

THE players PROJECT



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FROM VOX POP TO POPCORN

IGT's first **Players Project** event invited independent consumer experts to unpack behavioral and trend research with an audience of global lottery customers. With live polling of participants and "voice of the people" interviews featuring players around the world, the event took a deep dive into the **human factors behind lottery players' decision-making process.**

What do popcorn and coffee have to do with lottery play? More than you might think.

In fact, both of these common staples have starred in important behavioral science experiments that shed light on how consumers think about and make everyday choices, such as purchasing a lottery ticket.

The experiments were just one of the many fascinating subjects covered in a live, online event that IGT hosted in June for global lottery customers.

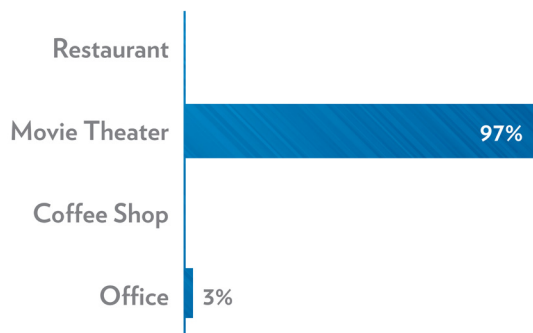
In this inaugural session of **The Players Project**, IGT invited independent experts to share insights into human behavior, offering a fresh lens through which to view and understand players as people.

Joining **industry expert and moderator Charles Cohen** was renowned behavioral scientist **Owain Service, CEO of the Cognition Company**, who has worked with the UK government and businesses of all kinds to help them understand human behavior. Trend-spotting expert **Noelle Weaver, Managing Partner, Foresight Factory North America**, shared findings from the firm's newest global research on lottery play. "Vox Pop" player interviews conducted for the event illuminated aspects of the discussion, such as the consistency and level of routine that goes into consumers' lottery buying behavior.

"We've all come to appreciate that there are many factors that drive player motivation," observed **Fabio Cairolì, IGT CEO Global Lottery**, discussing the genesis of The Players Project. "Primarily, I think it's about possibilities – the excitement of a game's potential. But in the end, how do you judge that? As I think we can agree, lottery games are enjoying a worldwide resurgence, making this a great time to focus even more attention on players. Of course, it's very important to dive into the performance data, and we all devote great attention to analytical research on how, where, and when players engage with lottery. We also wanted to ask, Why?"



Imagine yourself somewhere eating warm, fresh popcorn. Where do you picture yourself being?



The Players Project took famous experiments from behavioral science and repeated them with a live online audience of IGT lottery customers.

AMONG THE QUESTIONS EXPLORED IN THE PLAYERS PROJECT:

- Why would a person choose one lottery game over another – or choose lottery at all?
- Why would someone increase or decrease their play, or change their pattern?
- Why would or could they return to previous behaviors?
- How do people perceive prizes and good causes?

THE EVENT REVOLVED AROUND THREE KEY THEMES:

ROUTINES

Behavioral scientists study what people do – their revealed preferences – as opposed to what they say they will do.

The field recognizes that human beings tend to be governed by routine. When it comes to consumers' lottery-buying behavior, what's happening at a cognitive level?

By recreating a famous “popcorn” experiment with the live audience, Owain Service demonstrated that when people are in an environment they associate with a certain behavior, such as eating popcorn, this is when and where they're likely to think

related disruptions have not only resulted in an evolution of the player base but also **the formation of new player routines and behaviors.** These are reflected in several trends:

- **Cashless Society** For many, the mobile phone became the payment system of choice during the pandemic. Foresight Factory found that 47% of global consumers have used an app or swiped their mobile phone at checkout to pay for something (an 18% growth rate from 2019) and plan to continue doing so. What's more, the demographic data showed strong uptake among the Baby Boomer generation. “It's a great example of a group that may not have used this sort of technology in the past, who have now established a new behavior and they're repeating it in a consistent context,” observed Owain Service. “You would expect it to continue beyond the pandemic.”
- **Presence-Free Living** Lockdowns taught people the convenience of doing things digitally from home and using technology for work, play, educa-



nesses, including shops and restaurants. Foresight Factory found that one in five global consumers expect to buy more from independent businesses over the next year vs. pre-pandemic because they're now more invested in their community. Lottery players score slightly higher than the average consumer in saying that where they live is very important to their identity (about 42% vs. 38% global average). This is a great opportunity for marketing communication messages

to convey how important lottery is to the local community – both in retailer support and returns to good causes.

With this in mind, lotteries can take a completely new perspective on how to plan, position, and market lottery.

Are your players' routines becoming more local? If they are, then the environments they'll be in when deciding to play lottery may be different to what they were before.

What are the new circumstances for lottery purchases?

Changes could be needed to get lottery in front of players who have adopted new routines and

behaviors. Lotteries could conduct studies to understand how player journeys have changed as a result of Covid and make changes to their communications strategies accordingly.

How does lottery adapt to changes in other purchasing behaviors? Lotteries can consider digital and cashless offerings to accommodate new habits or incentivize more players to embrace the shift to digital.

Consumer shifts during the pandemic means new routines and behaviors have formed

CASHLESS SOCIETY



47% Global Consumers

have used an app or swiped their mobile phone at the checkout to pay for something.

PRESENCE FREE LIVING



Frequent Lottery Players in

70% Of Countries

are more likely than average to say they expect to shop online more vs. pre-pandemic.

LOCAL ALLURE



1 in 5 Global Consumers

expect to buy more from independent businesses over the next year vs. pre-pandemic.

about doing it – not the other way around. In other words, when it comes to routinized activities, the human behavior stems from responses to the environment.

Citing new data about consumer routines from a Foresight Factory survey across 27 countries, Noelle Weaver noted that about 40% of respondents said it's important to have the routine of lottery play in their lives. Consumer shifts driven by pandemic-

tion, and entertainment. Lotteries saw a corresponding spike in online activity and engagement. Foresight Factory also found that 70% of frequent lottery players across 27 countries said they are more likely than non-lottery players to shop online more now vs. pre-pandemic.

- **Local Allure** During the pandemic, community engagement increased as people wanted to support local busi-



MAKING CHOICES

The Players Project event **recreated another famous behavioral science experiment – this time featuring coffee** – to give the audience a sense of what’s happening in consumer’s minds when they make the types of choices that lottery players make in buying a ticket.

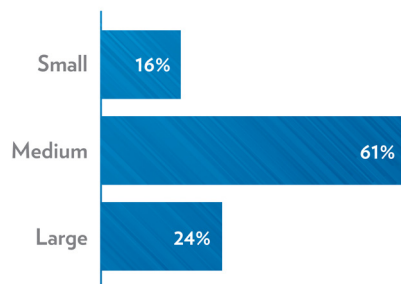
“Imagine you’re standing in your local coffee shop and choosing your morning shot of caffeine,” said moderator Charles Cohen, instructing participants to indicate in the live poll which size coffee they would buy: small, medium, or large.

“We make thousands of choices on a day-to-day basis, and we often suffer from choice-overload,” said Service. “As a result, we end up using simple rules of thumb we can apply to support our decision-making. When we’re choosing any kind of consumer-based product, such as coffee or lottery, the decision to purchase is often based on the relative merits of a choice, compared to the other available options.”

In the original experiment, the small cup seemed too small for many respondents, the large one seemed too large, and the middle one seemed like just the right amount of coffee. In behavioral sciences this is known as The Goldilocks Effect. Research shows that even when the coffee cups are sized-up to hold larger amounts, respondents still tend to go for the medium-sized choice. The Players Project live poll showed that The Goldilocks Effect is alive and well.

For lotteries and retailers, the experiment could inform efforts to help consumers make an engaging choice, a responsible choice, a choice that’s right for them.

Which of these three cups of coffee would you instinctively order?



With consumers making thousands of decisions every day, “We could make it easier for people to take those decisions,” said Service. “It comes down to curation – how you present the choices. If people are going in for the first time [to buy a lottery ticket], what are they comparing that decision to? What is it relative to?” he asked. “And if they’re already engaged, then it’s more a question of the relative nature of their decision within an existing category.”

The central point, which is fundamental to life in lots of different areas, is that we

stand the ways players react when they’re faced with a different set of choices.

How does relative pricing between games impact selection? Across the broader category of consumer packaged goods, relative pricing matters. Given the routinized behavior that people seem to demonstrate when they play lottery, there are opportunities to put value in front of players in a way that may not necessarily have been considered before. Not only in how it’s printed on the ticket itself, but how you place the ticket relative to other choices.

MENTAL ACCOUNTING

The third experiment presented is one that helped its creators earn a Nobel Prize: “You receive a small tax refund you weren’t expecting. What do you want to do with the money? Have fun, save for a rainy day, or donate it to a charity?”

Service explained that the original research demonstrates a phenomenon known as Mental Accounting, and the experiment itself derived from the observation that many standard economic models assume “a dollar is a dollar is a dollar.” But it turns out that’s not how humans make decisions. We



don’t usually make decisions based on objective merits, but on relative positioning of the choices.

How can you make it easier for people to choose between games? Behavioral science has some insights that can be valuable and useful to predict and test new ways of offering games, and also to under-

mentally account for each of those dollars in various buckets, and if we deplete our budget for one category, it doesn’t necessarily make an impact on the rest of our spending decisions.

“It also accounts for why people treat money differently depending on its source,” he said. For example, in the experiment, “Even

though it was your money in the first place, a small tax refund feels like something unexpected, almost like a gift. Or, if we earn income from our labor, we spend it differently than if we receive money by winning the lottery.”

When people’s lives are disrupted, as they have been during the pandemic, it can also disrupt their sense of balance and the way they mentally divide their income into different buckets.

Noelle Weaver noted that Foresight Factory looked broadly at what was happening with consumer finances during the pandemic and saw a trend toward “cautious consumers.”

You just received a small tax refund you weren’t expecting! What do you want to do with the money?



Globally, 44% expect to carefully budget household spending over the next 12 months. For lottery players, it doesn’t mean that they’re not going to spend, but that they’re carefully putting money aside to purchase lottery.

The experts discussed Mental Accounting in relation to small prizes, player engagement, and other topics. “Particularly from a Responsible Gaming point of view, we all want players to have controlled budgets, and Mental Accounting might actually help with that,” observed Cohen.

In the Vox Pop interviews, a number of players said that, in light of the pandemic, they’d think differently about what they’d do with a large jackpot win. As discussed earlier, Foresight Factory notes shifts in the recent data toward more locally focused, socially conscious activity. “We definitely see people who are investing their money within their local community, and I think there’s a real opportunity for that,” said Weaver. “People are spending on themselves and they’re definitely investing back, whether it’s another lottery ticket with a local bodega owner or something else within the local community, with the understanding that the money is going there.”



What does this mean for the way people view a lottery win? What motivates players might be changing post-pandemic, and lotteries need to speak to players clearly in order to connect with those consumers in a way that’s meaningful – including the way the prize is presented.

What are the implications of Mental Accounting for prize structures? The phenomenon of Mental Accounting certainly has implications for the design of prize structures and merits further exploration.

THE IMPORTANCE OF SIMPLY HAVING FUN

When it comes to how consumers are entertaining themselves during the pandemic, many say they have been learning new skills, trying new things, and that simply having fun has been important to them. Foresight Factory found that 70% of weekly lottery players (versus 50% globally) said that simply having fun is something that will continue to be very important to them after the pandemic, and that’s a positive sign for the lottery industry.

“We’re finding that people are establishing new practices and new routines,” observed Owain Service. “With that will come the need to think about what these mental accounts and different segments of activities might be. Which of these categories will people put their lottery budget toward? And it seems from the player feedback that a lot of people will put lottery in that fun and entertainment category.” ■

IGT invites you to hear more insights from The Players Project event in a presentation during the PGRI Lottery Expo, Oct 26-28.

The Players Project “Vox Pop” interviews illustrate Mental Accounting in players’ comments about the budgets they allocate to playing lottery. Players also indicated that their handling of a jackpot has changed since the pandemic.

“I would build my own music label, help out my family – but this pandemic kind of changed the way you see life in general.... I think if I win, I would also like to help [recipients of a local charity] get back on their feet.” – **Player in Italy**

“I would invest in a nice vintage car. It was always my dream. Now I think it would be good to invest in something that won’t lose value, so if I’m in need I can always sell it to one of the other collectors.” – **Player in Germany**

“Before the pandemic, I had the idea that the money will allow me to travel to beautiful remote places. A year ago, that would be my answer. However, last year changed a lot. Nowadays... I think I would rather get a small lakeside house and spend more time with nature in my own country.” – **Player in Ukraine**