

IS LOTTERY'S BATTLE TO REMAIN TOP-OF-MIND AMONG AMERICANS ONLY JUST BEGINNING?

Simon Jaworski,
Founder & CEO, Lotto Research

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Is Lottery still top-of-mind among Americans?

An American car buyer's path to purchase a new vehicle combines advertising, demographics, and brand market share, which all impact buying behavior. Insight and understanding into the factors that drive consumer decisions helps auto brands and their agencies develop more informed strategies that improve marketing effectiveness. However, one factor is hands down the most important in the purchase process.

90% of all automobile purchase intent is due to unaided, or unprompted brand recall, awareness of a brand.

This was a staggering finding from an AC Nielsen study in 2018*.

Why is awareness so important for a brand?

During a Q1 2024 research project, one of the first questions Lotto Research asked was 'When you think of gambling, gaming and lottery sectors, which brand or brands do you immediately think of?'

This open-ended, unaided question has been asked since the dawn of time, by brands all over the world,

to see if their particular brand is at the forefront of the consumer's mind because this metric provides an excellent yard stick of awareness. However, this one was answered by 30,000 Americans.

Usually, when we're talking about top-of-mind awareness, we're thinking about unprompted brand recall – that's where the brand can be named without needing any help.

First mention, the peak of consumers' unaided awareness

So, let's start with the good news. Powerball is the #1 brand for being 'first mention, top of mind' among 9% of the population, significantly higher than DraftKings (7%), FanDuel (5%) and MGM Grand (5%), with Mega Millions at 3%. This 'first mention' is the first brand that 'comes to mind'.

However, there are some notable differences by demographics. For

males, DraftKings is #1 over Powerball. For higher income households (\$100k+), Powerball edges out DraftKings with MGM Grand seeing a significant boost to 8% and into third place.

When we examine the 'combined' scores (top-of-mind) of the various industries, the picture becomes a little murkier.

Casinos have the highest 'first mention' at 19%, driven by males (21%), with Lottery Games second (18%), driven by females (20%). Sports Betting and State Lottery mentions are tied for 3rd at just under 15%. Unsurprisingly, Sports Betting has twice the 'top-of-mind' level among men compared to women. Lottery Games are particularly top of mind among Asian Americans, at a demographic high of 24%.

All top-of-mind, all the time

The beauty of the unaided question also allows the respondents to answer multiple times, to give us a 'net' % of

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all those brands that are top of mind to Yanks (Use of my British slang permitted!).

For male Americans, Draft Kings (20%), MGM Grand (17%) and FanDuel (17%) are all higher than Powerball (16%), and Mega Millions (11%) in terms of gambling brands that are top of mind.

When we examine the combined totals of the branded Lottery games we get to 28%, which is currently higher than the 'State Lottery' net (21%) and Sports Betting net (24%), but significantly lower than the combined power of the Casino brands which are at a very strong 35%.

Among \$100k+ households, Casino brands hit an incredible 42% unaided awareness, which is currently the gold standard in the gaming and gambling industry.

iLottery states have a distinct competitive advantage

However, one large significant difference is perhaps more key than any other when thinking about the future of the Lottery industry and whether 'our' products, games and marketing are top-of-mind for the consumer. Among states with iLottery, 'State Lottery' unaided awareness (24.1%) is 3.5% higher than states with no iLottery (20.6%). It's currently the difference between being ahead of sports betting 'top of mind', and being behind. We also see the same trend with Lottery games (Nets of Powerball, Mega Millions, etc.), which are at 30% unaided awareness in iLottery states, and only 27.2% in non-iLottery states. These are strong and significant differences, and perhaps a good way to start a conversation with those who have yet to see the true benefits of selling Lottery online.

Is there a competitive advantage to having higher prompted (aided) awareness compared to being 'top-of-mind'?

"Always remember: a brand is the

most valuable piece of real estate in the world; a corner of someone's mind." — John Hegarty, *Hegarty on Advertising*.

In April 2016 fantasy sports was seen as a game of skill, and then came DraftKings and FanDuel.

DraftKings launched its first legal sportsbook in New Jersey in August 2018, less than 6 years ago. and it is now, based on the information above, a household name. And now, DraftKing's recent acquisition of Jackpocket gives them an entry into the Lottery realm.

The MGM Casino group now has 17 Casino hotels in the United States, while Caesars entertainment has 50 properties across the U.S. and both are two of the leading sports book apps in America.

Based on the 'aided awareness' data from the same study, Powerball and Mega Millions have a 20%+ lead over DraftKings, with Powerball having a 32% aided awareness advantage over FanDuel and Caesars. The question here is, does that aided awareness advantage really matter when the 'top-of-mind' gap is so much closer, and far more dangerous from a competitive standpoint.

The honest answer is no.

An offer a day keeps the lotteries away!

"An apple a day keeps the doctor away" is a common English-language proverb advocating for the consumption of apples, and by extension, "if one eats healthful foods, one will remain in good health and will not need to see the doctor often."

The major sports betting and casino brands have taken this aphorism and massaged it to their product. Every day, without fail, I get a 'No Sweat Bet' offer, to place up to a \$10 bet, and if it loses, I get a free bet to use within a few days. Genius. I never knew that's what I wanted to do with my hard-earned cash, but to qualify it for all those lotteries out there who don't believe in winning as the key factor for play, I win pretty regularly, or at least feel like I have a good chance to win,

when they contact me every day with a 'new offer'.

Second-chance drawings and Lottery Player's Clubs have been a very positive element in the Lottery industry over the past decade, but have they reached this level yet? If I place a bet with DraftKings, and I lose, I get another chance. Immediately. In the palm of my hand.

A year ago I wouldn't have even cared who DraftKings and FanDuel were. However, in my day-to-day life they are now 'top-of-mind', due to a perfect blend of critical mass advertising, key sponsorships, smart acquisitions and the customer centric approach of 'we want to give you the best chance to win'. Even though, and this is hopefully not just a secret between you and I, it is incredibly difficult to win in the long run on any gambling proposition.

Ultimately this leads us to one simple question. How can the Lottery industry's key brands like Powerball and Mega Millions, and especially individual state lotteries, fight back in the battle for American's subconscious and remain top-of-mind?

Jim Jarmusch, one of Ohio's most famous filmmakers (some bloke named Spielberg and the Russo Brothers probably take the top spots), floated the following idea. "Nothing is original. Steal from anywhere that resonates with inspiration or fuels your imagination... Authenticity is invaluable; originality is non-existent ... In any case, always remember what Jean-Luc Godard said: "It's not where you take things *from* - it's where you take them to."

You'll all be top of mind to me this coming year.

Trust me, I'm a researcher. ■

Simon Jaworski, Founder & CEO,
Lotto Research

simon@lottoresearch.com
C: 609-558-1019

Reference*: <https://www.nielsen.com/news-center/2018/car-buyers-consider-twice-as-many-brands-when-shopping/>