, would rather take the rubbish out or call customer services.

Since all three groups agreed exactly in their ordering of the other tasks, it gives a good sense of how a lottery purchase/usage is viewed – marginally more entertaining than paying bills if you’re a player, but significantly less pleasurable than doing the washing up...

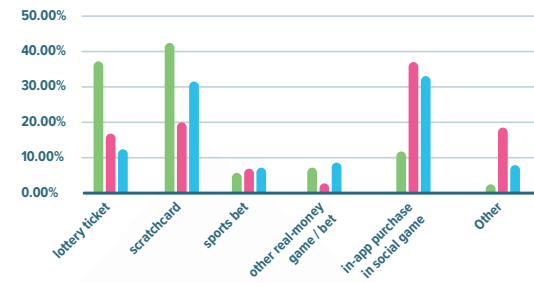
	Play Lotto	Never / No longer Play Lotto
1	go to the gym 6.23	go to the gym 6.58
2	do the washing up 6.21	do the washing up 6.44
3	wash your hair 6	wash your hair 6.43
4	check your bank account 5.18	check your bank account 5.5
5	get a lottery ticket 4.94	get a lottery ticket 4.82
6	watch a tv advert 4.75	watch a tv advert 4.35
7	pay the household bills 4.47	pay the household bills 4.26
8	call customer services 3.76	call customer services 3.4
9	take the rubbish out 3.56	take the rubbish out 3.3

Can these findings be reversed?

There are plenty of reasons for optimism. When digging into the data, it is clear that players still care about the promise offered by lottery: they dream of a life-changing prize; those who used to play miss the anticipation. They worry about money and value, and they wish a lottery would guarantee a win, improve the odds, offer them tickets for free... it’s an interesting insight into why ‘free-to-play’ lottery games are rising in popularity as operators test alternative commercial models.

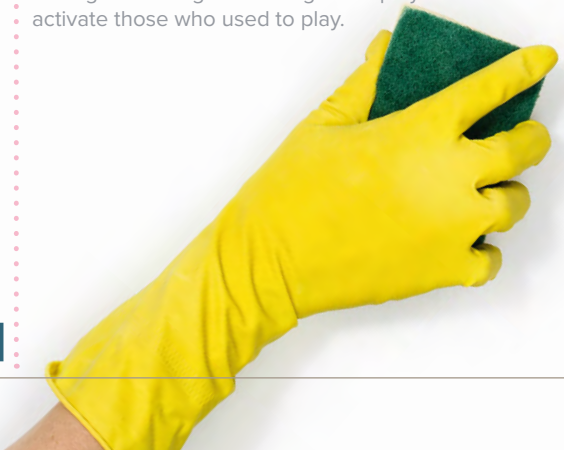
Lotteries should pay close attention to one particular question we asked. If given \$2.50 and a list of ‘games’ (both real-money and other) to spend it on, the majority chose a scratchcard, rather than a lottery ticket. Among those who played the lottery frequently, although a third would spend the money on a lotto ticket, even more would choose to spend on a scratchcard (42%). Even with those who never play lottery, scratchcards was the second choice at 20%, compared to the 37% who would have spent the \$2.50 on an in-app purchase for a social game. These are clear signs that using games could be key to unlocking the broadest audience and reconnecting to an idea of fun.

If you had £2.50 / \$2.50 to spend on a game how would you spend it?



What are the lessons?

Lottery still holds a unique place in our cultural life – yet its image clearly needs a reboot – even among those who still regularly play it. Refreshing the games and modernizing the overall player experience is eminently achievable and promises to jump-start Lottery by re-igniting a passion for the game with new generations. State lotteries have the player-base, the brand awareness, and under-utilized assets (scratchcards, online game sites and branding) to reinvigorate the game’s image with players and re-activate those who used to play.



Learn more from
Gluck - the i-lottery experts,
 at PGRI in New York October
 2019.



We will be sharing some key learnings from the lotteries we work with at this year's PGRI in our session, "Building a stronger lottery future". You can also sign up for our whitepaper on "Optimising the i-Lottery". Join us to dig into the real underlying motivations that drive players and what you should be doing to acquire and retain your customers.



Who are Gluck?

7 years ago we asked ourselves a simple question: why weren't real money games more FUN? Why didn't they match up to the enjoyment of the games we played on our mobile phone screens to fill a spare five minutes? After all, it wasn't as if we didn't want to win money! We loved prizes! We dreamed of the big win an what we'd do with it!

Today our company is still powered by that initial insight – how to marry the timeless appeal of a life-changing jackpot with a game-like entertainment that appeals to a digital generation. Our team of 60+ developers, designers and game makers produce the world's most innovative and entertaining lottery games. We serve video-streamed lotteries using

celebrities for SkyLotto and The Health Lottery, while our scratch and instant win games are played on Norsk Tipping, Lottomatica, Snai, Sisal, Latvijas Lotto and 10+WLA member sites. With skill and multi-win games available as well, you will find the full portfolio here:

www.glucklotto.com



Contacts



info@gluckgames.com



+44 020 7253 2380



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