

# A New Model to Attract New Players



# The Attracting New Players Study

IGT commissioned the international *Attracting New Players* study with research firm KS&R to explore how the industry can appeal to non-regular players – an aggregation of light-, lapsed- and non-player segments – and particularly Millennials (defined in this study as aged 18-34 in 2017).

In Part One of this white paper series (available at [www.IGT.com/LotteryBlog](http://www.IGT.com/LotteryBlog)), we heard directly from non-regular players in their own words, via mobile video diaries, about their barriers and motivators to play. In the following pages, Part Two looks at what non-regular players want from the experience in terms of game-play mechanics and rewards, and what role optimism and good causes play in their attitude and behavior toward lottery.

This study has taken an extensive look at non-players through a new lens, which reveals their attitudes toward life and their beliefs. What's unique is not only the sheer number of individuals surveyed – more than 4,300 in five nations – but the depth of information revealed, including participants' unvarnished opinions on lottery and closely related topics. There is a story to these details about how the industry can best connect with this group of potential players, which we will reveal here and in the forthcoming Part Three.

## What actions can lotteries take to add billions of dollars in sales revenues annually to the industry?

Based on IGT's recent global study, *Attracting New Players*, lotteries have the potential to engage a large, global segment of non-regular players (light-, lapsed- and non-players) who say they are willing to consider lottery. Engaging them, however, would require different types of game-play and rewards than those that satisfy today's core players.

Calculations based on the new IGT research indicate that this segment of non-regular players, who have a positive opinion of the lottery and satisfy age requirements, numbers about 249 million people globally today, growing to about 278 million by 2027. IGT has broadly categorized this group as Optimistic Realists<sup>1</sup> on the basis of their outlook on luck and lotteries, revealed in the research. If these people were to become regular lottery players, their participation would add approximately \$18 billion annually to the industry.

Connecting with Optimistic Realists offers the potential to help offset natural player attrition in the future, while pointing the way to new models of play and reward.

### Growing Lottery with Optimistic Realists

Optimistic Realists are the segment of eligible non-regular players (light, lapsed and non-player segments) with a positive opinion of lottery – today numbering about 249 million people globally.

### Potential gain by 2027:

If Optimistic Realists were attracted to play regularly starting January 1, 2019, this segment could grow to about 278 million additional players annually through 2027, representing about \$162 billion.

<sup>1</sup> For more on the categorization of Optimistic Realists, please see pages 4-5

## Is Non-Play Driven by a Fundamental Lack of Optimism?

IGT's study dispels the theory that non-regular players are not optimistic. In fact, they tend to be optimistic about their lives and many imagine good things happening to them, but they generally don't rely on luck to accomplish their dreams or to bring them happiness.

The research showed that 43% agree with the statement, "I can find something good in most situations – every cloud has a silver lining." Millennials are especially likely to see themselves as optimists, with 57% agreeing that the statement, "I'm a bit of a dreamer and like to imagine good things happening," describes them well, versus 39% of the 35+ age group. Women (50%) identify more strongly than men (40%) with this description.

There is little difference in agreement with the "imagine good things" statement among light players, lapsed players, and those who have never played, signaling that their lack of participation in lottery does not correlate with their optimism about life.

Interestingly, single non-regular players agree with the statement more than their married counterparts (51% vs 43%) while those with children are most likely to dream of good things happening (53%).

Although they like to dream, non-regular players don't find excitement in leaving things to chance. 53% say that they like to make decisions carefully, based on the circumstances of a situation. Younger non-regular players report being only slightly less thoughtful about their decisions (51% of 18-35s) and men (56%) report being a little more considered than women (51%).



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**"I'm a bit of a dreamer and like to imagine good things happening."**

The study found notable differences by nation relative to statements of optimism.

% who agree that the statement describes them well:

Colombia 66%

Poland 56%

US 44%

UK 33%

Finland 32%

## The Optimistic Realist

Given the previous insights, these non-regular players are perhaps best described as “Optimistic Realists.” They are deliberate decision makers who make considered choices based on facts, and who feel less confident about making decisions based on a gut feeling or intuition (only 29% agree that this describes them well).

What’s more, while Optimistic Realists envision good things happening to them, they don’t find it exciting to leave things to chance (18%). These factors influence their attitude toward participating in lottery.

**When it comes to lottery, Optimistic Realists recognize that the odds of winning a big prize are stacked against them; in fact, they rank “The odds of winning are very low” as the number one reason not to play.**

This reason for non-play dominates all age groups, although is less dominant among the younger age group.

We can conclude that the decision not to participate in lottery is a conscious and unemotional one, based on Optimistic Realists’ logical assessment of the game odds, which leads them to conclude that their chances of winning are almost impossible. This belief, together with their tendency not to leave matters to chance, results in them rarely thinking about lottery, making it a challenge for lotteries to drive reappraisal.



**The #1 reason for non-play: “The odds of winning are very low.”**

% of non-regular players who rank low odds of winning as a top-three reason not to play:

Poland 62%

US 62%

Finland 60%

UK 59%

Colombia 52%

## Lottery Is Not Top of Mind

While not fundamentally opposed to lottery, Optimistic Realists do not consider lottery important in their lives, and it is not top of mind for them.

42% of Millennial Optimistic Realists in Colombia, Finland, and the U.K. agree that “I just don’t think about lottery” is a top-three reason for non-play. This finding is supported by current research from Kantar for The European Lotteries association, which surveyed adults aged 18-64 in eight EU markets. That research also found “low awareness” to be a top barrier to lottery for Millennial non-players.<sup>2</sup> The same study found that two-thirds of the non-players surveyed are willing to consider playing lottery in the future.



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**“I’m not against playing Lottery, I just don’t think about it.”**

% of Millennial non-regular players who rank the statement above as a top-three reason not to play:

Colombia 42%

Finland 42%

U.K. 42%

U.S. 39%

Poland 21%

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<sup>2</sup> Andy Gallagher and Jana Šmejcová, “Consumer-Driven Navigation for Growth,” Kantar, 2018.

## Creating A More Rewarding Experience for Optimistic Realists

Another deterrent for this group of willing, non-regular players is that they don't find enjoyment in the act of playing. In fact, "Playing Lottery – picking numbers, watching the draw, scratching a ticket, etc.," comes last on the list for all age groups when ranking sources of happiness (only 5% said it was a source of happiness). 45% of Millennials ranked "I'd rather spend my money on something that I'm assured to get some enjoyment from" as a top-three lottery-play inhibitor.

Importantly, this finding confirms that there's an opportunity to increase the enjoyment and value in the overall lottery experience to attract willing non-players, from how the game is purchased, through the process of game play, to discovering the outcome.

How can lotteries help Optimistic Realists get more enjoyment from the act of taking part – irrespective of whether they go on to win – thus creating an experience they want to repeat?

Having asked what appeals to Optimistic Realists in terms of new approaches to lottery game play (see sidebar), IGT believes that combining enhanced play experiences with improved winnability could provide the incentive they need to reappraise the role of lottery in their lives.

### What Appeals to Millennial Optimistic Realists in Game Play?

After greater winnability, Millennial Optimistic Realists are looking for games that:

Allow me to use **skill** to **increase** my **chance** of **winning 45%**

Have a **mentally challenging element 38%**

Include **logic puzzles 33%**

Feel a little bit like an **adventure 34%**

My friends and I would **enjoy talking about** afterwards **28%**

## Rewarding Game-Play Concepts

Among the many possibilities that could shape lottery's evolution, the following concepts offer a strong push to move forward and explore new frontiers. The broad vision is for a lottery portfolio full of extra opportunities, adding niche proposals to the evergreen classics.

More rewarding game-play concepts for non-regular players might include elements of:



**Fantasy leagues**

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**Social elements** and **competitive league tables**

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**Linked games** – for example, players complete one game to get a voucher or code for another, creating continuity of experience like a treasure hunt

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**Game-in-games** – adding a game to one they already play

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Added **online content** that is revealed through game play

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**Penny-level lottery**, so as not to compete with expenditures that Optimistic Realists consider important

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**Trivia** and other **skill-based games**

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Of course, some directions (such as fantasy, multi-level games with a risk/reward component; Trivia; and new ways of revealing outcomes) also require solid data analytics to secure the integrity of the results; designs aligned with Responsible Gaming criteria; and a regulatory environment that allows for these developments.

Within these elements, there are also mixed components of skill, perceived skill, and chance that sometime work simultaneously, and which might be bundled to generate a new experience.

Furthermore, the social component appears to be a mandatory element, such as linking the game experience with the ability to share mechanics, emotions, and wins – and, even more importantly, enabling players to compete or team up in a game. For the first time, a lottery game would be intended as a social experience, and not only a personal one.

Although the retail environment will continue to be the primary place for playing the lottery, new game concepts should include apps or other means to digital interaction.

IGT is working on a wide range of potential ideas to attract new players, and the next wave of our proprietary Game Innovation process, FutureGame, will specifically explore and address these directions.

## Defining More Satisfying Prices and Prizes

Sometimes winning isn't the only goal in a game. IGT research revealed that, for Optimistic Realists, desirable outcomes of any type of game play include mentally challenging activities, time spent with others creating memories, and just passing the time in a way that is fun.

Further, winning life-changing amounts isn't always a priority. 47% of Millennial non-regular players claim that games that cost less to play would make them much more interested in lottery, and 45% say that games that have more chances to win moderate amounts of money (\$500 - \$1000) would increase appeal. While the research did not distinguish between types of lottery play, the study participants' frequent references to jackpots and long odds suggest that they often had draw games in mind.

Lottery Motivators – By Country & Age (% Much More Interested)								
Lottery Motivators	Total	Country					Age Groups	
% Would Make Them Much More Interested In Lottery (Gave A Rating Of 6-7 On A 7-Point Scale)		US	UK	Columbia	Finland	Poland	Under 35	35+
Games that aren't expensive to play (\$1 for example)	45%	49%	45%	44%	42%	42%	47%	43%
Games that have more chances to win moderate amounts (\$500-\$1,000)	42%	43%	37%	48%	37%	43%	45%	40%

Games that offer moderate prizes tap into something that non-regular players find exciting: 60% of Millennial non-regular players say that “winning even a small prize or a little money is exciting to me.” IGT has seen the concept of attainable prizes – making them believable – to be a strong motivator in many other consumer studies.

Life Attitudes – By Country & Age								
Life Attitudes	Total	Country					Age Groups	
% Statement Describes Them Well (Gave A Rating Of 6-7 On A 7-Point Scale)		US	UK	Columbia	Finland	Poland	Under 35	35+
Winning even small prize or a little money is exciting	55%	55%	46%	67%	40%	58%	60%	49%

**To avoid simply shifting player spend and to help generate incremental sales by attracting Optimistic Realists, lotteries can consider augmenting their game portfolios with game propositions that feature:**

- An affordable entry point, such as \$1 or less in the U.S., and appropriately affordable amounts in other countries, with higher wager options available that reduce the overall odds while putting the player in control of their odds and spending
- Both real and perceived winnability with overall odds that are significantly favorable to Lotto- style games, such as 1 in 5 to 1 in 3, for a moderate wager
- More chances to win moderate amounts (vs. other games that offer an almost impossible-to-win jackpot)
- Alternatively, more chances to win small amounts, for example \$10, \$25, \$50, \$100
- Simple game play, which is especially important when engaging an audience with an initial low level of interest and knowledge

IGT's FutureGame group has tested numerous game concepts in research studies around the world. A cash game concept with the attributes described above, researched this year, outperformed many others in the test and exceeded the average score of more than 40 games tested during 2016-2018, demonstrating that there is an appetite for a game delivering on these features.

One important way the concept differs from a typical cash game is in the way prizes are determined, which adds another moment of anticipation to the player's experience. (For more information, please refer to the contacts provided at the end of this report.)

## When Good Causes Make a Difference

In the past, some have observed that lottery games created to fund specific good causes did not prove to be a significant purchase-motivator for core players. However, the appeal of good causes holds new significance for Optimistic Realists. The new IGT research found that lottery games that raise funds for good causes in the player's local area *would* be a motivator for this segment. 35% of Millennials in the study said that this factor would make them more likely to play lottery in the future.

This finding is supported by a range of contextual research: Analysis by Foresight Factory, a global consumer analytics and trends agency, shows that, in general, younger consumers feel that the area they live in is of greater importance to them than their nationality (44% of U.S. Millennials and 45% of those in the U.K.).<sup>3</sup>

In addition, transparency about lottery funding is also likely to become a greater concern for lotteries as today's consumers feel there should be more transparency across all aspects of corporate activity. Only 52% of the global population say they trust business institutions, and only 43% in the U.K. and Poland.<sup>4</sup>

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<sup>3</sup> Foresight Factory, August 2017

<sup>4</sup> Edelman Trust Barometer/Foresight Factory, 2017

Foresight Factory confirms that consumers are increasingly cynical of brand activity and are suspect about the claims made concerning most aspects of corporate operations, believing that these organizations prioritize profit growth over truthful communications. High levels of data-literacy are fueling this trend, making it increasingly important to communicate operational facts and details with the public. Foresight Factory predicts that in the next five years, companies will become more open and transparent with consumers. That said, many consumers want just enough information to feel comfortable with, and confident in, the brands they choose.

Lotteries can respond to these consumer trends by proactively increasing communications about where and how lottery funding is distributed. Lotteries can also leverage these trends to create a new way to engage with Millennial Optimistic Realists. In the U.K., 74% of Millennial consumers said they were interested in a service that would allow them to see how their charitable donation contributes to a cause. Interest is also high in the U.S. and Sweden (79%) and in Germany (72%).<sup>5</sup>



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**“Games that support good causes close to where I live would make me much more interested in lottery.”**

35% of Millennial non-regular players agree with the statement above.

While funding for good causes may not be a strong motivator for traditional or core players, attracting non-regular players requires reassessment of this aspect of the game.

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<sup>5</sup> Foresight Factory, October 2016

## **Motivation, Localization & Gamification**

Given the previous consumer insights, lotteries might further consider how good causes factor into the “reward” aspect of the game to attract Optimistic Realists. For example, players could be rewarded for their participation with information about which causes they helped to fund, or that were funded in their local area, and what specific benefit their funding provided.

Using geolocation technology, lottery apps could also inform players about good causes with messages about lottery funding or needs when they pass near a funded entity. Players could also share this information with their digital friend-groups through established platforms such as Facebook, Instagram, and Twitter, further extending their sense of achievement, value, reward, and social consciousness.

Facilitated by a multitude of data-tracking apps, today’s consumers are keen to turn the information they gather about themselves and their habits into something meaningful, while helping them achieve their personal goals. For example, Foresight Factory predicts that by 2020, over 30% of U.S. consumers and more than 25% of U.K. consumers will be using personal health-tracking apps. Foresight Factory is also seeing this type of “gamification” used to assist consumers with personal goals such as learning new skills, improving fitness, managing personal budgets, and accomplishing daily tasks. Tracking apps break aspirations down into bite-sized, manageable pieces to make goals more achievable, and allow users to see instant progress, or simply provide the opportunity to share their personal success. Through notifications, reminders, and recommendations, apps motivate consumers to continue their journey to accomplishment.

A seemingly vital component is the fun factor, transforming day-to-day tasks into opportunities to feel personal satisfaction. Gamification also rewards users with features such as achievement points and a visible record of ongoing success.

Foresight Factory data shows that Millennials are more likely both to play games and to use apps to run their lives, and researchers believe this group will be most attracted to the gamification proposition. The agency's forecasters predict that employing game mechanics will spread outwards from the financial services and health sectors to become an established facet in a wide range of industries.

The opportunities for lotteries to engage Optimistic Realists through good-cause gamification are natural and could be substantial. Games created either to disseminate information about funding distribution, encourage funding contributions through lottery game play, or simply raise awareness of lotteries' unique role in society through their support of causes that are worthy – yet are without official charitable status – could be a long-term strategy to use fun to encourage and incentivize continued good-cause support.

Players could be rewarded with sharable badges of honor and receive good-cause testimonials, elevating participation into a social currency – and refreshing the concept that when a player buys a lottery game, there is always a winner.

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There is already a growing number of third-party apps and websites that let consumers engage with, record, and monitor good deeds in the not-for-profit sector. While not suggesting any endorsement, we highlight the following for their relevance to our industry:

**Pledge Your Bets** is a competitive peer-to-peer fundraising platform that allows donors to engage with other donors and play games to raise more funds for their favorite charities. [pledgeyourbets.com](https://pledgeyourbets.com)

**Volunteer Match** looks to pair people with causes they care about in their area, including projects relating to Arts and Culture, Children and Youth, Health and Medicine, and Seniors. [volunteermatch.org](https://volunteermatch.org)

**CrowdRise** is a for-profit e-commerce company founded and fronted by actor Edward Norton and movie producer Shauna Robertson, focused on “giving back, raising lots of money for great causes, and having the most fun in the world while doing it.” [crowdrise.com](https://crowdrise.com)

## Conclusion: How Can Lotteries Engage 249 Million Optimistic Realists?

### Key Action Points from IGT's international *Attracting New Players* Study

IGT research indicates several factors that lotteries could implement to drive consideration among the non-regular player segment categorized as Optimistic Realists:

- Recognize that this group requires different play and reward experiences from today's traditional and core players.
- Recognize that they see the odds of winning a meaningful lottery prize as being stacked against them. In fact, they rank "The odds of winning are very low" as the number one reason not to play.
- Offer lower game prices and prize tiers that are realistic, believable, and relevant to this segment, along with a winning experience they will find worthy of social media chatter.
- Offer relevant new game-play concepts and enhanced play experiences to increase certainty that they are spending money on something they'll enjoy.
- Refresh how Good Causes make a difference, recognizing that Millennials in particular are interested in contributing to good causes that are meaningful to them, especially locally.
- Find relevant ways to remind Optimistic Realists about lottery, as lottery isn't top of mind for them.

IGT's *Attracting New Players* study indicates that these factors have the potential to drive reconsideration among Optimistic Realists. By evolving the game through a lens focused on price, winnability, enjoyment in play, and contributions to local good causes, lotteries can define a new model of play and reward that better meets the wants and needs of current non-players and helps the industry thrive into the future.



## **Watch for Part 3**

How will non-regular players know about new games, prizes, or price-points if lottery isn't in their frame of reference? Changes in communications and branding practices also form part of the solution for attracting new players.

The final White Paper in this series will discuss how the industry can better reach and communicate with this group, and attract them into the game through brand reinvention.

## Research Methodology

Begun in November 2017 and completed in March of 2018, IGT's *Attracting New Players* study took an international, multi-stage, blended qualitative and quantitative approach. It was led by Gerard Caro, Senior Director of IGT's Insight Team, with the research conducted by international firm KS&R, based in Syracuse, New York. The research is, to our knowledge, one of the most extensive studies on non-players to be fielded in the lottery industry.

The first phase included more than 45 hours of video compiled from 946 video diaries, created by 115 participants in Colombia, Finland, Poland, the U.S., and the U.K., with a relatively even split between Millennials (age 18-34) and non-Millennials (over 35) in each country. Along with Frequent Players (play lottery at least once a week) as a "control", the first phase of the study included Non-Players (never played lottery), Occasion-Only Players (those who play only when jackpots get very high, get a scratch-off ticket as a gift, etc.), and Lapsed Players (played lottery before, but not in the past six months).

The second phase included an online quantitative survey conducted with 4,276 participants from Colombia, Finland, Poland, the U.S., and the U.K, and similar player types as Phase 1, with the exclusion of Frequent Players. The large sample provided a good representation of both Millennials and non-Millennials.



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### Phase 1

946 mobile video diaries from 115 participants in five countries to develop initial learnings and hypothes



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### Phase 2

Quantitative online survey with 4,276 participants in five countries

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## Contact

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The research samples for this global study can be used to generate individual reports by country. For more information, contact:

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## About IGT

IGT is the global leader in gaming. We enable players to experience their favorite games across all channels and regulated segments, from Gaming Machines and Lotteries to Interactive and Social Gaming. Leveraging a wealth of premium content, substantial investment in innovation, in-depth customer intelligence, operational expertise and leading-edge technology, our gaming solutions anticipate the demands of consumers wherever they decide to play. We have a well-established local presence and relationships with governments and regulators in more than 100 countries around the world, and create value by adhering to the highest standards of service, integrity, and responsibility.

