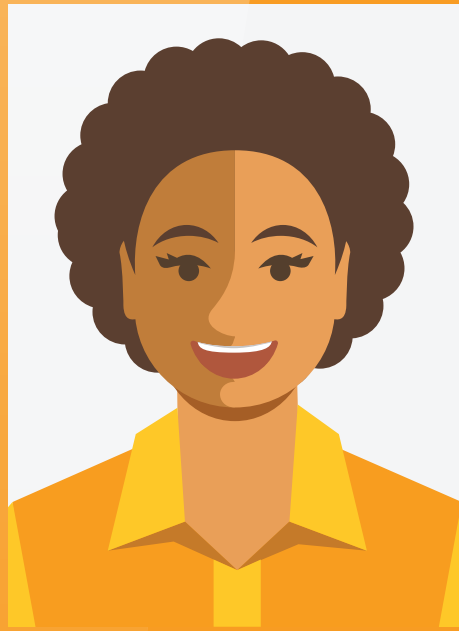


Branding & Communications to Reach New Audiences



The Attracting New Players Study

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

In Part One of this white paper series, we heard directly from non-regular players in their own words, via mobile video diaries, about their barriers and motivators to lottery play. **In Part Two**, we looked 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 behavior and attitude toward lottery.

Part Three examines **lottery brand perceptions** among non-regular players and offers answers to the question of **how lotteries might drive broader awareness and consideration** among this group.

**Missed Part One
or Part Two of
this series?**

Explore them now at:
[IGT.com/LotteryBlog](https://www.igt.com/LotteryBlog)

Attracting Incremental Revenue from Non-Regular Players

A key finding of IGT's Attracting New Players study is that **there is a sizable group of non-regular players worldwide who say they may be willing to consider lottery**, but who generally do not rely on luck to accomplish their goals. They can be described as **Optimistic Realists**.

As reported in Part Two of this series, calculations based on IGT's global study and World Bank population projections indicate that this segment of non-regular players currently numbers about 249 million people globally, growing to about 278 million by 2027. If they were to become regular lottery players, their participation could add as much as \$18 billion annually to the industry.¹

While there are many actions that lotteries can take to better engage Optimistic Realists via game-play and rewards (see Part Two for details), **as an industry, we know that brand perception and a lack of awareness about lottery pose challenges to attracting new players**.

How can we overcome perceptual barriers and make non-regular players aware of new approaches and offerings when lottery isn't in their usual frame of reference?

¹ IGT calculation based on annual per capita spending of adults buying lottery today

Overcoming Lottery Inhibitors: Awareness and Perception

In Part Two of this series, we considered two of the major reasons for non-play: low perceived winnability and a preference for “spending money on something that I’m assured to get some enjoyment from.” However, to fully satisfy non-regular players’ needs, two further issues need to be considered: awareness and perception.

Awareness

IGT’s study found that in all countries and across all age groups, non-regular players of lottery ranked **“I just don’t think about it”** among the top four reasons for non-play.

Top 4 Reasons For Not Playing Lottery — All Countries by Age Group	18–24	25 - 34
The odds of winning are very low	58%	58%
My money should be saved for important expenses (e.g., bills, food, etc.)	55%	52%
I’d rather spend my money on something that I’m assured to get some enjoyment from	46%	45%
I’m not against playing Lottery, I just don’t think about it (it’s not top-of-mind)	39%	35%

By country, significant percentages of non-regular players reported that they are not opposed to playing lottery, it’s simply not on their mind.

Ranked in Top 3 Reasons For Not Playing Lottery	Finland	Columbia	U.S.	U.K.	Poland
I’m not against playing Lottery, I just don’t think about it (it’s not top-of-mind)	46%	44%	41%	29%	16%

The consistency of these findings is important, because the issue is not limited to one region or sub-group. Even when winnability and game-play issues are addressed, the efforts to attract non-regular players still risk going unnoticed. Lottery awareness therefore needs to be addressed with the same level of attention as other inhibitors.

Perception

Furthermore, there is little evidence in the research of a strong affinity with lottery brands (16%) among the group studied. Nearly half of total respondents (47%) had a “neutral” perception of their local lottery brand. Based on this finding, there appears to be an opportunity for lotteries to improve favorable perceptions among non-regular players.

The brands with the most favorable perception among non-regular players are **technology companies and charitable organizations**, signalling that lotteries could drive both awareness and reappraisal by moving their positioning more toward these inherent dimensions of lottery.

IGT's study shows that many Millennial non-regular players connect with online content on a frequent basis, with their top three most frequent activities being watching online news, watching online video, and following people on social media for entertainment, inspiration, or advice/opinion.

With 60% of Millennial non-regular players stating that they enjoy making use of technology in their everyday life, lotteries have an opportunity to meet these connected audiences in the convenient channels they prefer to occupy via unexpected, relevant, and motivating ways to engage.

Further, 35% of Millennial non-regular players agree that games that support good causes close to where they live would make them much more interested in lottery. Giving players the ability to choose which causes receive benefits from their play isn't currently possible for many lotteries, however bringing news and testimonials from local beneficiaries to potential players through digital channels, based on their location, could add to the lottery's brand authenticity and be motivational to this group.

Lottery Brand Perception Across Countries

Opinion among non-regular players

is stable: 89% perceive lotteries as being the same or better today compared to a few years ago.

Millennials, in particular, can pinpoint **specific features or aspects of lottery that would potentially make them more interested in playing** — signalling that they are open to lottery if they are offered a compelling reason to participate.

Millennial non-regular players, particularly younger Millennials (18-24), report that there are significantly more things that bring them happiness than the older cohorts. This indicates a **wider frame of consideration** that could make them more open to exploring a reinvented lottery.

This finding is also supported by current research from Kantar for The European Lotteries association, which surveyed adults aged 18-64 in eight EU markets.² The research found that, while "low awareness" is a top barrier to lottery for Millennial non-players, **two-thirds of the non-players surveyed are willing to consider playing lottery in the future.**

Media & Technology Usage/Consumption			
% Does Activity Frequently	<35	35-54	55+
Get the news online/Internet	56%	57%	48%
Watch a video online/over the Internet	68%	40%	19%
Follow people on social media for entertainment, inspiration, or advice/opinion	55%	28%	14%
Watch subscription video/television on-demand	47%	32%	16%
Listen to music through an online service	49%	25%	11%
Play a game on a mobile phone/device	38%	27%	13%
Pay for something using a mobile payment app	25%	21%	10%
Use wearable devices that provide useful functionality	14%	11%	6%
Use voice-controlled AI (Automated Intelligence) assistants	11%	7%	4%
Use technology-enabled home devices such as smart heating or lighting	9%	7%	5%
Participate in virtual worlds (Second Life, Kaneva, Empire of Sports, Sims, WoW)	10%	3%	1%
Use AR (Augmented Reality) or play games that use AR	3%	2%	1%

² Andy Gallagher and Jana Šmejčová, "Consumer-Driven Navigation for Growth," Kantar, 2018.

Action Points from IGT's International Attracting New Players Study

How Can Lotteries Brand and Communicate to Better Reach 249 Million Optimistic Realists?

IGT's study reveals that non-regular players have, in the main, neutral perceptions of their local lottery brand and are open to motivating game features and new forms of messaging. From this research, IGT has identified four key areas of opportunity to create awareness and prompt reappraisal among non-regular players, and in particular Millennials:

1. Partner to Increase Awareness of Lottery Among Non-Regular Players

Given that "I just don't think about it" is a major barrier to play, lotteries could consider creating greater awareness through collaboration with other brands.

Actions

- **Create brand partnerships:** Collaboration between brands creates a combined power that reaches a wider audience than a single brand alone can achieve, particularly when the collaboration is authentic. Meeting the lottery brand in an unexpected context, with relevant content, could prompt interest and consideration among non-regular players. Just as Ford partnered with a social-search mobile app to offer users the chance to win a blind date in a Ford Mustang, lotteries might consider collaborations that offer the audience a chance to win an exclusive experience, from volunteering for a charity to a millionaire-style night out, and at the same time allow players to select the aspect of lottery that best reflects their character and interests. One example of a creative collaboration is the **Texas Lottery's** sponsorship of an open-air plaza situated within the branded Toyota Music Factory in Irving, TX. Equipped with a stage where local bands play every weekend, the "Texas Lottery Plaza" serves a wide range of demographics and increases lottery-brand awareness within the attendees' chosen environment. Because the outdoor stage is part of a larger entertainment and lifestyle complex that attracts thousands of additional attendees to enjoy food, movies, and other entertainments, the Texas Lottery brand is also introduced into this wider mix.
- **Offer relevant games directly through a brand they already connect with:** Offering a lottery game through a third-party brand could motivate participation if the game offered was highly relevant. A brand that a non-player already has a relationship with might offer an opportunity to win a prize related to that brand, through its own app, "powered by the lottery." After play takes place and the player is engaged, lotteries have greater opportunity to engage directly with the new player.

2. Bring Lottery Directly into Non-Regular Players' Highly Connected Lives

Millennials, and especially younger Millennials, lead their lives in an increasingly digital world. Three quarters of 18-24 years olds in IGT's study frequently watch videos online and nearly two thirds follow people on social media for entertainment, inspiration, or advice/opinion. While many lotteries have an online presence, the opportunity to attract new players lies in creating meaningful interactions in the digital world occupied by this group.

Action

- **Give them experiences to share:**

The Missouri Lottery created a Cats vs. Dogs campaign, with a central element being the first-ever interactive Cats vs. Dogs Facebook Live event, where fans and players of the Missouri Lottery were invited to engage with online kitten and puppy rooms. All of the pets featured were adoptable from area animal shelters, and two of the puppies were adopted within 24 hours of the 90-minute live stream. This unique Facebook Live event received more than 1.8 million views, 1,800 comments, 5,900 reactions and close to 600 shares. In addition, the Missouri Lottery accepted photo entries of dogs and cats from around the state for the Lottery's 2017 Cats vs. Dogs calendar. Photos received for the calendar were then used to create a digital voting bracket. Fans of the Missouri Lottery's Facebook page could vote for their favorite cat or dog to advance to the final of four rounds. Fans were then encouraged to vote for the ultimate champion between one cat and one dog. For the duration of this campaign there were 2,000 comments and 7,000 likes with a reach of 560,000.

Events such as this also give attendees social currency to share with online friendship networks. IGT's consumer trendspotting partner, Foresight Factory, predicts that by 2022, two thirds of global consumers will have, or will be interested in posting a live video on a social network or online.³

The **Minnesota Lottery** aligned itself with the growing phenomenon of unboxing videos (videos of consumers unpacking a recently purchased product) — a favorite among social media influencers. In a digital campaign that featured videos of novice lottery players scratching lottery tickets, short, fun video clips showed people playing scratch tickets for the first time, capturing their emotions. *La Fleur's* reports that the video received more than 1,054,125 impressions on Facebook and Instagram. It was also posted on Twitter and YouTube, as well as on the lottery's website.

³ Foresight Factory, Base: 392-3433 online respondents per country aged 16-64 [Indonesia 16-54], August, 2017

3. Amp-Up Alignment with Good Causes and Local Beneficiaries

IGT's study reveals that Millennial non-regular players found both technology and charity brands appealing, and that over a third expressed interest in lotteries that support good causes close to where they live. There is an opportunity for lotteries to use non-regular players' preferred digital channels to amp-up their association with the beneficiaries they support and increase the lottery brand's appeal for non-regular players.

Action

- **Make it easier to find and fund local causes:** Many lotteries offer information on their websites about beneficiary funding, but non-regular players with low lottery interest and awareness are unlikely to seek out this information. One route for lotteries to get closer alignment with good causes is to use new channels to amplify current activities.

Another route is to look at examples from other industries, such as Google for Nonprofits, to create a model for lottery. Google for Nonprofits is currently available in over 50 countries and may offer an opportunity for lotteries to work with beneficiaries to raise their local profiles and educate users about their activities. In addition, Google Earth Outreach is a charity program, through which Google promotes and donates to various non-profit organizations. It allows users to view a non-profit's projects and goals by navigating to certain related locations.

4. Offer New Ways to Buy

Making lottery as convenient and visible as possible, both online and in physical outlets, maximizes opportunities to build awareness, mold perceptions, and capitalize on impulse purchases. Lotteries are experienced in maximizing visibility in retail environments for jackpots and building awareness of winners, and this is critical to maintain in order to remind potential players of the lottery's presence and address concerns over odds and winnability. New retail sales channels have been introduced to make lottery purchase quick and efficient, such as in-lane. To attract non-players however, some further strategies may prove fruitful.

Actions

- **Explore new distribution opportunities:** Subscription boxes are growing in popularity among today's consumers. 23% of global weekly lottery players currently own a paid subscription to a product box service, and by 2020, over half of global consumers are predicted to currently own one or be interested in owning one.⁴ Lotteries might consider offering "Best Odds," "Highest Prizes," or good-cause specific box subscriptions to appeal to current non-player preferences.
- **Attune new buying channels to consumer preferences:** IGT's 2017 Online Panel Study showed that nearly two thirds of lottery players have purchased items online for pick up in store, with use of this type of service being more common among U.S. players. This signals the potential to reach new shoppers with a Buy Lottery Online, Pick Up In Store option.

Watch for More Insights

IGT is committed to delivering the best answers in the lottery industry to address our customers' most important questions. Through our research program we provide actionable insights to help our customers achieve their goals.

⁴ Foresight Factory. Base: 500-4000 per country online respondents aged 16-64 (Indonesia 16-54), August, 2017

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.



Phase 1

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



Phase 2

Quantitative online survey with 4,276 participants in five countries

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 Digital 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.

