



# Millennials Matter:

Tapping into the preferences of  
a game-changing demographic



## Introduction

**M**illennials, a major consumer force comprising roughly a quarter of the global population, engage in gaming more than most other generations, yet they tend not to play the lottery. Titles like *Clash Royale*, *World of Warcraft*, and *Candy Crush* are just a few of the games that have surged in popularity with this demographic, despite the fact that none of them provide monetary rewards like a lottery game could.

Some observers believe that Millennials' relationship with the lottery will be shaped predominately by their life-stage progression, a view that may be limiting and misses a unique opportunity to capture the momentum and energy of a wave that can help to propel the industry forward. What's more, since Millennials' digital gaming habits are likely to get stronger as they age, neglecting to appeal to them today risks losing this group for the long term.

To aid lotteries in understanding the needs and preferences of a player group with immense influence, IGT set out to learn more about what makes Millennials tick. We define and explore five Millennial gaming expectations, as well as hear from two lottery-industry Millennials, to help fulfill the untapped demand and potential of this powerful demographic.

## Millennials: Why do they matter?

Born between 1981 and 1997, Millennials represent around 26% of the global population.<sup>1</sup> They are expected to control between \$19 trillion and \$24 trillion of the global economy by 2020.<sup>2</sup> And they engage in gaming more than most other generations.

With such powerful social and economic influence across the world, Millennials would seem to be a natural focus for lotteries. But if lotteries are trying to court Millennials, they have yet to find success. As an example, a recent study conducted by the state of Minnesota revealed that the number of local lottery players between the ages of 18 and 34 is down 70% since 2002.<sup>3</sup> Globally, only one-third of Millennials surveyed by Gallup said they had played the lottery in the past year.<sup>4</sup>

## Millennials' five great gaming expectations

There may not be much love for the lottery amongst Millennials, but they enjoy their non-lottery gaming more than most other generations, with 48% playing their favorite game at least once a week<sup>5</sup> and spending more than \$8 per month on mobile games.<sup>6</sup> So what separates non-lottery games such as *Clash of Clans* and *Pokémon GO* from draw games and scratch tickets?

Millennials are drawn to non-lottery games because of their ability to meet five key expectations. While lotteries cannot compete on the same footing with fundamentally different categories of play, lotteries can offer games with attributes that are in tune with Millennials' expectations.



Millennials represent around 26% of the global population.<sup>1</sup>



Millennials are expected to control between \$19 trillion and \$24 trillion of the global economy by 2020.<sup>2</sup>

<sup>1</sup> Forrester, "The State of Consumers And Technology: Benchmark 2016, U.S." 2016.

<sup>2</sup> Flanagan, Kevin. "What Millennial Consumers Really Want." *MediaPost*, 31 Jan. 2017.

<sup>3</sup> Minnesota Lottery. "18-34 Year Old Segmentation Study." 2016.

<sup>4</sup> Vare, Rosie. "Is This Why Millennials Aren't Buying Lottery Tickets?" *AOL UK*, 17 Feb. 2017.

<sup>5</sup> YouGov. "For the Win, A Global Study of Player Motivations." *Global Tables. IGT*, 2016.

<sup>6</sup> Erickson, David. "Average Monthly Spending On Mobile Games By Segment." *EMarketer*, 7 Nov. 2014.

### Millennial Expectation #1: Easy to purchase. Easy to play.

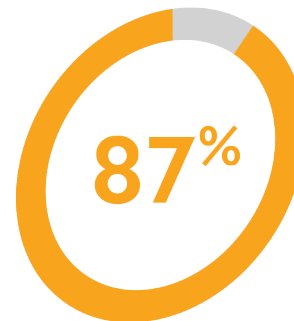
Millennials crave convenience, and given that smartphone ownership amongst Millennials in the United States is at 87%,<sup>7</sup> convenience primarily means mobile access.

However, the limited availability of digital payment for lottery is not meeting the demand of the 63% of Millennials who shop on their mobile phones each day or the 38% of Millennials who have made a purchase on their mobile device within the past week.<sup>8</sup> This general interest in digital purchasing directly translates to the lottery, with 31% of Millennials claiming high interest in being able to buy a lottery ticket on their mobile.<sup>9</sup>

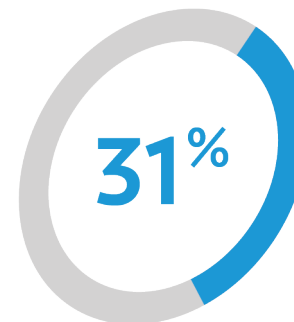
And Millennials are not satisfied with just convenient purchasing or the ability to check lottery numbers—they want convenient play as well. One male Millennial, stated, “I don’t dislike the lottery, but I’d play more if I could play online or on my phone.”<sup>10</sup> He is hardly alone. In fact, according to an IGT global study, 50% of Millennials said it is extremely or very important for a lottery game to be convenient for them to play.<sup>11</sup>

While “mobile” and “convenience” are synonymous for Millennials, gaming expectations go beyond their smartphones to other purchasing options. Globally, 19% of Millennials said their lottery spending would increase significantly if they were aware of the ability to purchase lottery tickets from the checkout lane, and 20% said it would increase if they were able to purchase from a self-service machine.<sup>12</sup>

Increasing access to these point-of-purchase options would also increase the frequency of impulse lottery purchases, which is an opportunity amongst lottery-playing Millennials, as 45% of their lottery purchases in the past year were made on impulse.<sup>13</sup>



of Millennials in the United States own a smartphone.<sup>7</sup>



of Millennials globally claim high interest in being able to buy a lottery ticket on their mobile.<sup>9</sup>



of Millennials said it is extremely or very important for a lottery game to be convenient for them to play.<sup>11</sup>

<sup>7</sup> Forrester. U.S. Benchmark Survey. 2016.

<sup>8</sup> Martin, Chuck. “Mobile Millennials: 63% Shop On Smartphones Every Day, 53% Buy In Stores.” *MediaPost*, 17 Aug. 2016.

<sup>9</sup> YouGov. “For the Win, A Global Study of Player Motivations,” Global Tables. IGT, 2016.

<sup>10</sup> Callender, Ariana. “Overcoming the Millennial Challenge,” IGT, 2017.

<sup>11</sup> YouGov. “For the Win,” Global Tables. IGT, 2016.

<sup>12</sup> Ibid.

<sup>13</sup> YouGov. “For the Win,” IGT, 2016.

## Millennial Expectation #2: Be a brand that speaks to me.

A recent qualitative study performed by IGT revealed that Millennials find the lottery to be antiquated.<sup>14</sup> However, current perception does not need to be permanent reality. Millennials are open to changing their minds about a brand if that brand finds a way to resonate with them. Having a presence on social media isn't enough. Lotteries must tune into Millennials' interests and values and offer messages that resonate with them.

“I'd be more likely to play the lottery if I saw advertisements for it on social networking sites that I already use.”

— Millennial female<sup>15</sup>

State Farm, an insurance company in the United States, is a great example. Focus groups revealed that many Millennials did not think State Farm had anything relevant to say. In response, State Farm launched digital initiatives appealing directly to Millennials. The most notable of these was the company's “Chaos in Your Town” campaign. Using Google Earth, individuals could make a video simulating an unforeseen event, such as a flood or fire, at any address entered, encouraging users to prepare for the unexpected by purchasing home or renter's insurance. The campaign was so successful that users made 1 million personalized films in less than 12 weeks, leading to more than 120 million impressions across social media.<sup>16</sup>

By creating shareable, interesting, and engaging content, State Farm reached Millennials where they are and drastically changed the perception of the company with this key demographic.

<sup>14</sup> Callender, Ariana. “Overcoming the Millennial Challenge.” IGT, 2017.

<sup>15</sup> Ibid.

<sup>16</sup> Schultz, E.J. “Agent of Change: How State Farm Used New Logo, Tagline to Stay Relevant at 90.” *Ad Age*, 26 Nov. 2012.

## Millennials Embracing Lottery—What Are the Odds?



**After conducting an online survey on her peers' relationship with the lottery, IGT intern Ariana Callender offers some straight talk on how the industry might attract younger players.**

I'm a Millennial, and I'm not a lottery player. Once, I bought a Mega Millions ticket when the jackpot was near \$300 million. Standing in line at my neighborhood convenience store was exciting—all my neighbors, admittedly non-lottery players themselves—were there buying tickets, and for a few minutes I could almost feel the sense of hope the lottery provides. In the end, I didn't win, and I've never bought another ticket.

When I found myself studying the industry as an IGT intern, I realized that without some changes to how lotteries operate and communicate, my experience will be the future profile of lottery players. The lottery isn't relevant to me and my peers—but it should be.

My life is increasingly online. Every day I check my email, Facebook, LinkedIn, Instagram, and Snapchat feeds. I probably see thousands of pictures, articles, and advertisements daily. What I don't see are any advertisements for world lotteries, hashtag campaigns, giveaways, or loyalty-program emails. There are no lottery advertisements on the sites I visit every day.

Also, lotteries around the globe pour revenue into causes that we Millennials say we care about—education, the arts, funding programs for the elderly. Yet it's difficult to find information on state lotteries' social contributions or operations in general. It often takes scrolling through multiple pages of Google search results when the information could be much more prominent.

When I think about how I want to spend my money, it's on experiences and brands that I value. The brands that engage and excite me are those that draw me in by complementing my lifestyle, and lotteries need to become the kinds of brands whose messaging communicates something modern and—most importantly—fun.

### Millennial Expectation #3: Provide great products. Do great deeds.

Millennials do not just purchase a product, they invest in a brand, and they expect the brands they buy to support their values. A recent study found that 56% of American consumers will stop buying a brand's products if they believe that brand to be unethical.<sup>17</sup>

Take the case of Warby Parker, a glasses brand popular with Millennials. When Millennials caught wind of the company's promise that for every pair of glasses purchased another would be donated to someone in need, Warby Parker's annual revenue nearly tripled, from \$35 million to over \$100 million, in only three years.<sup>18</sup>

“Does the lottery actually support social causes? I mean, that might get me to play.”

– Millennial female<sup>20</sup>

Brand value promises are an excellent opportunity for lotteries, as many of them already raise funds to benefit causes that Millennials care about, such as education, environmental protection, and the arts. Unfortunately, 74% of Millennials are currently unaware of where lottery revenue goes. If lotteries want to leverage Millennials' affinity for brands that support social causes, they must make a larger effort to raise awareness about their role.<sup>19</sup>

### Millennial Expectation #4: If it's not social, it's not for me.

Millennials are the “social generation,” and when it comes to gaming, they expect highly social interactions that continue throughout—and even after—the play experience.

Yet, 62% of non-Millennials view playing the lottery as an individual activity simply because they want to keep their winnings private.<sup>24</sup> Because the lottery has generally been perceived as a solitary game, most lotteries lack a social component. It's another reason Millennials are staying away.

Lotteries need to increase the opportunities for Millennials to be social, whether in the form of crowdsourcing new games or feedback, giving away experiential prizes (e.g., group trips and concerts), or integrating with social networking sites.



91%

of Millennials in the United States who bet or gamble are active on social networking sites at least once a week.<sup>21</sup>



48%

of Millennials state it is extremely desirable that a game is social and allows them to share their experience with friends/others.<sup>22</sup>



42%

of U.S. Millennials surveyed agree that they are interested in helping companies create their future products and services.<sup>23</sup>

<sup>17</sup> Mintel. “56% Of Americans Stop Buying From Brands They Believe Are Unethical.” 2015.

<sup>18</sup> Sun, Leo. “Who Owns Unicorn Startup Warby Parker?” *The Motley Fool*, 24 June 2016.

<sup>19</sup> Callender, Ariana. “Overcoming the Millennial Challenge.” IGT, 2017.

<sup>20</sup> Ibid.

<sup>21</sup> Forrester. U.S. Benchmark Survey, 2016.

<sup>22</sup> YouGov. “For the Win.” Global Tables. IGT, 2016.

<sup>23</sup> Callender, Ariana. “Overcoming the Millennial Challenge.” IGT, 2017.

<sup>24</sup> YouGov. “For the Win.” IGT, 2016.

### Millennial Expectation #5: Give me gamification.

If lotteries want to appeal to Millennials in the same way that popular non-lottery games do, they must incorporate the gaming traits that Millennials find appealing. In other words, they must be intuitive, suspenseful, and contain skill-based elements while remaining true to the requirements for games of chance.<sup>25</sup>

Millennials are drawn to intuitive games like *Clash Royale* and *World of Warcraft* because they are more engaging and easy to play, factors that make Millennials continue to play for longer periods of time.<sup>26</sup> Millennials also enjoy suspenseful games for their variable results, which create a feeling of anticipation. This is similar to the way players of instant scratch tickets—the lottery game Millennials most often play—experience a surge of emotion in anticipation of the results.<sup>27</sup> Finally, Millennials engage with skill-based games because it makes them feel as if they can apply their real-world abilities to the game.<sup>28</sup>

If lotteries can develop games with these characteristics, Millennials may be more drawn to play.

“**The game congratulates us for our skill, even though such ‘combos’ are often simply fortuitous—but our brain gets a pleasure rush anyway.**”

– Business Insider<sup>29</sup>

<sup>25</sup> Stuart, Keith. “Why Candy Crush and Angry Birds Are So Addicting.” *Business Insider*, 21 May 2014.

<sup>26</sup> Ibid.

<sup>27</sup> YouGov. “For the Win.” IGT, 2016.

<sup>28</sup> Stuart, Keith. “Why Candy Crush and Angry Birds Are So Addicting.” *Business Insider*, 21 May 2014.

<sup>29</sup> Ibid.

### Lessons for Lottery From Sports Betting



**Even in markets where mobile play is available, lotteries can do more to excite younger players, urges IGT’s Watford, UK-based marketing manager Stelios Iasonos.**

I’m a Millennial, and I am not a lottery player—but I am a sports betting player, as are a lot of my peers. As a young professional in the gaming industry, I often wonder why these two forms of entertainment do not overlap more, and why Millennials seem to reject lottery products. One reason is convenience. I have been conditioned to expect and need instantaneous service. Retailers solved this by offering self-service terminals. However, lotteries still expect me to queue twice. The trade-off between queuing twice and buying a lottery ticket is not important enough to me. Even in countries like mine, where lottery games can be purchased and played on a mobile device, I still choose not to open an account.

“**When I bet on sports, I feel part of a social community —my WhatsApp groups are consistently buzzing and it’s all over social media.**”

Which leads to me to the second reason I don’t play the lottery: Entertainment. I am a sports betting player because it is entertaining, exciting, and engaging. I feel part of a social community and almost proud to be involved. This is why I happily download a sports betting app and open an account. But when I wager on lottery products, it’s the opposite. I do not feel I have any real chance of winning, and I find the play somewhat boring and disengaging.

In my opinion, for the lottery industry to engage with Millennials, it must offer convenience combined with entertainment. This means that the purchase needs to be instant and the games need to offer perceived skill, entertainment, and excitement. Once the lottery conquers those two fronts together, my peers and I may well start playing.

## TL;DR ("Too long; didn't read" or Millennial for "in summation")

**For lottery to appeal to more Millennials, it must be more in tune with the following five expectations:**



### 1. Must be easy to purchase and play

Increasing access to lottery games via checkout lanes and self-service terminals is one way to help drive impulse buys, but mobile is the ultimate goal. Millennials are often on their phones, so lotteries should be, too, through mobile apps and tethered wagering.



### 2. Speak in a way that will resonate

Don't talk at, talk with. If a lottery becomes a brand Millennials will want to engage with, it can become a brand they'll want to play with.



### 3. Spread the word about the positive causes lotteries support

Environmental protection. Education. The arts. These are the types of social causes that Millennials support. They're also causes that lotteries help fund. Remind Millennials they aren't just playing a game, they're also making a positive change.



### 4. Make it social and shareable

Sharing, liking, and commenting aren't just buttons on social media, they're the way Millennials live. Provide ways for Millennials to experience the lottery with others by using methods such as crowdsourcing, experiential prizes, and social network integrations.



### 5. Tap into a competitive nature

Millennials may be unique in many ways, but they still want to win. Continue to look to popular non-lottery games and fantasy sports for inspiration and apply those gamification strategies to make lottery games more intuitive, suspenseful, and skillful.

## Research Methodology

### A blended qualitative and quantitative approach

IGT's *For the Win, A Global Study of Player Motivations* began with a multi-stage, 10-country research protocol in November 2016. The study was led by Gerard Caro, Senior Director of IGT's Insight Team, and the research was conducted by YouGov.

The first stage consisted of 10 qualitative, moderated focus groups that included 90 participants from Argentina, China, South Africa, the United Kingdom, and the United States. The focus groups included a Frequent Player group (participants who had played both non-lottery and lottery games during the past month) and a separate Occasional Player group (participants who had played both non-lottery and lottery games during the past year but not within the past month). Moderators guided a discussion on participants' need states, mindset, socialness, emotions, motivators, and expectations for both lottery and non-lottery games, with separate discussions on ways to modernize the lottery gaming experience.

The second phase began in December 2016 and included a 26-minute online survey of 8,040 lottery and non-lottery players in Argentina, Belgium, Canada, China, the Czech Republic, Finland, Mexico, South Africa, the United Kingdom, and the United States. The survey explored participation and frequency, favorite games, socialness, Millennials' participation in the lottery, and the impact of vendor and payment options, which helped identify overall modernization strategies.

To supplement *For the Win, A Global Study of Player Motivations*, IGT performed additional qualitative primary and secondary research to support and expand upon the study's findings.



#### STAGE 1

10 qualitative, moderated focus groups that included 90 participants



#### STAGE 2

26-minute online survey of 8,040 lottery and non-lottery players

## About

International Game Technology is the global leader in the lottery and gaming industries. We enable players to experience their favorite games across all channels and regulated segments. From slot machines and social games to lottery terminals and business management, we anticipate the demands of consumers wherever they decide to play. As the lottery category leader, we serve 39 out of the 45 jurisdictions in the United States offering lottery and run 79% of wagers through our systems. We also assist more than 20 national lotteries, including the United Kingdom, Finland, Poland, Czech Republic, Italy, Mexico, and Colombia.

## Contact

For more information about IGT's *For the Win, A Global Study of Player Motivations*, please contact:

**Gerard Caro, Senior Director of Marketing Insights**  
**[gerard.caro@igt.com](mailto:gerard.caro@igt.com)**

