CAPITALIZING ON THE INCREDIBLE BRAND AWARENESS OF POWERBALL® AND MEGA MILLIONS®

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Are we undervaluing our key Lottery brands, whilst missing out on more fun and winners?

If you were a sports bettor, you'd probably wager that with the billions of dollars spent on advertising sports betting brands over the past five years, those self-same sports betting brands would have greater recognition among Americans than other, more 'traditional' gaming sector brands.

And you'd be wrong!

Powerball and Mega Millions have high brand awareness

In Leger's most recent poll of 1,000 Americans in late June 2022, the major sports (NFL, NBA) come out on top at 83% awareness, with Nintendo (82%) and Sony/PlayStation (80%) sandwiching ESPN (81%). However, the 6th highest gaming brand for awareness is actually **Powerball®** at 76%. Powerball. Our Powerball… higher than Xbox, MLB (is it still America's past-time?) and another very familiar brand, **Mega Millions®**, which comes in at a very respectable 71% awareness.

And then there is a rather sizeable gap, some may say of chasm proportions, to Caesar's (58%), and the two big spending brands in sports betting, DraftKings (51%) and FanDuel (44%) in terms of awareness.

When looking at Scratch players levels, brand awareness is up across the board. NFL is 91%, Powerball and Mega Millions are both at 87%, and Draft Kings is 64%.

Powerball has a similar level of trust as the NFL

Leger's research then asked those familiar with each brand, how trustworthy they find these brands. Here the console/gaming brands rose above the competition, with Sony/PlayStation, Nintendo and Steam all hitting 44% for being extremely or moderately trustworthy, followed by EA (electronic Arts). MLB and Mega Millions come in fourth and fifth at 40% each. Powerball is next with a similar level of trust as the NFL. The four lowest 'trust' scores can be attributed to the sports betting quartet of DraftKings, Caesars, Bet MGM and FanDuel, all 30% or below.

So what does this mean for the Lottery industry? Ultimately, Lottery brands currently have a competitive advantage over the sports betting sector, in terms of both awareness and level of trust. Despite this, as more states open the doors to both sports betting and gaming online, these big threats to traditional lottery revenues will no doubt grow.

'Home' and 'Fun' go 'hand in hand'

Two more factors play into the equation. How 'fun' an activity is certainly correlates to a player's mood and openness to repeat playing. Of all the 'gaming' types, we asked players to rank the games that they consider 'most fun'. Overall, there was a tie for 1st place with 22% saying 'video games on a console (PlayStation, Nintendo, Xbox, etc)' and 22% stating 'mobile device games'. 'Video games on a PC' (14%) came in 3rd, with Scratch Tickets a solid 4th with 12%.

However, as you may imagine, loyalty among past year players of the key gaming sectors is rife.

Among past year Scratch players, Scratch is #1 for fun (21%), with Mobile Device Games 2nd at 19%.

Among past year Lottery Draw game players, Scratch is #1 for fun (21%), Console Video Games are 2nd with 16%, and Lottery Draw Games 3rd at 14%.

Past year Sports Bettors prefer Console Video Games for fun (24%) over Sports Betting which is 2nd at 16%. Finally, past year Casino players have the strongest preference for fun of any segment, with 36% stating Casino slots as their most fun game, followed by Mobile Device Games 2nd at 16%.

So what does this mean for Lottery?

At first glance, offering Scratch games on a mobile device seems a logical step. The same can be said for online Casino platforms offering slots in the player's hand. For Draw Games, perhaps the question is how can we make the games as fun as Scratch, Video Console or Mobile Device gaming?

So, does 'having fun' correlate with 'winning'?

Yes, there appears to be a strong link between the two. At a national (total sample) level, Scratch tickets are #1 for best chance of winning (33%), followed by Mobile Device Games (30%). There is then a cavernous gap to Sports Betting (12%) and Casino Slots (11%) for American's perceptions of winning.

As you can imagine, recent players of the various games have a more biased view of winning for "their" games. 41% of Scratch players feel Instants give you the best chance of winning; among Sports Bettors 43% feel it's the best chance to win and Casino players feel Slots (27%) gives them the best chance to win.

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However, the Mobile Game Player has the highest % chance for 'winning' on Mobile Games at 47%. Now, winning on mobile games may not even be monetary wins, but it appears that still applies to the winning feeling, which is perhaps another lesson learned from this research. Do players actually have to win money to have a 'winning feeling', and therefore generate repeat play and ultimately loyalty.

Leger's insights lead to the following industry questions

- Are we underselling the Powerball and Mega Millions brands, in terms of both recognition and trust?
- Are we promoting winning enough in the Lottery sector, especially Scratch tickets?
- Do Lottery games have enough of a 'fun' component to compete with other gaming options?
- Can draw games offer greater levels of fun, with more winners?

All of the data and tables from this research are available for free from Leger's Lottery & Gaming team. Feel free to get in touch with Simon at **sjaworski@leger360.com**

Trust me I'm a researcher.

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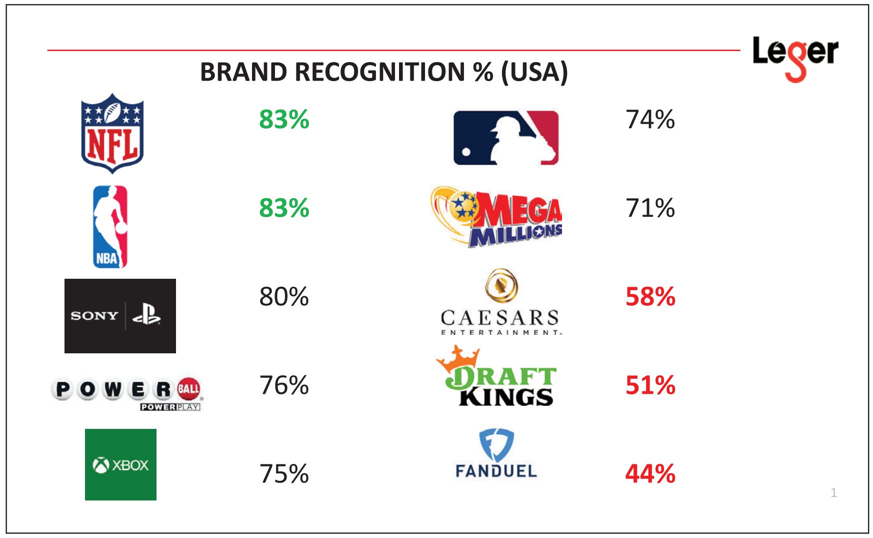

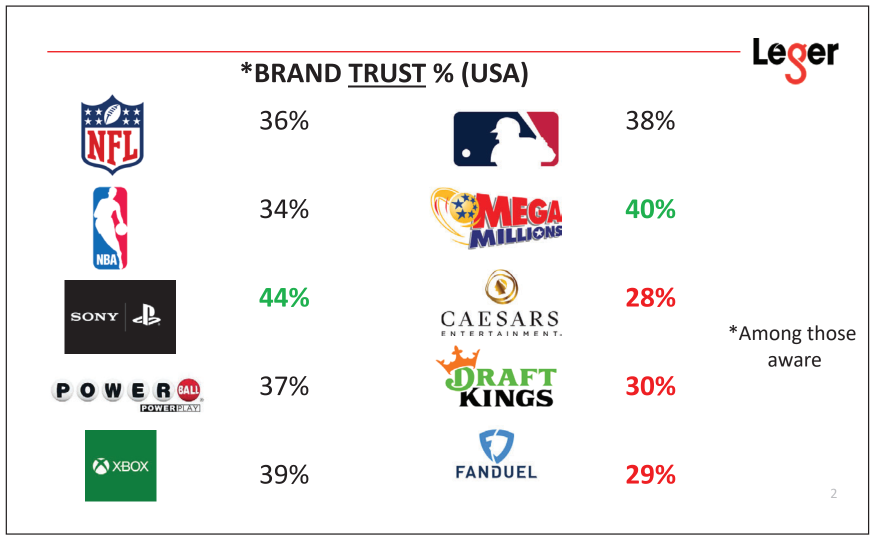

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DATA IS KING

Moving to the issue of data analytics, Gary acknowledged that many brands create personalized experiences using shopping habit data. But it can be challenging for lottery retailers to match the level of personalization found at other stores. Gary asked, "What data do you think lotteries find most relevant to use for our purposes at retail?"

Michael said he believes all retail has moved to some form of brick and mortar/digital hybrid and that has forever changed what we know about consumers. "We are thinking more about the consumer and less about the technology and physical location," he said. "We are partnering with lottery retailers because they have crucial and vast data. Retailers may know how long the shopper lingers in certain aisles, what they are looking at and what they decide to purchase. Using this type of data for lottery products, we can work with retailers to provide content the players want, and display it in a more attractive, convenient, and effective manner."

At INTRALOT, John said they are focusing on the data from the digital side of the business and using that to make business decisions. "With digital, we can capture a wealth of data and use it to study player purchase patterns in real time," he said. "We can say 'people in this demographic tend to buy these products' and then tailor promotions and coupons that will drive sales. For true brick and mortar sales, we need to get that data from the retailers. Data is collected by the lottery using vendors' systems which can then be used to deploy technology and content quickly and accurately."

Terry said that we should use all tools available and make sure we evolve as retail changes. "I would challenge people to not totally rely on the existing business model because it will certainly change," he said. "We should try and continue to improve the customer experience. Can we make the process of lottery purchase easier? It might be as simple as all lotteries offering an app to choose your numbers, which many offer today. Let's listen to our retailers because they are the ones who interact with our players every day."

Gary concluded the discussion by saying, "The retail world is not going to wait for us. We can't maintain the status quo and continue to do business the same way and expect to continue with record-breaking results. We should think about rebuilding our brand with a foundation that's built on what our retailers and customers need from us. That will be our most successful pathway forward."