

# PLAY ON

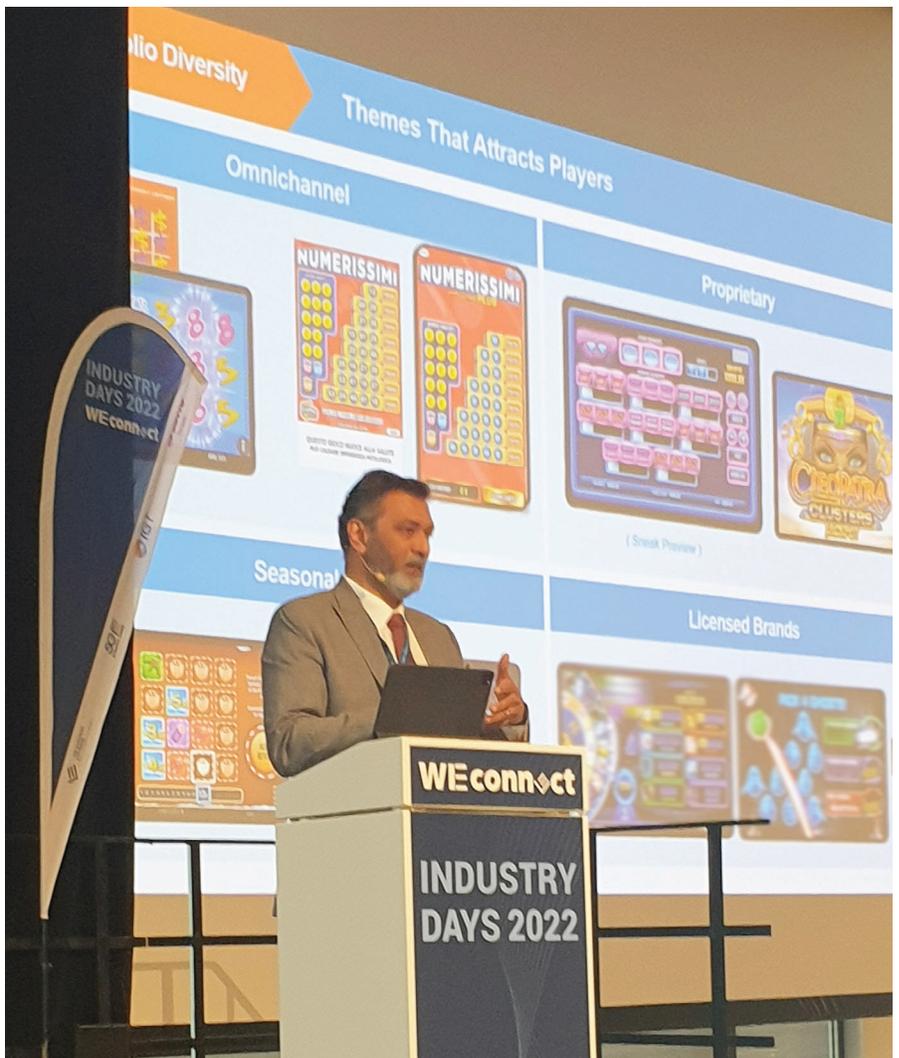
When the realities of life are challenging, consumers want moments of light relief from their everyday routine. New insights reveal that lottery remains one of their bright spots.

**T**wo years after the onset of the COVID crisis, consumers face rapidly rising prices and renewed economic uncertainty. However, there is evidence to suggest that small, entertaining indulgences like lottery play remain important to people in challenging times.

This insight was among many findings and observations that IGT shared in a recent keynote presentation at the European Lotteries (EL) Industry Days in Germany.

The latest installment in IGT's multi-year **Players Project** series, the live event welcomed behavioral scientist Owain Service, who joined IGT's Srinu Nedunuri, Vice President Global iLottery, to lift the lid on consumers' current attitudes and sentiments toward lottery.

"The freedoms that consumers expected to enjoy after the end of the pandemic have been replaced by new fears as they feel the economic squeeze and have to stretch their budgets further to accommodate rising prices," said Nedunuri. "But recent research by IGT and our partners at global trend-spotting agency Foresight Factory has uncovered some perhaps surprisingly good news for the industry."



## New Research

In a new wave of Foresight Factory research, 25% of U.S. consumers strongly agreed it is still important to treat themselves to small indulgences even when their discretionary income is lower than usual. This figure rose to 32% for weekly lottery players in the U.S., up from 30% in a pre-pandemic research wave. Among EU consumers, 24% strongly agreed, and this figure rose to 26% among weekly lottery players, up from 21% in a pre-pandemic research wave.

In fact, the research found that careworn consumers say their need to indulge in light relief as a break from their daily routines becomes even more pronounced when cutbacks must be made elsewhere in their lives, such as delaying major expenditures.

During previous downturns, Foresight Factory has found that consumers looked to what they term as “entertainment” and “fantasy” for the means of giving themselves these breaks. This aligned with the current wave of research, which found the sentiment to be true for 66% of U.S. consumers. The figure rises to 71% among weekly U.S. lottery players. The sentiment was also found to be true for 54% of European consumers, rising to 58% among weekly lottery players.

## In Their Own Words

The live discussion featured video highlights from recent player interviews undertaken by IGT to further understand how current circumstances are affecting people’s choices and decision-making when it comes to lottery.

In these Vox Pop (“voice of the people”) interviews—research conducted in May 2022—lottery players in seven European markets and the U.S. were asked about topics including:

- How their world has changed since the onset of COVID in 2020
- How they feel today about entertainment such as casino games, sports betting, playing lottery, and playing other games like bingo
- Why they engage in these types of entertainment
- Whether there has been an impact on their purchasing and spending decisions for lottery and other forms of gaming
- What advice they have for lotteries around game and entertainment value to earn more of their attention and participation

Recruited based on their play behaviors (participants had to have played lottery online and played at least one other game such as casino or bingo within the past year), respondents answered in their own words, frequently referring to playing lottery as fun, entertaining, and mood boosting. For example:

“Playing the lottery is a kind of tradition for me. It’s fun, it’s something that brings joy. I have a break from the here and now and I start thinking about what I could do if I won.” - Player in U.K.

“I love playing the lottery. It’s something that I can do for a lot of fun to take my mind off the everyday routine.” - Player in U.S.

“It’s a kind of tradition, and it’s entertainment. I do it for fun to have a quick break from daily tasks. I play to win money of course, but I don’t spend much on it. It’s just fun, something that could bring you some extra money.” - Player in Czech Republic

“I think my motivation is always to have fun. A small break from reality, time to dream of big and small wins, and what to do with the money when I finally win. I think my motivation has always been the same, and it hasn’t changed since the pandemic.” - Player in France

“My motivation is to try my luck and relax, to take a break and have some fun.” - Player in U.S.

Many noted that they were still leaving room in their budget for lottery, due to the fun and enjoyment they got from this form of play. Several also made mention of the appeal of instant and online play:

“Online quick instant games are less time consuming, and you can play them anytime really. It’s something that could boost your mood.” - Player in Italy

“I’m not changing the amount of money that I spend on buying tickets for the lottery or anything. It’s still the same for now, anyway. I’m not sure about the future, but for the present, it hasn’t changed just yet.” -Player in U.K.

“Prices for almost everything went up and I think I spent more money than before the pandemic. I still keep playing the lottery, but I have noticed that I choose more affordable instant games more often now.” -Player in Czech Republic

## VOX POPS PLAYERS



## Swapping, Not Stopping

Guest expert Owain Service, CEO of CogCo, joined Nedunuri on stage to interpret the players' words through the lens of behavioral science.

In his professional work, Service has studied what motivates people to do everything from paying their taxes on time to getting vaccinated during the pandemic. He explained how people respond to challenging circumstances, and how this affects their choices and decision making.

Service noted that behavioral scientists who've studied lottery game designs have found that while people's focus tends to be drawn more to the size of a prize than a complex cost/benefit analysis of the payout, it is smaller, more regular rewards that sustain player engagement over time.

"But what's especially compelling about lotteries, from a psychological perspective, is the variability of the reward. Humans find these rewards, delivered apparently at random, much more compelling than rewards that get unlocked at regular, pre-set intervals." This was reinforced in the Vox Pop interviews as players talked about why instant games "are like surprises," and how they "really like unexpected bonuses."

Behavioral scientists are deeply interested in human routines. When pandemic-related restrictions were introduced, they studied how daily routines were interrupted, and are doing so again now that those restrictions are tapering off.

"What's interesting is that when routines get disrupted, we often end up developing new practices," said Service. "We start buying our shopping online for the first time, for example. And we find that people are much more willing to try new things when these disruptive moments change our existing practices."

Service believes the same tendency will apply in these current, changeable times. "One thing that I think previous recessions have taught us is that people will still be seeking out little treats during economic downturns. But behavioral science teaches us that most people think about choices in relative, not absolute terms. A Nespresso pod, for example, is an expensive way to make coffee relative to a bag of ground



Joining IGT's Players Project Live! event at EL Industry Days was **Owain Service, CEO of the company CogCo** (at left, on stage with **Sridhar Nedunuri, IGT Vice President Global iLottery**). Service specializes in the application of behavioral science research. An Honorary Professor of Behavioral Science at Warwick University in the UK, he also co-founded the UK Government's Nudge Unit, which applies behavioral science to a wide range of public policy areas.

coffee. But it's really cheap compared to going to a big-name coffee shop."

He emphasized that when consumers are thinking about whether to buy a lottery ticket or card, it's not just a calculation about the absolute cost of that ticket, be it \$1 or \$10. It's about what kind of value they derive relative to alternatives. As one of the players in the Vox Pop interviews expressed, this didn't mean stopping play of instant games. It just meant switching to one that the player felt was relatively more affordable.

Across the board, the insights from Players

Project Live are potentially encouraging for the industry as lotteries navigate the current economic climate. ■

*Given these findings, what opportunities present themselves to lotteries to attract, engage, and retain players? **A companion article by IGT's Sridhar Nedunuri in this issue of PGRI looks at how lotteries can give players the entertainment value they seek today**, as well as the characteristics of a high-engagement game portfolio to win players' attention. To check out IGT's iLottery Showcase, visit: [igtlottery.com](https://www.igtlottery.com)*

## KEY TAKEAWAYS

- Since the beginning of the pandemic, consumers have increasingly wanted to reward themselves in small ways, even when larger expenditures must be curtailed
- Consumers continue to engage in light entertainment such as lottery to get a break from their daily routine, treat themselves, and bring fun and optimism to their day
- They look forward to easy, "bite-sized" forms of fun that fit into their budget
- Players may swap to a lower-priced game as an alternative, but they'll do that rather than stop playing lottery games
- Players want entertainment and value for their money via interesting games with fun features and bonus play, which make them feel like they have gotten some kind of win each time they play