Market Landscape Explorer Research

2014 Lotto Game
Player Segmentation

- May 15, 2014 -

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Agenda

- Study Overview & Methodology (15 minutes)
- Explanation of the Segmentation Approach (20 minutes)

BREAK (5 minutes)

- Introduction and Explanation of each Segment (25 minutes)

BREAK (5 minutes)

- Segment Comparisons: (45 minutes)
  - Lotto Participation and MVP Club membership
  - Annualized Spending Analysis
  - Relative Size and Importance of the Segment
  - Relative Value (Indexed) per Segment Member
  - Favorite Lottery Game
  - Demographics

BREAK (5 minutes)

- Preliminary Thoughts and Next Steps (30 minutes)

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Player Segmentation

Study Overview & Methodology

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About the Survey

- 1702 complete surveys collected.
  - 1326 surveys from MVP Club members (Jan 13 – Mar 3)
  - 376 surveys from Research Now panelists (Apr 11-22)
- The median survey length was slightly over 30 minutes.

Respondent Demographic Profile

	Total
Sample Size	1,672
Female Column %	50%
Male Column %	50%

	Total
Sample Size	1,702
19-29 years Column %	7%
30-39 years Column %	14%
40-49 years Column %	20%
50-59 years Column %	33%
60+ years Column %	26%

	Total
Sample Size	1,702
Douglas/Sarpy Count Column %	650 38%
Lancaster Count Column %	267 16%
Other Regions Count Column %	785 46%

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Respondent Demographic Profile

	Total
Sample Size	1,702
Under $20,000 Column %	7%
$20,000 to just under $30,000 Column %	10%
$30,000 to just under $40,000 Column %	10%
$40,000 to just under $50,000 Column %	13%
$50,000 to just under $70,000 Column %	20%
$70,000 to just under $100,000 Column %	22%
$100,000 to just under $150,000 Column %	13%
$150,000 or more Column %	5%

	Total
Sample Size	1,702
A part-time student Column %	3%
A full-time student Column %	3%
Neither Column %	94%

	Total
Sample Size	1,702
Employed part-time Column %	10%
Employed full-time Column %	58%
Self-employed Column %	6%
A stay-at-home mom or dad Column %	3%
Retired Column %	17%
None of the above Column %	6%

	Total
Sample Size	1,702
Some high school Column %	2%
Completed high school Column %	21%
Technical/vocational school Column %	11%
Some college/university Column %	27%
College/university degree Column %	28%
Post graduate degree Column %	11%

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Weighted by Lotto Spend Groups

UNWEIGHTED STUDY SAMPLE:

	Total
Sample Size	1,702
Heavy Count	386
Column %	23%
Moderate Count	375
Column %	22%
Light Count	669
Column %	39%
Peripheral Count	272
Column %	16%

SPENDING DEFINITIONS

Non-spender = $0 in a typical year

Peripheral = $1-$103 in a typical year (under $2 a week)

Light = $104-$519 in a typical year ($2-$9 a week)

Moderate = $520-$1039 in a typical year ($10-$19 a week)

Heavy = $1040+ in a typical a year ($20+ a week)

STUDY SAMPLE WAS WEIGHTED TO REFLECT PROPORTIONS OF LOTTO SPENDERS IN NEBRASKA:

	Total
Sample Size	1,702
Heavy Count	122
Column %	7%
Moderate Count	152
Column %	9%
Light Count	669
Column %	39%
Peripheral Count	760
Column %	45%

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Survey Topics

- Screening Questions
- Typical Frequency & Spend on Lottery Games
- Favorite Lottery Games
- Spending Allocation Exercise
- Importance of Specific Purchase Decision Factors
- Importance of Specific Lotto Game Features
- General Questions
- Demographics

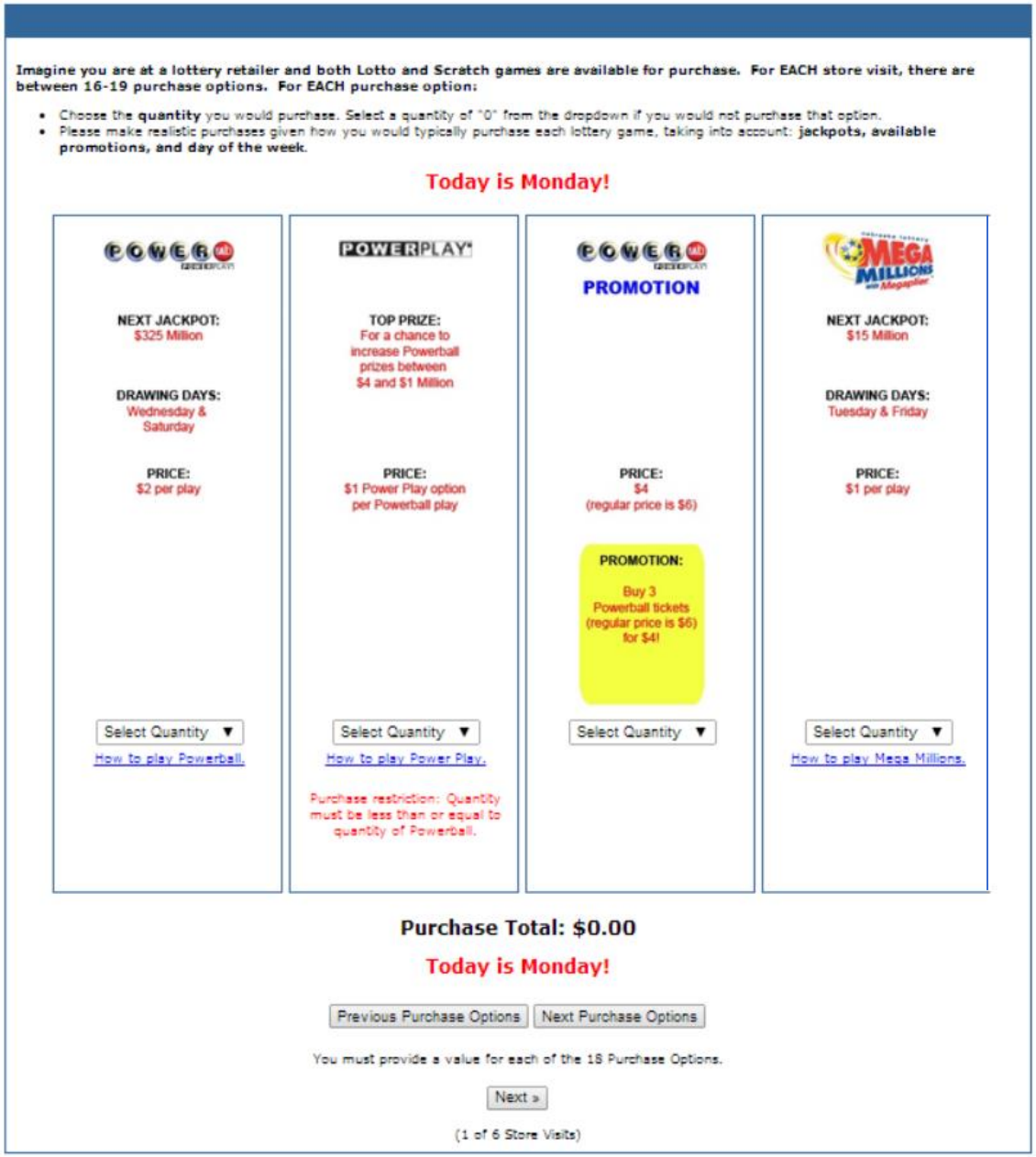
Key Screening Questions

- Personal Opposition to State-run Lottery gaming
- Did not purchased Nebraska Lottery Lotto games in the past 12 months
- Employed by any of the following:
  - A market research firm
  - A supplier of gambling products
  - The Nebraska Lottery or any of its contractors

Overall Lottery Profile Questions

- Typical frequency of play
- Typical spend over identified frequency
- Questions above were asked for each form of lottery game played in the past 12 months.
  - Powerball
  - Mega Millions
  - Nebraska Pick 5
  - MyDaY
  - Nebraska Pick 3
  - 2by2
  - Scratch games
- Favorite Nebraska Lottery games

Spending Allocation Exercise



Imagine you are at a lottery retailer and both Lotto and Scratch games are available for purchase. For EACH store visit, there are between 16-19 purchase options. For EACH purchase option:

- Choose the **quantity** you would purchase. Select a quantity of "0" from the dropdown if you would not purchase that option.
- Please make realistic purchases given how you would typically purchase each lottery game, taking into account: **jackpots, available promotions, and day of the week.**

Today is Monday!

POWERBALL	POWERPLAY	POWERBALL PROMOTION	MEGA MILLIONS
NEXT JACKPOT: $325 Million	**TOP PRIZE:** For a chance to increase Powerball prizes between $4 and $1 Million		**NEXT JACKPOT:** $15 Million
DRAWING DAYS: Wednesday & Saturday			**DRAWING DAYS:** Tuesday & Friday
PRICE: $2 per play	**PRICE:** $1 Power Play option per Powerball play	**PRICE:** $4 (regular price is $6)	**PRICE:** $1 per play
		PROMOTION: Buy 3 Powerball tickets (regular price is $6) for $4!	
Select Quantity ▼	Select Quantity ▼	Select Quantity ▼	Select Quantity ▼
How to play Powerball.	How to play Power Play.		How to play Mega Millions.
	Purchase restriction: Quantity must be less than or equal to quantity of Powerball.		

Purchase Total: $0.00

Today is Monday!

Previous Purchase Options | Next Purchase Options

You must provide a value for each of the 18 Purchase Options.

Next »

(1 of 6 Store Visits)

Today is Monday!

POWERBALL	POWER PLAY	POWERBALL PROMOTION	MEGA MILLIONS
NEXT JACKPOT: $325 Million	**TOP PRIZE:** For a chance to increase Powerball prizes between $4 and $1 Million		**NEXT JACKPOT:** $15 Million
DRAWING DAYS: Wednesday & Saturday			**DRAWING DAYS:** Tuesday & Friday
PRICE: $2 per play	**PRICE:** $1 Power Play option per Powerball play	**PRICE:** $4 (regular price is $6)	**PRICE:** $1 per play
		PROMOTION: Buy 3 Powerball tickets (regular price is $6) for $4!	
Select Quantity	Select Quantity	Select Quantity	Select Quantity
How to play Powerball.	How to play Power Play.		How to play Mega Millions.
	Purchase restriction: Quantity must be less than or equal to quantity of Powerball.		

Purchase Total: $0.00

Today is Monday!

Previous Purchase Options | Next Purchase Options

You must provide a value for each of the 18 Purchase Options.

Today is Monday!

Megaplier	Mega Millions with Megaplier PROMOTION	Nebraska Pick 5	Nebraska Pick 5 PROMOTION
TOP PRIZE: For a chance to multiply Mega Millions prizes between $1 and $1 Million		**NEXT JACKPOT:** $50,000	
		DRAWING DAYS: Monday through Saturday	
PRICE: $1 Megaplier option per Mega Millions play	**PRICE:** $4	**PRICE:** $1 per play	**PRICE:** $5
	PROMOTION: Buy 2 Mega Millions with Megaplier tickets for the regular price of $4 and receive a free Nebraska Pick 5 quick pick!		**PROMOTION:** Buy 5 Nebraska Pick 5 tickets for the regular price of $5 and receive an entry for the chance to win Huskers football season tickets!
Select Quantity ▼	Select Quantity ▼	Select Quantity ▼	Select Quantity ▼
How to play Megaplier.		How to play NE Pick 5.	
Purchase restriction: Quantity must be less than or equal to quantity of Mega Millions.			

Purchase Total: $0.00

Today is Monday!

Previous Purchase Options | Next Purchase Options

You must provide a value for each of the 18 Purchase Options.

Today is Monday!

MyDaY nebraska	pick 3 nebraska	2by2 nebraska	nebraska lottery SCRATCH
TOP PRIZE: $5,000	**TOP PRIZE:** $600	**TOP PRIZE:** $22,000	**TOP PRIZE RANGE:** $2,000 to $7,000 (depends on the game)
DRAWING DAYS: Monday through Saturday	**DRAWING DAYS:** Monday through Saturday	**DRAWING DAYS:** 7 days a week	
PRICE: $1 per play	**PRICE:** A standard play consisting of one set of three numbers and one bet type for a single drawing, will cost $1. Each bet type costs $1.	**PRICE:** $1 per play	**PRICE:** $1 Scratch Games
Select Quantity	Select Quantity	Select Quantity	Select Quantity
How to play MyDaY.	How to play NE Pick 3.	How to play 2by2.	

Purchase Total: $0.00

Today is Monday!

Previous Purchase Options | Next Purchase Options

You must provide a value for each of the 18 Purchase Options.

Today is Monday!

TOP PRIZE RANGE: $10,000 to $17,000 (depends on the game)	TOP PRIZE RANGE: $25,000 to $35,000 (depends on the game)	TOP PRIZE RANGE: $30,000 to $50,000 (depends on the game)	TOP PRIZE: $100,000
PRICE: $2 Scratch Games	PRICE: $3 Scratch Games	PRICE: $5 Scratch Games	PRICE: $10 Scratch Games
Select Quantity	Select Quantity	Select Quantity	Select Quantity

Purchase Total: $0.00

Today is Monday!

Previous Purchase Options | Next Purchase Options

You must provide a value for each of the 18 Purchase Options.

Today is Monday!

TOP PRIZE: $150,000	**TOP PRIZE:** $200,000
PRICE: $15 Scratch Games	**PRICE:** $20 Scratch Games
Select Quantity ▼	Select Quantity ▼

Purchase Total: $0.00

Today is Monday!

Previous Purchase Options | Next Purchase Options

You must provide a value for each of the 18 Purchase Options.

"Typical" Play Frequency Groups by Lotto Game

	Powerball	Mega Millions	NE Pick 5	MyDaY	NE Pick 3	2by2
Regular	26%	17%	13%	2%	2%	3%
Occasional	24%	17%	12%	2%	3%	2%
Infrequent	47%	45%	36%	12%	18%	12%
Non-players	3%	21%	39%	85%	78%	83%
	100%	100%	100%	100%	100%	100%

PLAY FREQUENCY DEFINITIONS

Regular - Every week

Occasional - Every couple of weeks or Every month

Infrequent - Every couple of months, Every 6 months, or Once a year

Non-Players - Less than once a year or Have never played

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Base: All Respondents (n=1702)

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Avg. Annualized Spend by Play Frequency for that Game

	Played price point in PY	Regular Players	Occasional Players	Infrequent Players
Powerball	$154.78	$390.25	$143.54	$30.56
Mega Millions	$90.10	$235.35	$119.68	$23.21
NE Pick 5	$111.70	$370.30	$116.32	$17.15
MyDaY	$77.23	$538.00	$92.43	$12.18
NE Pick 3	$69.41	$606.95	$95.94	$13.63
2by2	$95.45	$447.5	$94.19	$11.10
Scratch Games	$653.48	$2,086.11	$428.03	$123.01

PLAY FREQUENCY DEFINITIONS

Regular - Every week

Occasional - Every couple of weeks or Every month

Infrequent - Every couple of months, Every 6 months, or Once a year

Interpretation Example:

- Players of Powerball games, regardless of their typical play frequency, spend an avg. of $154.78 a year (or the equivalent of $2.98 a week on Powerball).
- "Regular" (i.e. Weekly) Players of Powerball spend an avg. of $390.25 a year (or the equivalent of $7.50 a week on Powerball).
- "Occasional " Players of Powerball games spend an avg. $30.56 (or the equivalent of $0.59 a week on Powerball)

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Player Segmentation

Explanation of the Segmentation Approach

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Segmentation Studies

- Goal is to provide lotteries and vendors with a framework for understanding/conceptualizing the marketplace through the use of identified segments.

- The key to segmentation is incorporating statements that will discriminate the broader audience in question in to like-minded sub-audiences whose behaviors and attitudes are similar within groups but noticeably different, on some elements, across groups.
  - Demographics (Age, Gender)
  - Attitudes
  - Psychographics
  - Behavior
  - Needs-based / Product-based

Attitudinal Scratch Segmentation

[Randomize]	Does Not Describe Me At All										Describes Me Very Well
	[0]	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
I play just for fun	○	○	○	○	○	○	○	○	○	○	○
I play when I'm feeling lucky	○	○	○	○	○	○	○	○	○	○	○
Scratcher games are a special "treat" for me	○	○	○	○	○	○	○	○	○	○	○
I often buy Scratcher tickets as a gift for friends or family	○	○	○	○	○	○	○	○	○	○	○
I play Scratcher games because I like the excitement	○	○	○	○	○	○	○	○	○	○	○
I tend to play Scratcher games when I have some extra money	○	○	○	○	○	○	○	○	○	○	○
I tend to buy Scratcher games at stores where I know someone has won	○	○	○	○	○	○	○	○	○	○	○
I tend to buy Scratcher tickets when I see others buying them	○	○	○	○	○	○	○	○	○	○	○
I buy Scratcher games to make some easy money	○	○	○	○	○	○	○	○	○	○	○
I think Scratcher games are an inexpensive form of entertainment	○	○	○	○	○	○	○	○	○	○	○
Scratcher games are an escape, or a special break in my day	○	○	○	○	○	○	○	○	○	○	○
I often dream about winning a big Scratcher prize	○	○	○	○	○	○	○	○	○	○	○

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Attitudinal Scratch Segmentation

[Randomize]	Does Not Describe Me At All										Describes Me Very Well
	[0]	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
I try to spend the same amount every time I buy Scratcher games	○	○	○	○	○	○	○	○	○	○	○
I normally buy Scratchers with money left over after other purchases	○	○	○	○	○	○	○	○	○	○	○
I tend to buy more Scratchers on payday	○	○	○	○	○	○	○	○	○	○	○
I tend to spend my winnings on more Scratchers	○	○	○	○	○	○	○	○	○	○	○
I normally buy Scratchers with spare money that I have in my wallet/purse	○	○	○	○	○	○	○	○	○	○	○
I tend to spend more on Scratchers when the Powerball jackpot is large.	○	○	○	○	○	○	○	○	○	○	○
I spend more after I see or hear of someone winning a prize	○	○	○	○	○	○	○	○	○	○	○
I tend to spend more on games that I know have top prizes remaining	○	○	○	○	○	○	○	○	○	○	○
I tend to spend more on Scratchers after I have won a Scratcher prize	○	○	○	○	○	○	○	○	○	○	○

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About the Segmentation Approach for Lotto Games

- A hybrid product-based/behavioral/attitudinal (multi-variable) segmentation model.
  - The model is derived by how groups of PY Lotto players:
    - actually use Lotto Games;
    - what they want out of them; AND
    - how they "feel" (attitudinally) about the broad product category.
  - Segments are more "tangible" given they are primarily-derived from marketing/product-based variables.
  - Study findings are more "actionable" than a traditional attitudinal/psychographic segmentation.

- Axiom CR uses responses from 3 key questions to derive the segmentation of Lotto game players
  - Question #1 pertains to Purchase Decision Factors
  - Question #2 pertains to Lotto Game Attributes
  - Question #3 pertains to behaviors & attitudes towards playing Lotto games

Behavioral & Attitudinal Question Bank

How do you feel about each of the following statements on a scale of 1 to 7 where 1 means you "Disagree Completely" and 7 means you "Agree Completely"?

Typically, the main reason why I go in to a convenience store is to buy Scratch games.	---
I tend to know which lottery game(s) I am going to purchase before going in the store.	---
I feel awkward and uncertain when buying a Lotto game like Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, or 2by2	---
I don't like playing Lotto games (Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, or 2by2) because you have to wait until the numbers are drawn to find out whether you have won a prize.	---
I play Lotto games more often because I'm part of a lottery pool with my friends, family or colleagues.	---
I enjoy playing Lotto games (Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, or 2by2) more than Scratch games.	---
I only consider buying a Lotto game when I'm buying something else at the store.	---
Typically, the main reason why I go in to a convenience store is to buy Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, or 2by2.	---
I typically decide to purchase a lottery game at the last minute.	---
Being part of a lottery pool with my friends, family or colleagues makes playing Lotto games more fun.	---
I don't know how often every Lotto game is drawn each week, which makes it difficult to determine which game(s) to purchase (if any at all) on a given day.	---

22 Items included in the Purchase Decision Factors Question (E1)

1. The day of the week
2. The size of the jackpot for the next draw.
3. The game is drawn that evening meaning I don't have to wait long to find out whether I've won a prize.
4. The cost to play that game
5. The chances of winning the top prize / jackpot.
6. The chances of winning any prize.
7. The chances of winning a significant or meaningful prize.
8. The game is being promoted within the store.
9. The game is being promoted on TV or the radio.
10. The game is being talked about in the media.
11. The game is being talked about by friends, family, colleagues, or others I know.
12. There is a limited-time in-store offer of a free quick pick of a certain game with a qualifying purchase (example: "get a free quick pick for Mega Millions if you purchase $6 worth of Scratch games").
13. There is a limited-time statewide discount offer for a specific game (example: "purchase $6 of Mega Millions with Megaplier for $5").
14. There is a limited-time statewide offer of a free entry for a 2nd chance drawing with a qualifying purchase (example: "purchase $6 of Mega Millions with Megaplier and receive an entry for the chance drawing to win Huskers football season tickets").
15. The game is easy to play.
16. A game I have played before.
17. A game that has served me well in the past.
18. Knowing other players have NOT won much money playing a particular game at that store.
19. Knowing other players have won money playing a particular game at that store.
20. A suggestion from the clerk.
21. A suggestion from other players.
22. A game that I play as part of a lottery pool with my friends, family or colleagues.

Layout of the Purchase Decision Factors Exercise within the Survey (E1)

Which factor do you feel is the **MOST** and **LEAST important** to you personally when choosing a Lotto game (Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, 2by2) to purchase at the counter?

MOST Important		LEAST Important
○	Knowing other players have NOT won much money playing a particular game at that store.	○
○	A suggestion from the clerk.	○
○	Knowing other players have won money playing a particular game at that store.	○
○	The game is being talked about in the media.	○
○	The chances of winning a significant or meaningful prize.	○
○	The game is easy to play.	○

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Layout of the Purchase Decision Factors Exercise within the Survey (E1)

Which factor do you feel is the **MOST** and **LEAST important** to you personally when choosing a Lotto game (Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, 2by2) to purchase at the counter?

MOST Important		LEAST Important
○	There is a limited-time in-store offer of a free quick pick of a certain game with a qualifying purchase (example: "get a free quick pick for Mega Millions if you purchase $6 worth of Scratch games").	○
○	The game is being talked about in the media.	○
○	The size of the jackpot for the next draw.	○
○	The chances of winning the top prize / jackpot.	○
○	A game that I play as part of a lottery pool with my friends, family or colleagues.	○
○	A game I have played before.	○

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Layout of the Purchase Decision Factors Exercise within the Survey (E1)

Which factor do you feel is the **MOST** and **LEAST important** to you personally when choosing a Lotto game (Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, 2by2) to purchase at the counter?

MOST Important		LEAST Important
○	The game is being talked about by friends, family, colleagues, or others I know.	○
○	A game I have played before.	○
○	There is a limited-time statewide offer of a free entry for a 2nd chance drawing with a qualifying purchase (example: "purchase $6 of Mega Millions with Megaplier and receive an entry for the chance drawing to win Huskers football season tickets").	○
○	The game is being promoted within the store.	○
○	The size of the jackpot for the next draw.	○
○	A suggestion from other players.	○

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22 Items included in Lotto Game Attributes Question (F1)

1. The game offers the chance to win a jackpot that is at least $10 million and can grow to over $500 million.
2. The game offers the chance to win a jackpot that is at least $1 million and can grow to over $10 million.
3. The game offers the chance to win a jackpot that starts at $50 thousand and can grow to over $150 thousand.
4. The game offers the chance to win a fixed top prize of $1000 or less.
5. The game is drawn 6 or more times a week.
6. The game is drawn twice a week.
7. The game is only played in Nebraska.
8. The game is played across most states.
9. The game is only played in a handful of states.
10. A game that costs $1 per play.
11. A game that costs $2 per play.
12. A game with an appealing name.
13. The jackpot prize is split equally among multiple winners.
14. The prize is fixed (i.e. isn't split equally among multiple winners).
15. The jackpot prize is paid all at once.
16. You can choose whether you would want your jackpot prize in annual payments or one cash payment.
17. You can win a free Quick Pick Play for that game by matching a specific number of balls.
18. The game gives you the opportunity to choose both your numbers AND the bet type.
19. You select all of your numbers from one set of balls.
20. You select half of your numbers from one set of balls AND the rest of your numbers from another set of balls.
21. You select your numbers from one set of balls PLUS a “bonus ball” from another set of balls.
22. For $1, you can purchase an add-on feature giving you the chance to win larger prizes on the game.

Layout of the Lotto Game Attributes Exercise within the Survey (F1)

Which Lotto game attribute do you feel is the **MOST** and **LEAST important** to you personally?

MOST Important		LEAST Important
○	The game gives you the opportunity to choose both your numbers AND the bet type.	○
○	The game offers the chance to win a fixed top prize of $1000 or less.	○
○	For $1, you can purchase an add-on feature giving you the chance to win larger prizes on the game.	○
○	A game that costs $2 per play.	○
○	You select all of your numbers from one set of balls.	○
○	A game that costs $1 per play.	○

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Layout of the Lotto Game Attributes Exercise within the Survey (F1)

Which Lotto game attribute do you feel is the **MOST** and **LEAST important** to you personally?

MOST Important		LEAST Important
○	The game offers the chance to win a jackpot that is at least $1 million and can grow to over $10 million.	○
○	The game is only played in Nebraska.	○
○	The game offers the chance to win a fixed top prize of $1000 or less.	○
○	A game with an appealing name.	○
○	The game offers the chance to win a jackpot that starts at $50 thousand and can grow to over $150 thousand.	○
○	The game is played across most states.	○

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Layout of the Lotto Game Attributes Exercise within the Survey (F1)

Which Lotto game attribute do you feel is the **MOST** and **LEAST important** to you personally?

MOST Important		LEAST Important
○	You select half of your numbers from one set of balls AND the rest of your numbers from another set of balls.	○
○	The game offers the chance to win a jackpot that is at least $10 million and can grow to over $500 million.	○
○	The game is drawn 6 or more times a week.	○
○	The game is played across most states.	○
○	You can win a free Quick Pick Play for that game by matching a specific number of balls.	○
○	The game offers the chance to win a jackpot that is at least $1 million and can grow to over $10 million.	○

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Player Segmentation

7 Most Important...

Purchase Decision Factors &
Lotto Game Attributes

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7 Most Important Purchase Decision Factors (Among All Respondents)

Which factor do you feel is the **MOST** and **LEAST important** to you personally when choosing a Lotto game (Powerball, Mega Millions, Nebraska Pick 5, MyDaY, Nebraska Pick 3, 2by2) to purchase at the counter?

MOST Important		LEAST Important
○	Knowing other players have NOT won much money playing a particular game at that store.	○
○	A suggestion from the clerk.	○
○	Knowing other players have won money playing a particular game at that store.	○
○	The game is being talked about in the media.	○
○	The chances of winning a significant or meaningful prize.	○
○	The game is easy to play.	○

Next »

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7 Most Important Purchase Decision Factors (Among All Respondents)

MOST IMPORTANT PURCHASE DECISION FACTORS
Size of the jackpot (27.72%)
Chances of winning a significant prize (16.35%)
Cost to play that game (12.43%)
Chances of winning the top prize / jackpot (10.63%)
Chances of winning any prize (9.46%)
Game that has served me well in the past (3.42%)
Game is easy to play (2.88%)
7 (out of 22) most important purchase decision factors account for 82.89% of choice share.

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Base: All Respondents (n=1702)

(% denotes choice share out of 100%)

nebraska LOTTERY

7 Most Important Lotto Game Attributes (Among All Respondents)

Which Lotto game attribute do you feel is the **MOST** and **LEAST important** to you personally?

MOST Important		LEAST Important
○	The game gives you the opportunity to choose both your numbers AND the bet type.	○
○	The game offers the chance to win a fixed top prize of $1000 or less.	○
○	For $1, you can purchase an add-on feature giving you the chance to win larger prizes on the game.	○
○	A game that costs $2 per play.	○
○	You select all of your numbers from one set of balls.	○
○	A game that costs $1 per play.	○

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7 Most Important Lotto Game Attributes (Among All Respondents)

MOST IMPORTANT LOTTO GAME ATTRIBUTES
Chance to win a jackpot $10 million to over $500 million (25.93%)
Costs $1 per play (21.09%)
Only played in Nebraska (10.00%)
You can choose annual or one cash payment (9.81%)
Chance to win a jackpot $1 million to over $10 million (7.00%)
Jackpot prize is paid all at once (4.65%)
Chance to win a jackpot $50K to over $150K (3.18%)
7 (out of 22) most important Lotto game attributes account for 81.65%% of choice share.

Break Time

Approximately 5 minutes

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2014 Lotto Game Player Segmentation

Introduction and Explanation of each Segment

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7 Most Important (Overall) Purchase Decision Factors

PURCHASE DECISION FACTORS
Size of the jackpot
Chances of winning a significant prize
Cost to play that game
Chances of winning the top prize / jackpot
Chances of winning any prize
Game that has served me well in the past
Game is easy to play

7 (out of 22) most important purchase decision factors account for 82.89% of choice share.

7 Most Important (Overall) Purchase Decision Factors

PURCHASE DECISION FACTORS	SEGMENT 1	SEGMENT 2	SEGMENT 3	SEGMENT 4	SEGMENT 5
Size of the jackpot	26.53%	24.81%	37.86%	32.55%	15.30%
Chances of winning a significant prize	15.80%	17.39%	15.64%	16.16%	17.49%
Cost to play that game	15.80%	8.59%	12.21%	8.07%	13.97%
Chances of winning the top prize / jackpot	9.80%	10.85%	11.50%	8.86%	12.59%
Chances of winning any prize	11.15%	8.43%	7.16%	5.91%	13.48%
Game that has served me well in the past	3.47%	2.04%	2.59%	2.79%	6.75%
Game is easy to play	3.59%	1.33%	3.17%	1.73%	3.84%
7 (out of 22) most important purchase decision factors account for 82.89% of choice share.	86.14%	73.44%	90.13%	76.07%	83.42%

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Base: All Respondents (n=1702)

(% denotes choice share out of 100%)

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Other Important Purchase Decision Factor(s) for Specific Segments

- Segment 2
  - Limited-time statewide free entry offer (8.09%)
  - Limited-time in-store offer (8.02%)
  - Limited-time statewide discount offer (6.68%)

- Segment 4
  - Game that I play as part of a lottery pool (9.94%)

7 Most Important (Overall) Lotto Game Attributes

LOTTO GAME ATTRIBUTES
Chance to win a jackpot $10 million to over $500 million
Costs $1 per play
Only played in Nebraska
You can choose annual or one cash payment
Chance to win a jackpot $1 million to over $10 million
Jackpot prize is paid all at once
Chance to win a jackpot $50K to over $150K
7 (out of 22) most important Lotto Game attributes account for 81.65%% of choice share.

7 Most Important (Overall) Lotto Game Attributes

LOTTO GAME ATTRIBUTES	SEGMENT 1	SEGMENT 2	SEGMENT 3	SEGMENT 4	SEGMENT 5
Chance to win a jackpot $10 million to over $500 million	19.60%	31.55%	40.04%	35.49%	4.44%
Costs $1 per play	27.97%	13.84%	16.35%	18.45%	23.89%
Only played in Nebraska	10.13%	6.55%	0.61%	5.09%	31.60%
You can choose annual or one cash payment	9.13%	9.89%	14.03%	10.28%	4.86%
Chance to win a jackpot $1 million to over $10 million	6.20%	9.74%	7.98%	8.45%	2.66%
Jackpot prize is paid all at once	4.48%	4.72%	5.46%	4.29%	4.13%
Chance to win a jackpot $50K to over $150K	2.96%	5.54%	2.09%	2.47%	2.95%
7 (out of 22) most important Lotto Game attributes account for 81.65%% of choice share.	80.47%	81.82%	86.56%	84.54%	74.52%

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Base: All Respondents (n=1702)

(% denotes choice share out of 100%)

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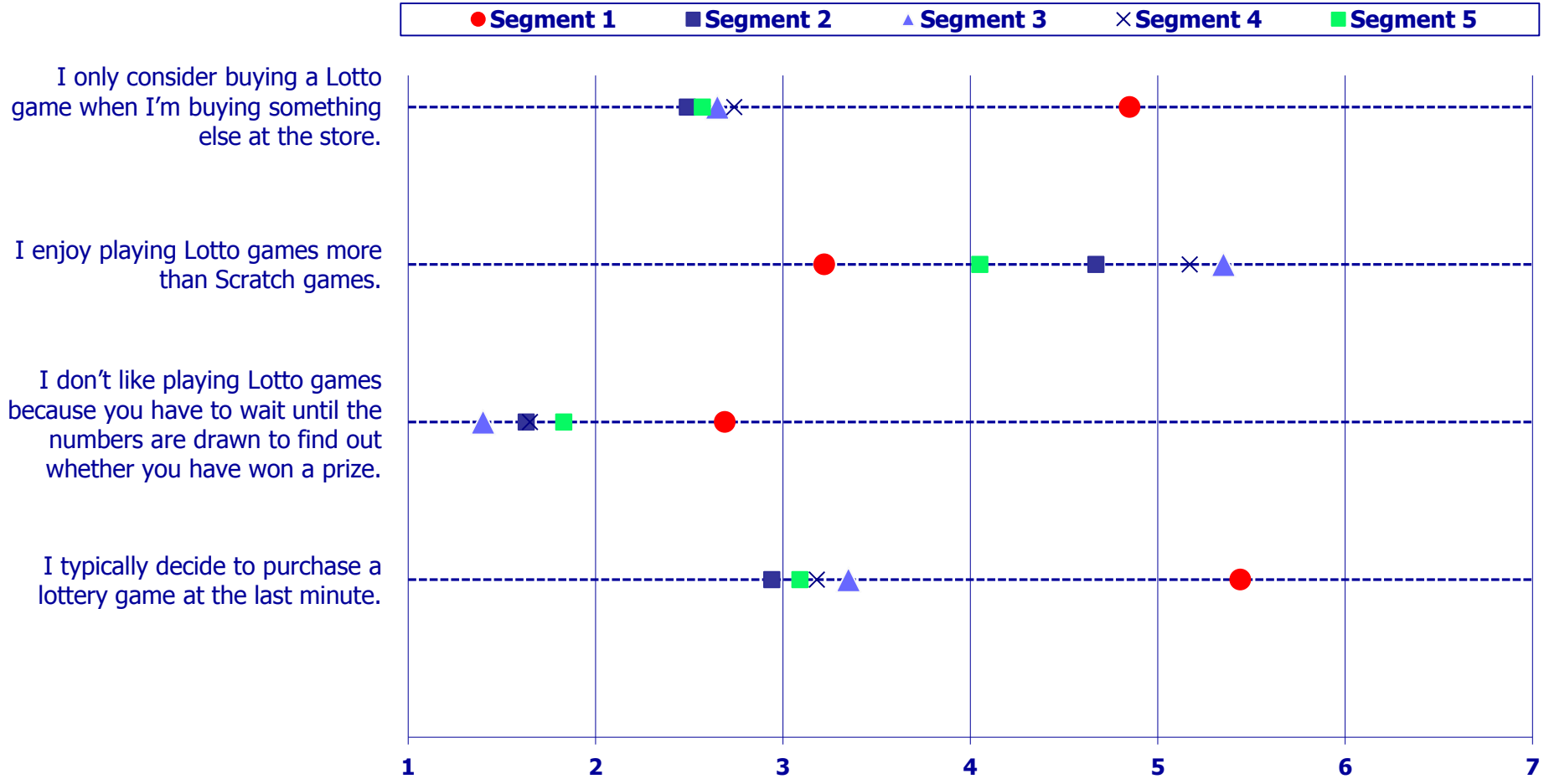
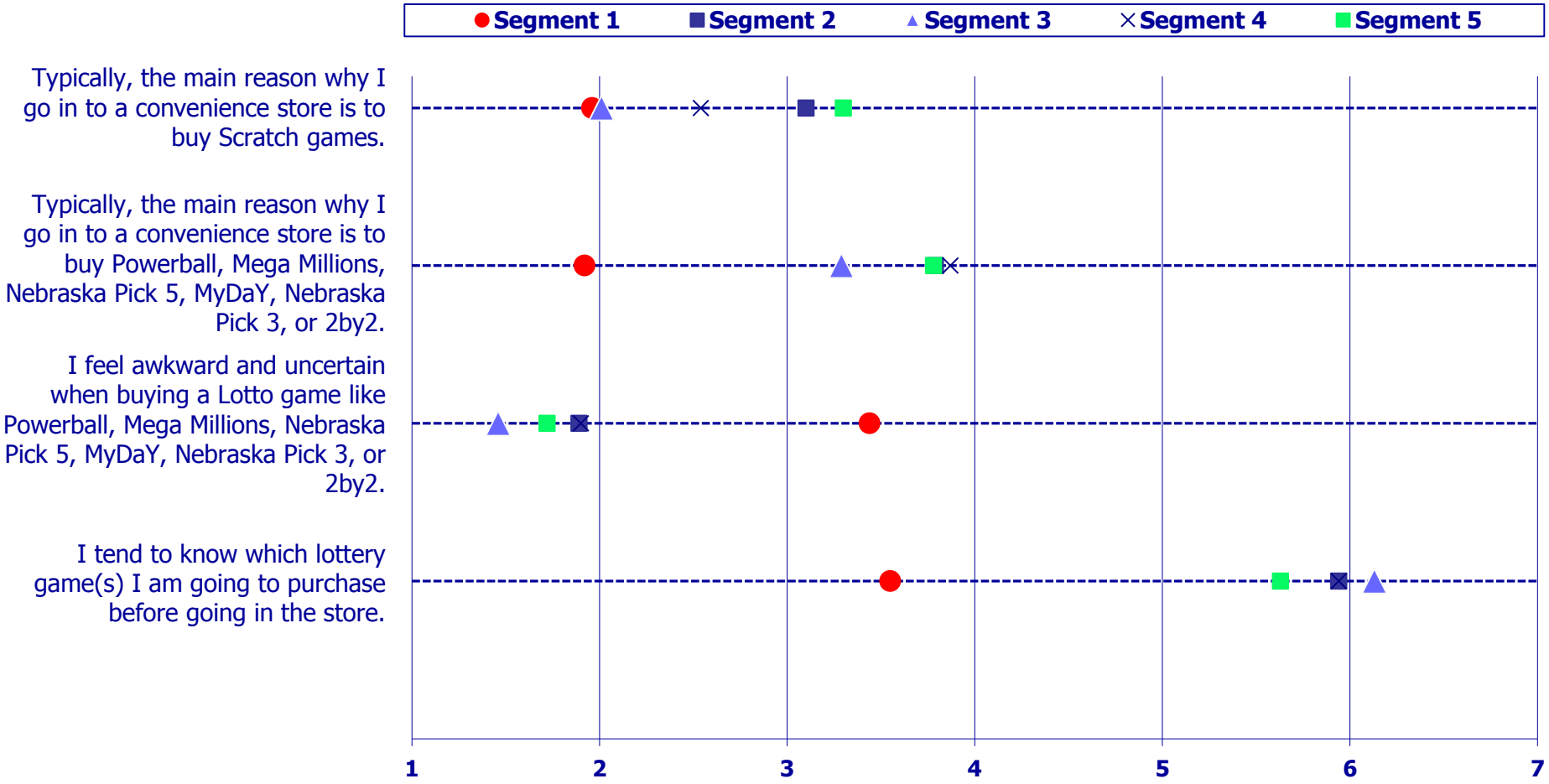
Additional Important Lotto Game Attribute(s) for Specific Segments

- Segment 5
  - Can win a free Quick Pick Play (3.35%)
  - Drawn 6 or more times a week (3.28%)

Attitudes Towards Lottery Games



Attitudes Towards Lottery Games

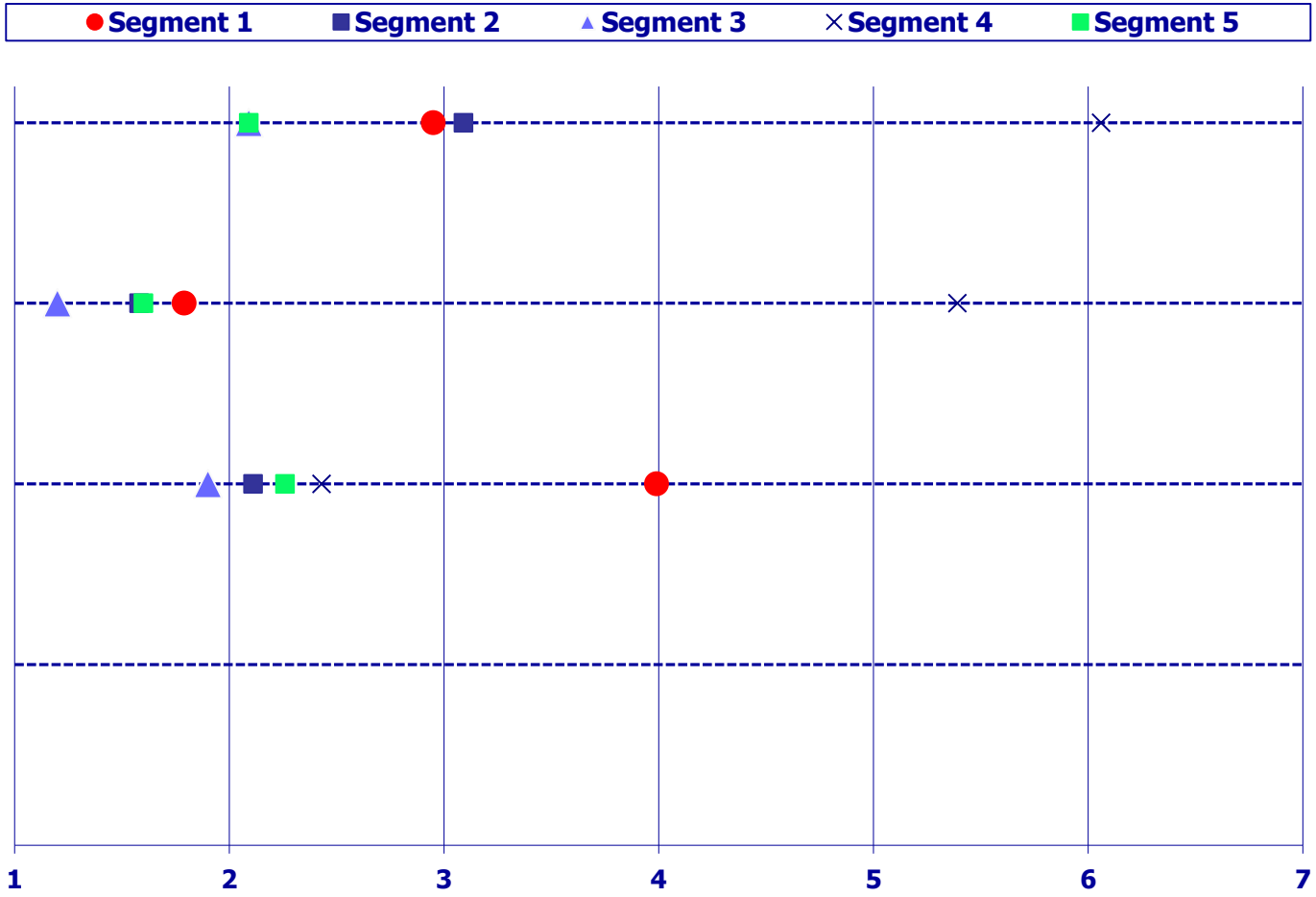


Attitudes Towards Lottery Games

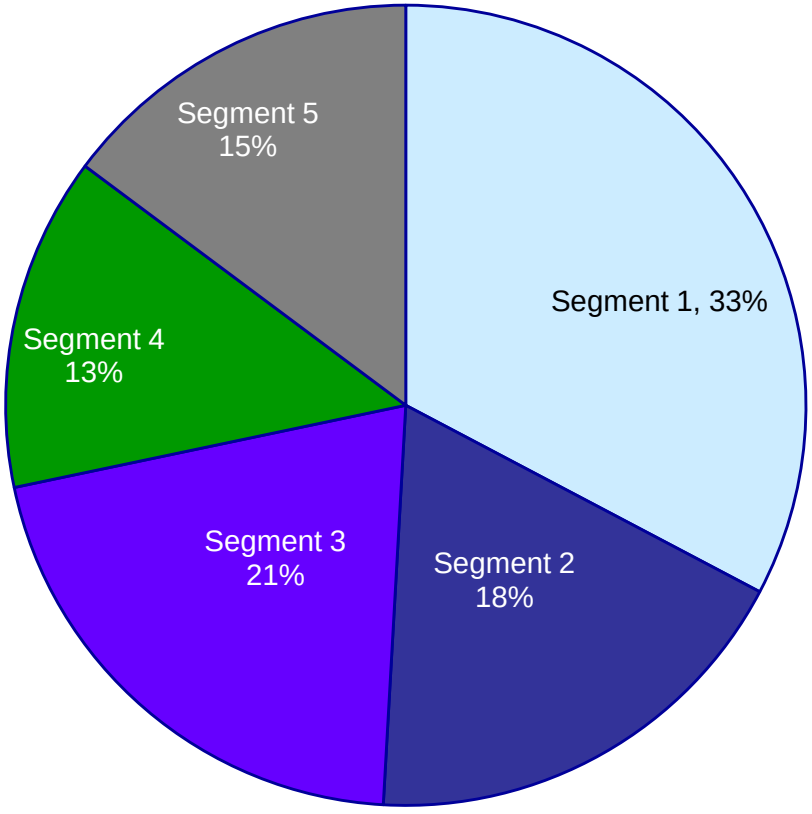
Being part of a lottery pool with my friends, family or colleagues makes playing Lotto games more fun.

I play Lotto games more often because I'm part of a lottery pool with my friends, family or colleagues.

I don't know how often every Lotto game is drawn each week, which makes it difficult to determine which game(s) to purchase (if any at all) on a given day.



Lotto Game Player Segments



Base: All Respondents (n=1702)

Break Time

Approximately 5 minutes

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Segment Comparisons

Lottery Participation

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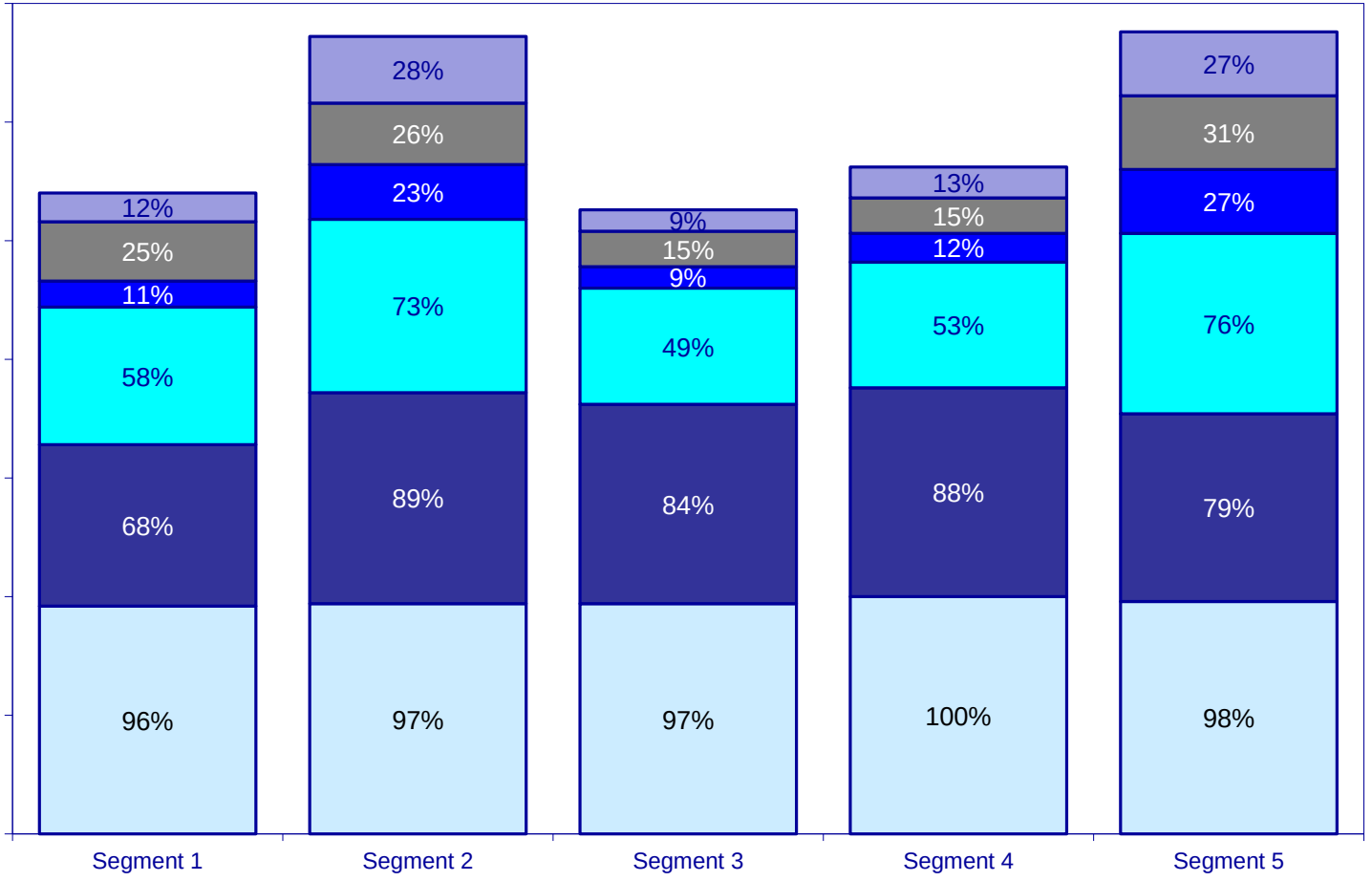
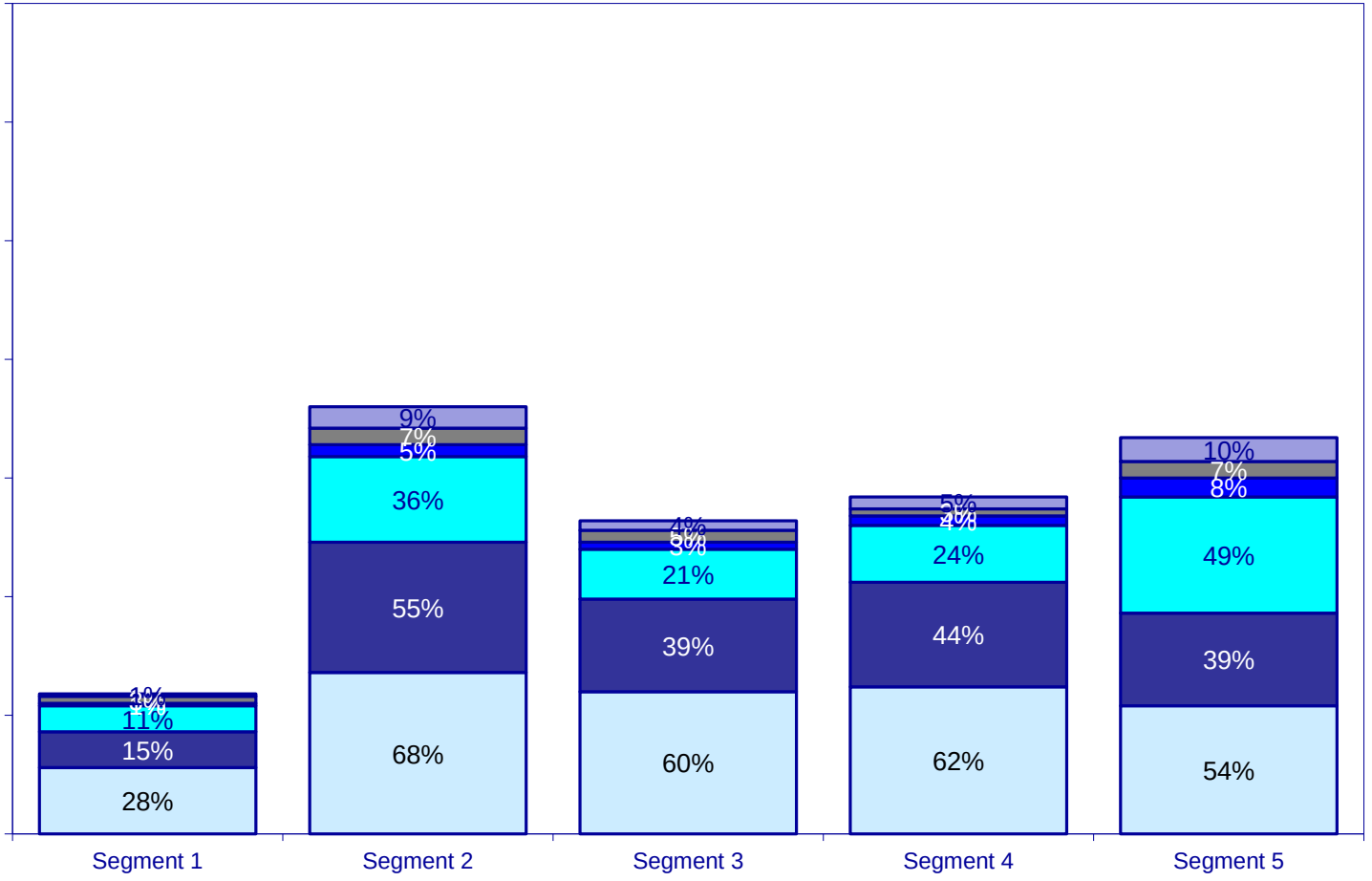
Played in Past Year



Base: All Respondents (n=1702)

Played in Past Month



Base: All Respondents (n=1702)

% of Regular Players of each Lotto game

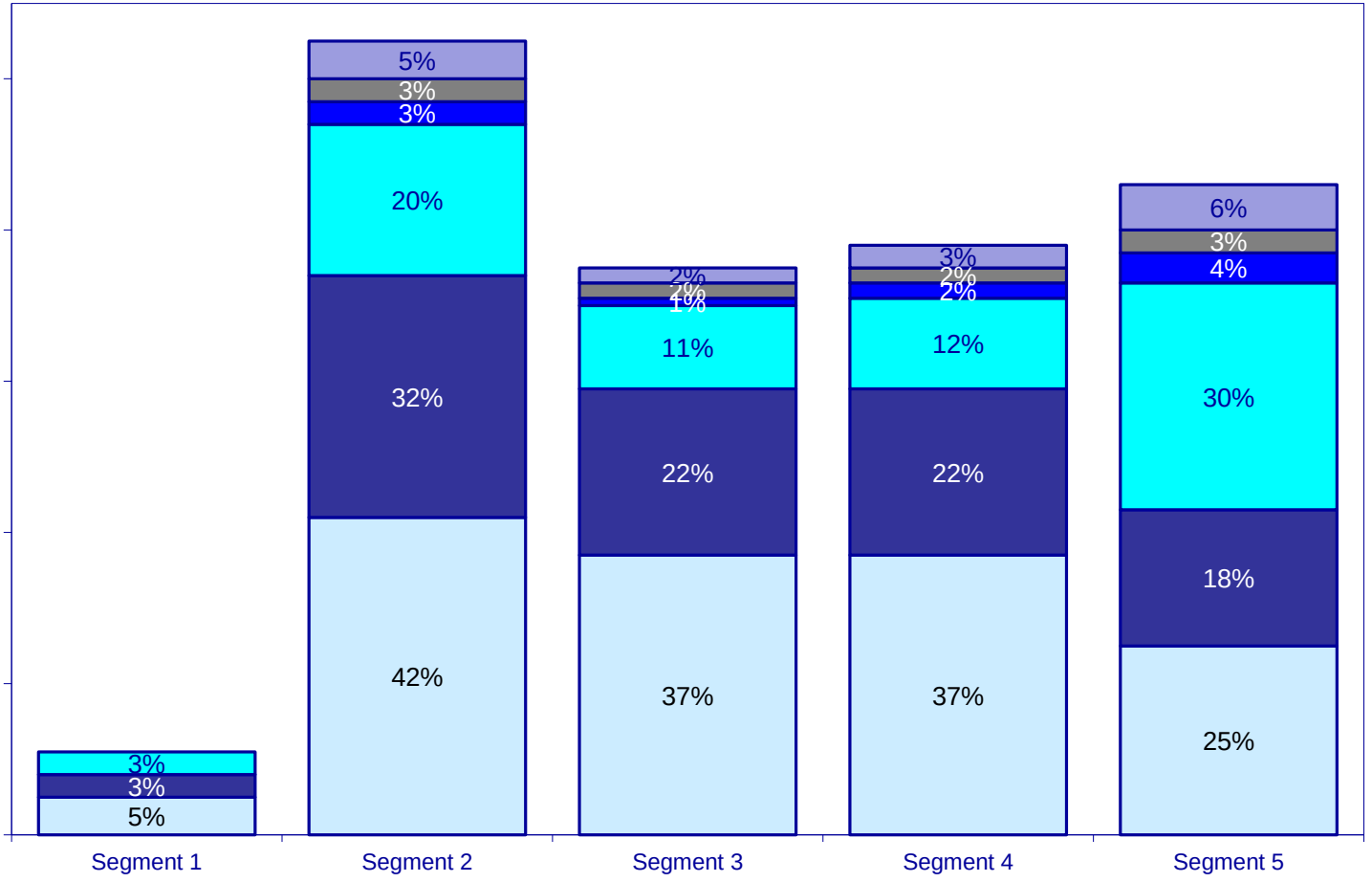
PLAY FREQUENCY DEFINITIONS

Regular - Every week

Occasional - Every couple of weeks or Every month

Infrequent - Every couple of months, Every 6 months, or Once a year

Non-Players - Less than once a year or Have never played



Powerball | Mega Millions | Pick 5 | MyDaY | Pick 3 | 2by2

Base: All Respondents (n=1702)

% of Occasional Players of each Lotto game

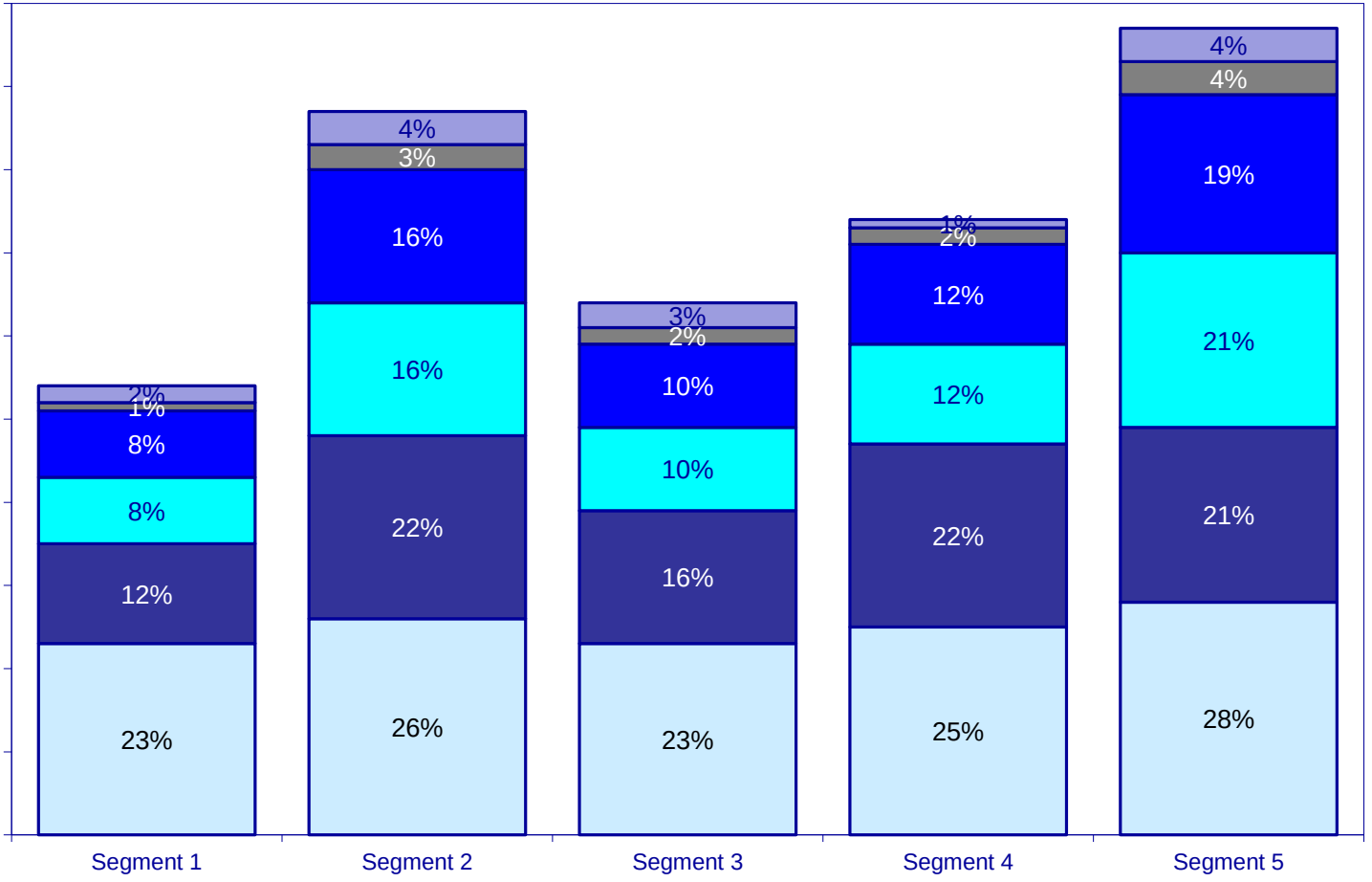
PLAY FREQUENCY DEFINITIONS

Regular - Every week

Occasional - Every couple of weeks or Every month

Infrequent - Every couple of months, Every 6 months, or Once a year

Non-Players - Less than once a year or Have never played



Powerball | Mega Millions | Pick 5 | MyDaY | Pick 3 | 2by2

Base: All Respondents (n=1702)

% of Infrequent Players of each Lotto game

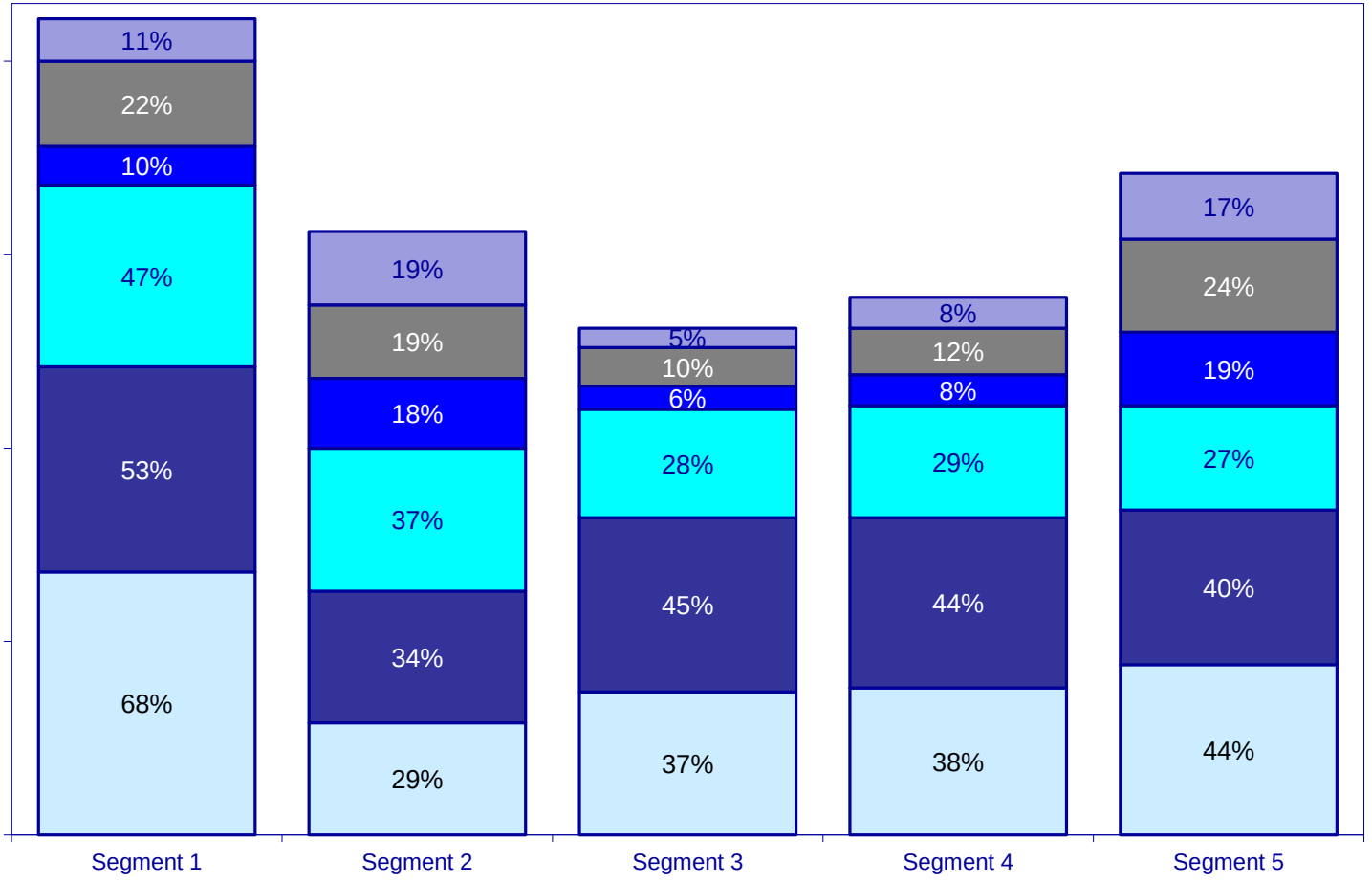
PLAY FREQUENCY DEFINITIONS

Regular - Every week

Occasional - Every couple of weeks or Every month

Infrequent - Every couple of months, Every 6 months, or Once a year

Non-Players - Less than once a year or Have never played



Powerball | Mega Millions | Pick 5 | MyDaY | Pick 3 | 2by2

Base: All Respondents (n=1702)

% of Non-Players of each Lotto game

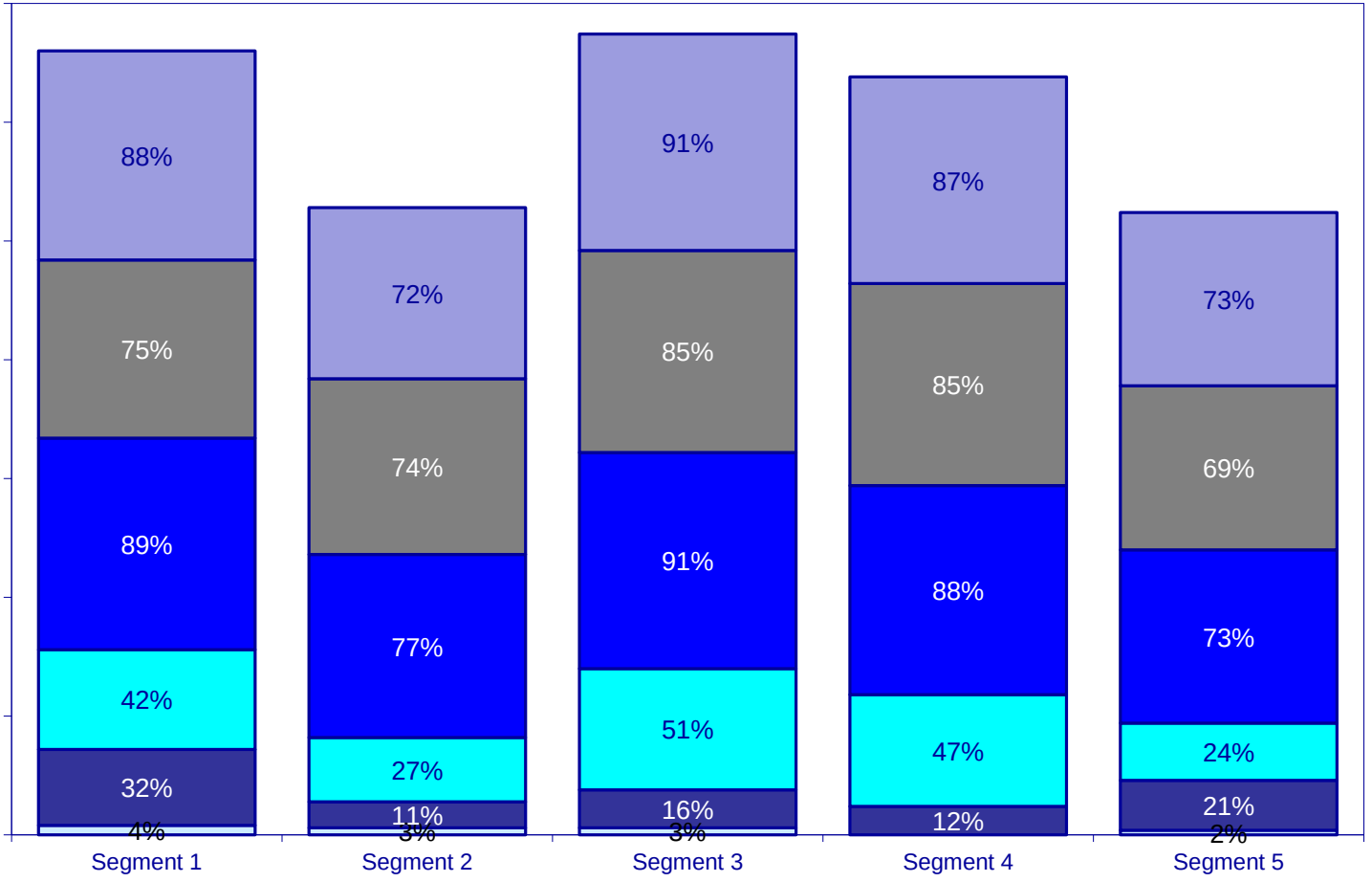
PLAY FREQUENCY DEFINITIONS

Regular - Every week

Occasional - Every couple of weeks or Every month

Infrequent - Every couple of months, Every 6 months, or Once a year

Non-Players - Less than once a year or Have never played

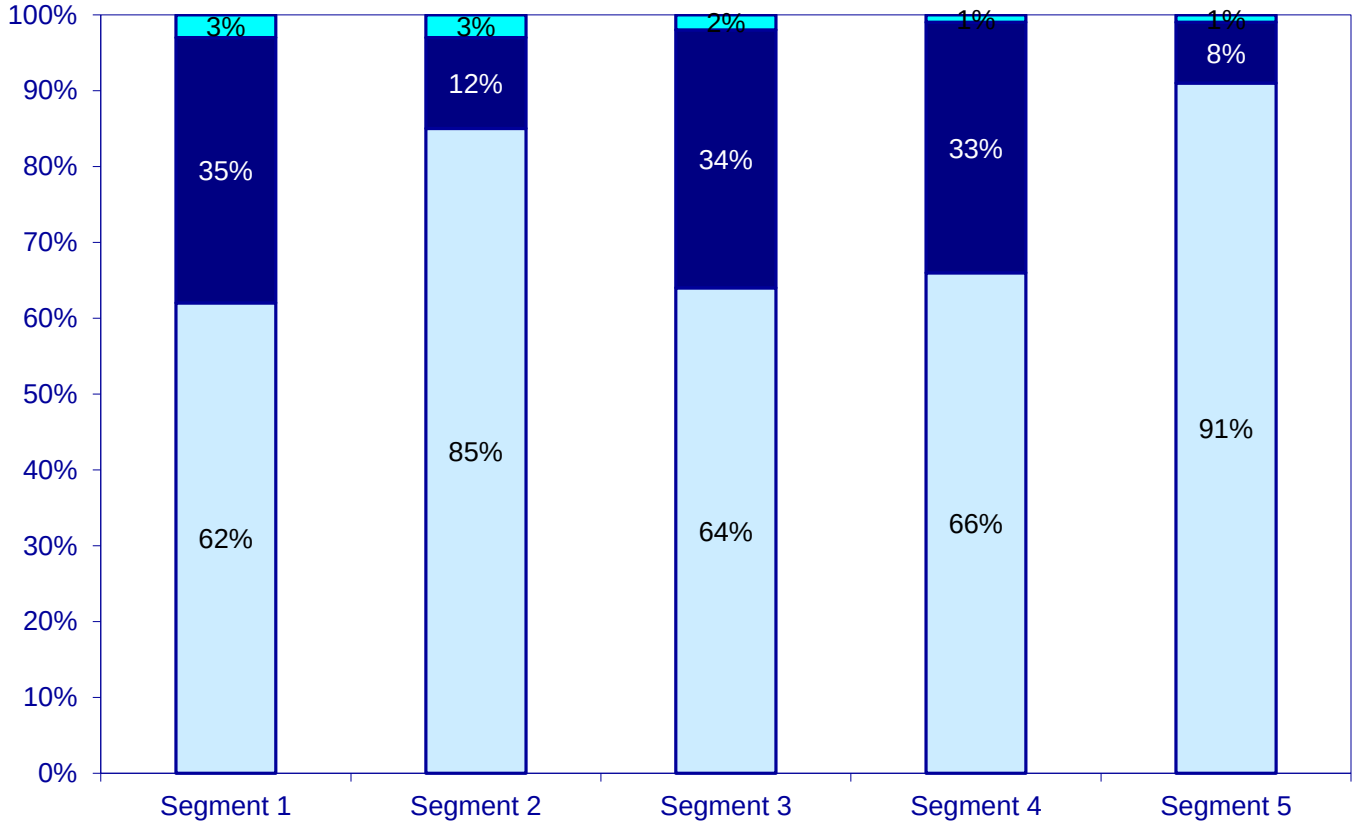


Powerball | Mega Millions | Pick 5 | MyDaY | Pick 3 | 2by2

Base: All Respondents (n=1702)

MVP Club Membership

Are you a member of the Nebraska Lottery's "MVP Club" and therefore have a user name and password for accessing special MVP Club pages?



Base: All Respondents (n=1702)

Segment Comparisons

Annualized Spending Analysis

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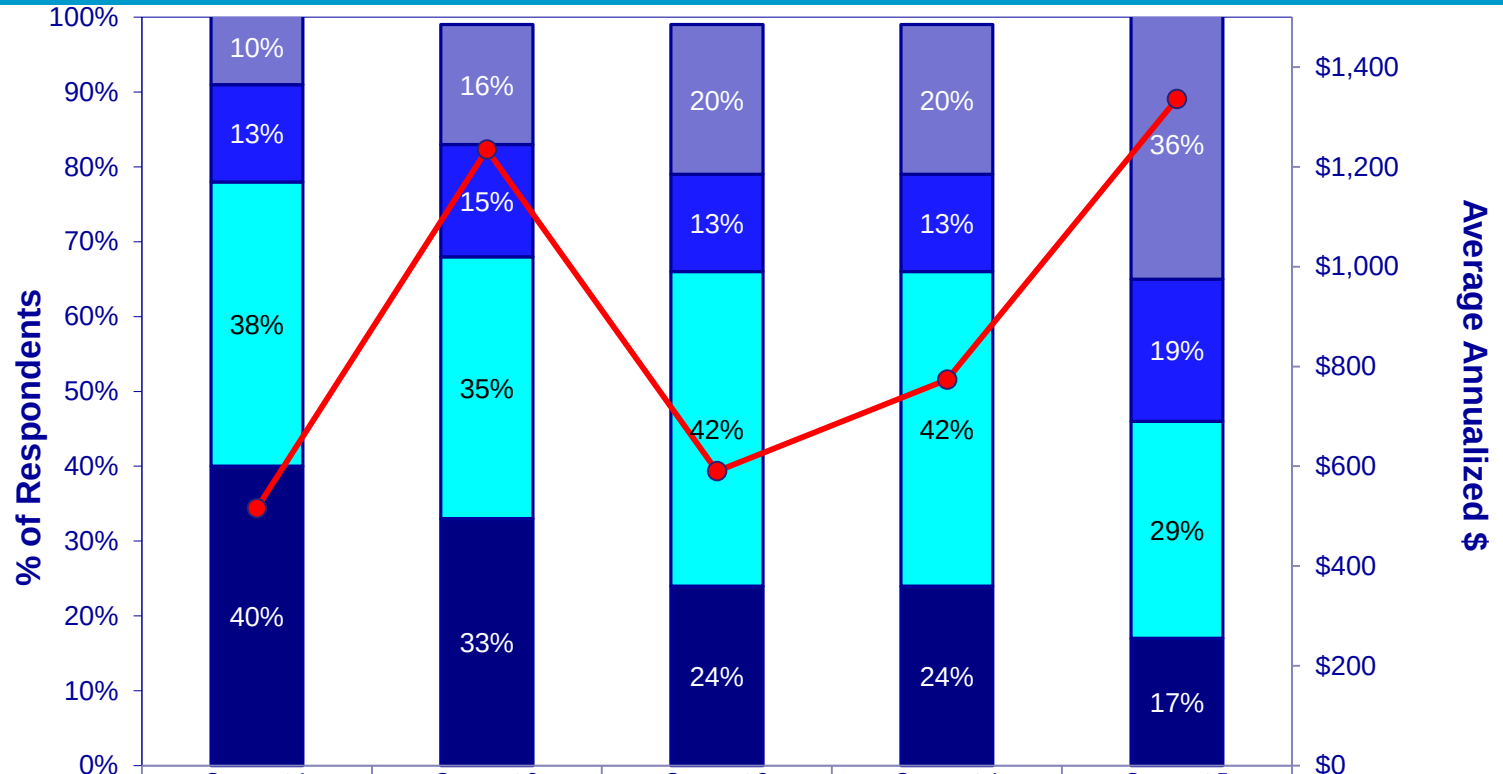
Overall Lottery Game Spending

SPENDING DEFINITIONS

Non-spender = $0 in a typical year
Peripheral = $1-$103 in a typical year (under $2 a week)
Light = $104-$519 in a typical year ($2-$9 a week)
Moderate = $520-$1039 in a typical year ($10-$19 a week)
Heavy = $1040+ in a typical a year ($20+ a week)



	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
Heavy	10%	16%	20%	20%	36%
Moderate	13%	15%	13%	13%	19%
Light	38%	35%	42%	42%	29%
Peripheral	40%	33%	24%	24%	17%
Non-spender					
Avg Ann. $	$515.71	$1,234.33	$589.99	$773.55	$1,335.65

AXIOM CONSUMER RESEARCH

Base: All Respondents (n=1702)

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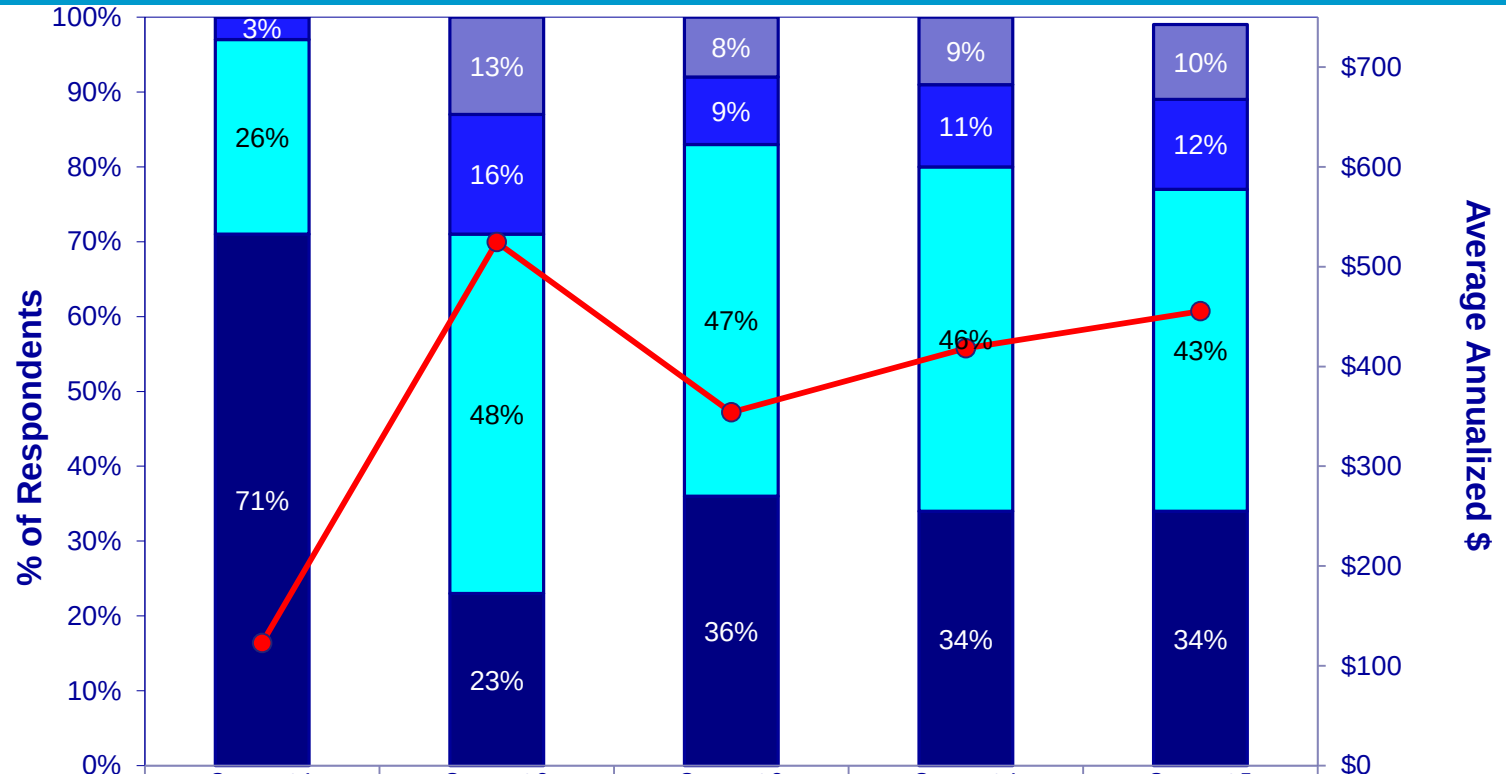
Lotto Games Spending

SPENDING DEFINITIONS

Non-spender = $0 in a typical year
Peripheral = $1-$103 in a typical year (under $2 a week)
Light = $104-$519 in a typical year ($2-$9 a week)
Moderate = $520-$1039 in a typical year ($10-$19 a week)
Heavy = $1040+ in a typical a year ($20+ a week)



	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
Heavy	1%	13%	8%	9%	10%
Moderate	3%	16%	9%	11%	12%
Light	26%	48%	47%	46%	43%
Peripheral	71%	23%	36%	34%	34%
Non-spender					
Avg Ann. $	$122.71	$524.58	$354.13	$418.11	$455.33

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Base: All Respondents (n=1702)

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Scratch Games Spending

SPENDING DEFINITIONS

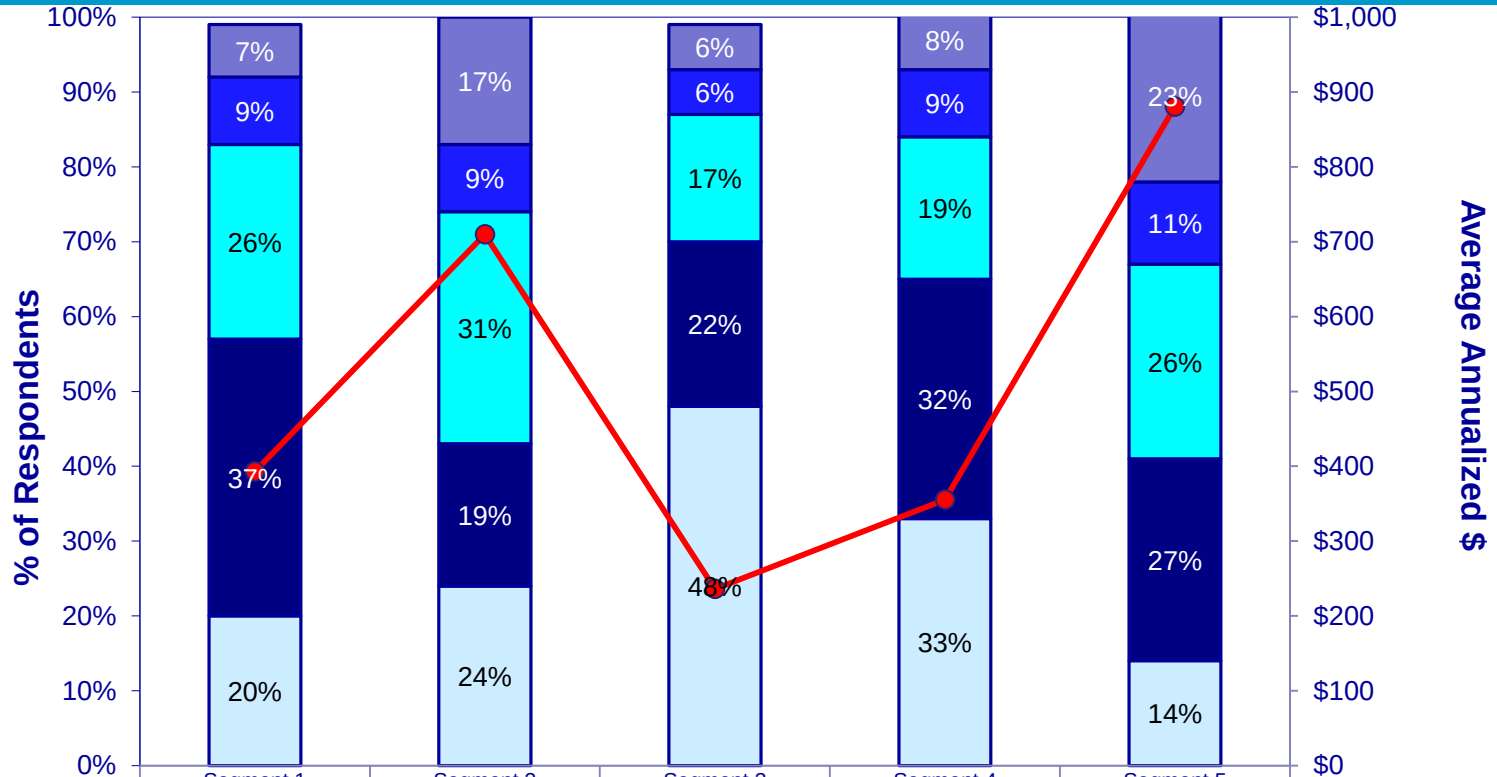
Non-spender = $0 in a typical year

Peripheral = $1-$103 in a typical year (under $2 a week)

Light = $104-$519 in a typical year ($2-$9 a week)

Moderate = $520-$1039 in a typical year ($10-$19 a week)

Heavy = $1040+ in a typical a year ($20+ a week)



	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
Heavy	7%	17%	6%	8%	23%
Moderate	9%	9%	6%	9%	11%
Light	26%	31%	17%	19%	26%
Peripheral	37%	19%	22%	32%	27%
Non-spender	20%	24%	48%	33%	14%
Avg Ann. $	$393.00	$709.75	$235.86	$355.44	$880.33

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Base: All Respondents (n=1702)

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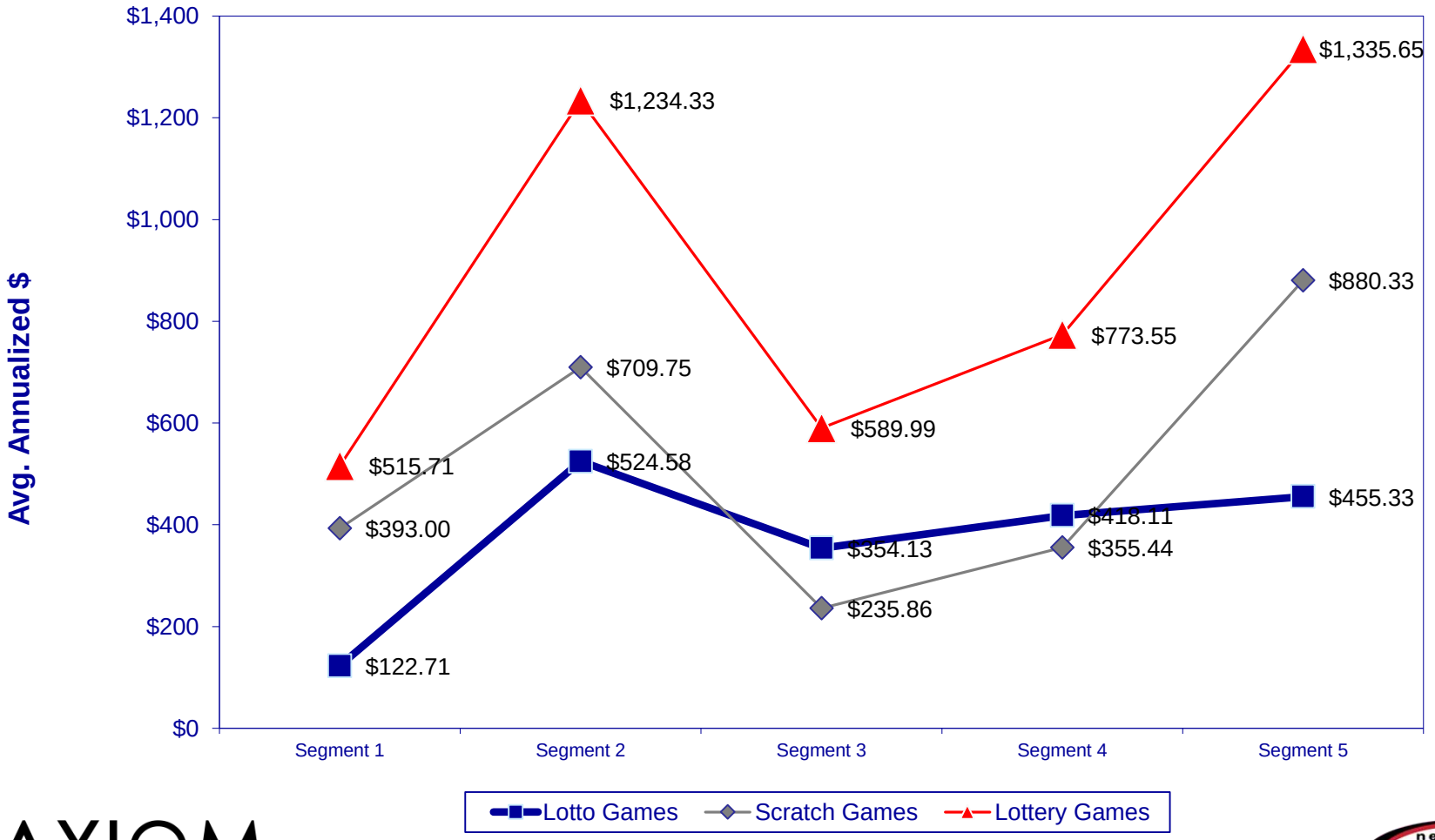
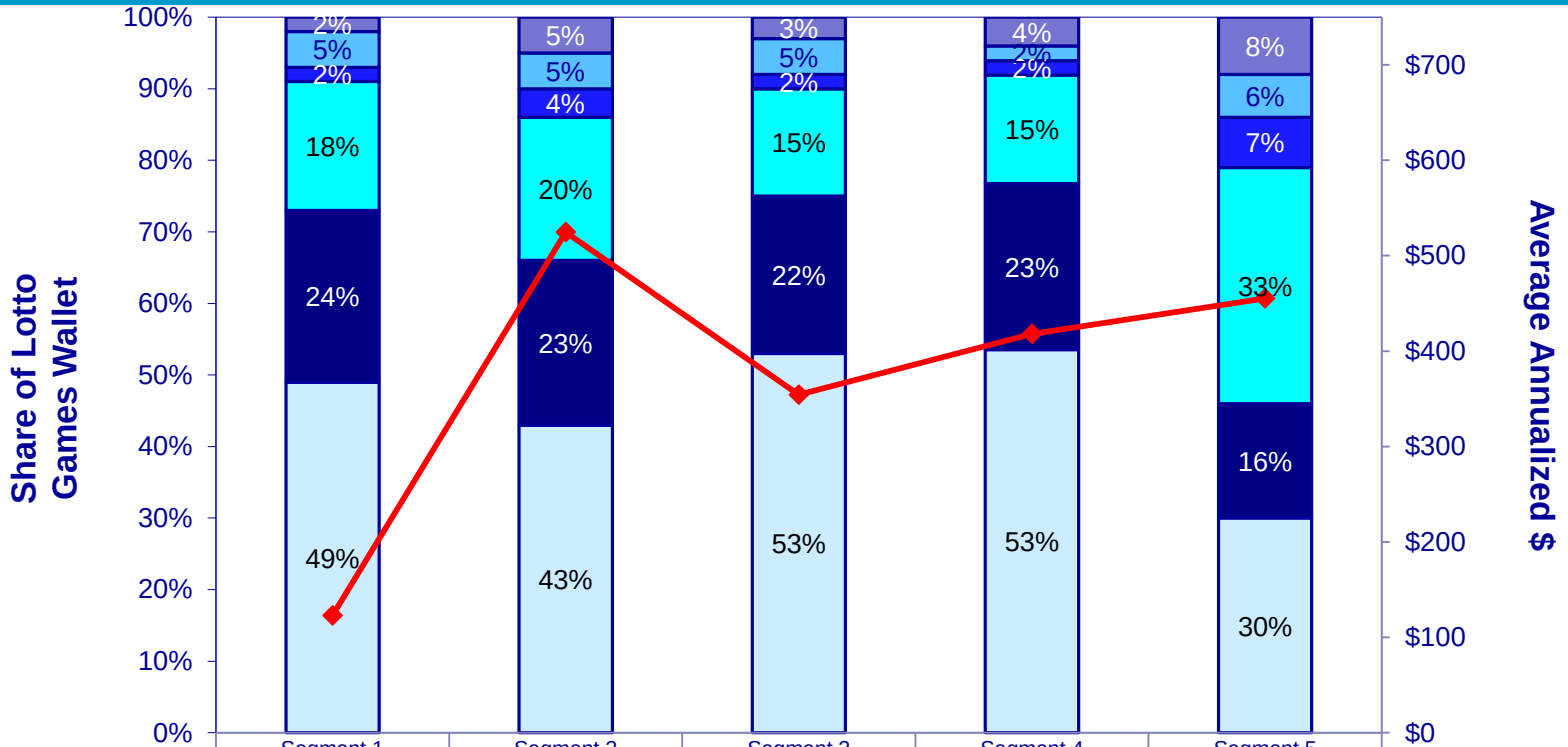
Lottery Game Spending Analysis in Nebraska



Base: All Respondents (n=1702)

Share of Lotto Games Wallet



	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
2by2	2%	5%	3%	4%	8%
Pick 3	5%	5%	5%	2%	6%
MyDaY	2%	4%	2%	2%	7%
Pick 5	18%	20%	15%	15%	33%
Mega Millions	24%	23%	22%	23%	16%
Powerball	49%	43%	53%	53%	30%
Avg Ann. $	$122.71	$524.58	$354.13	$418.11	$455.33

Base: All Respondents (n=1702)

Segment Comparisons

Relative Size and Importance
of the Segment for each Draw Game

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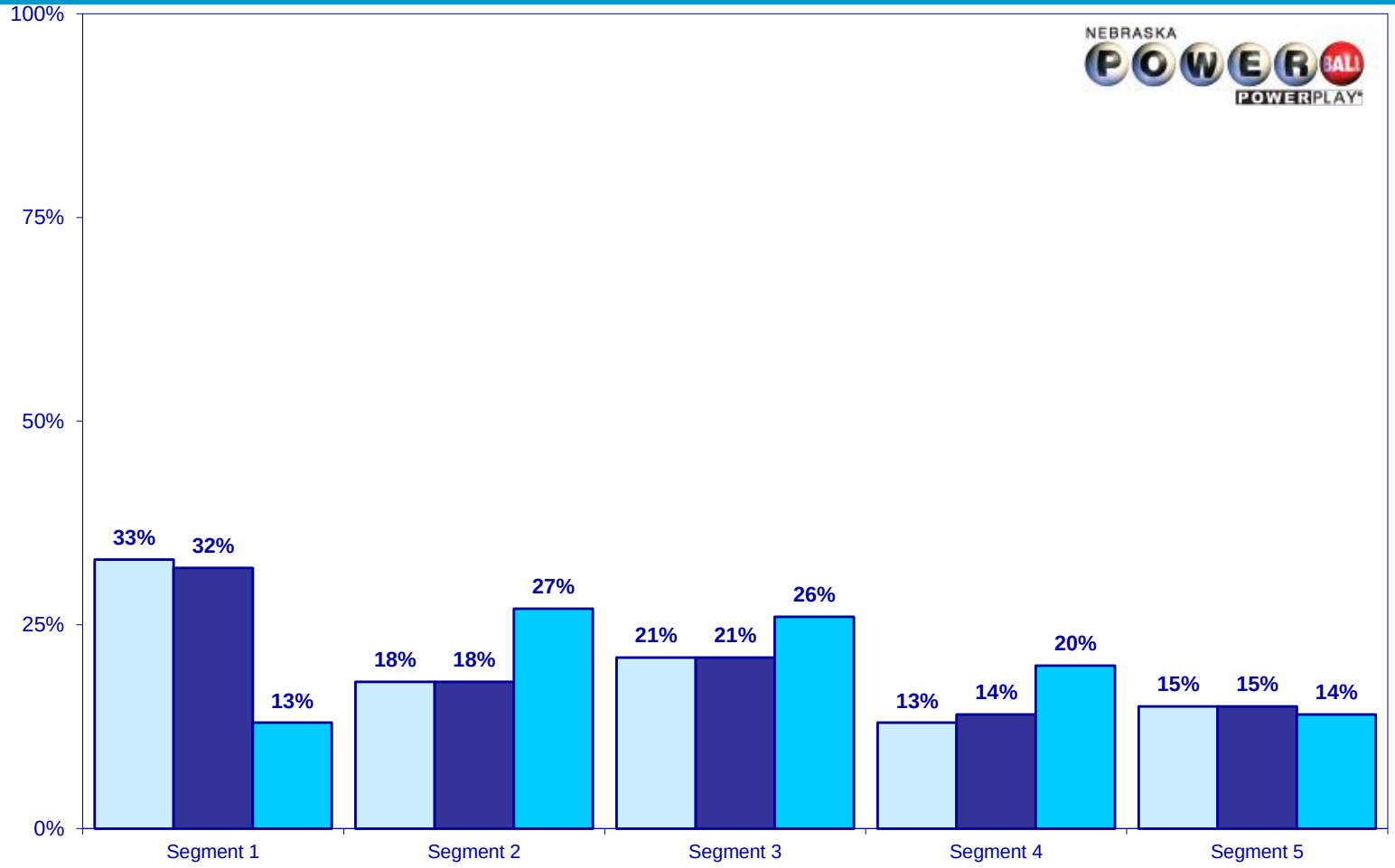
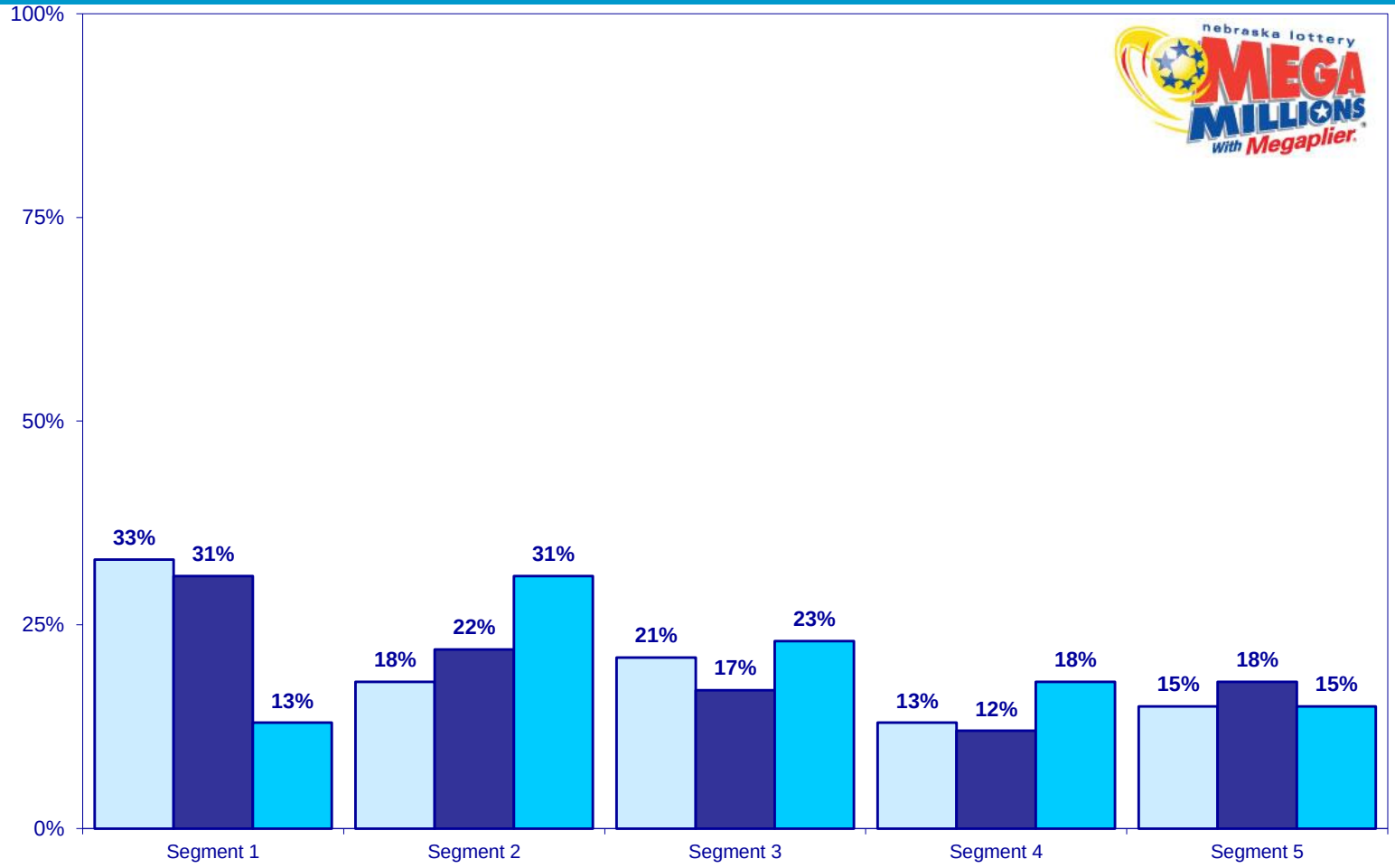
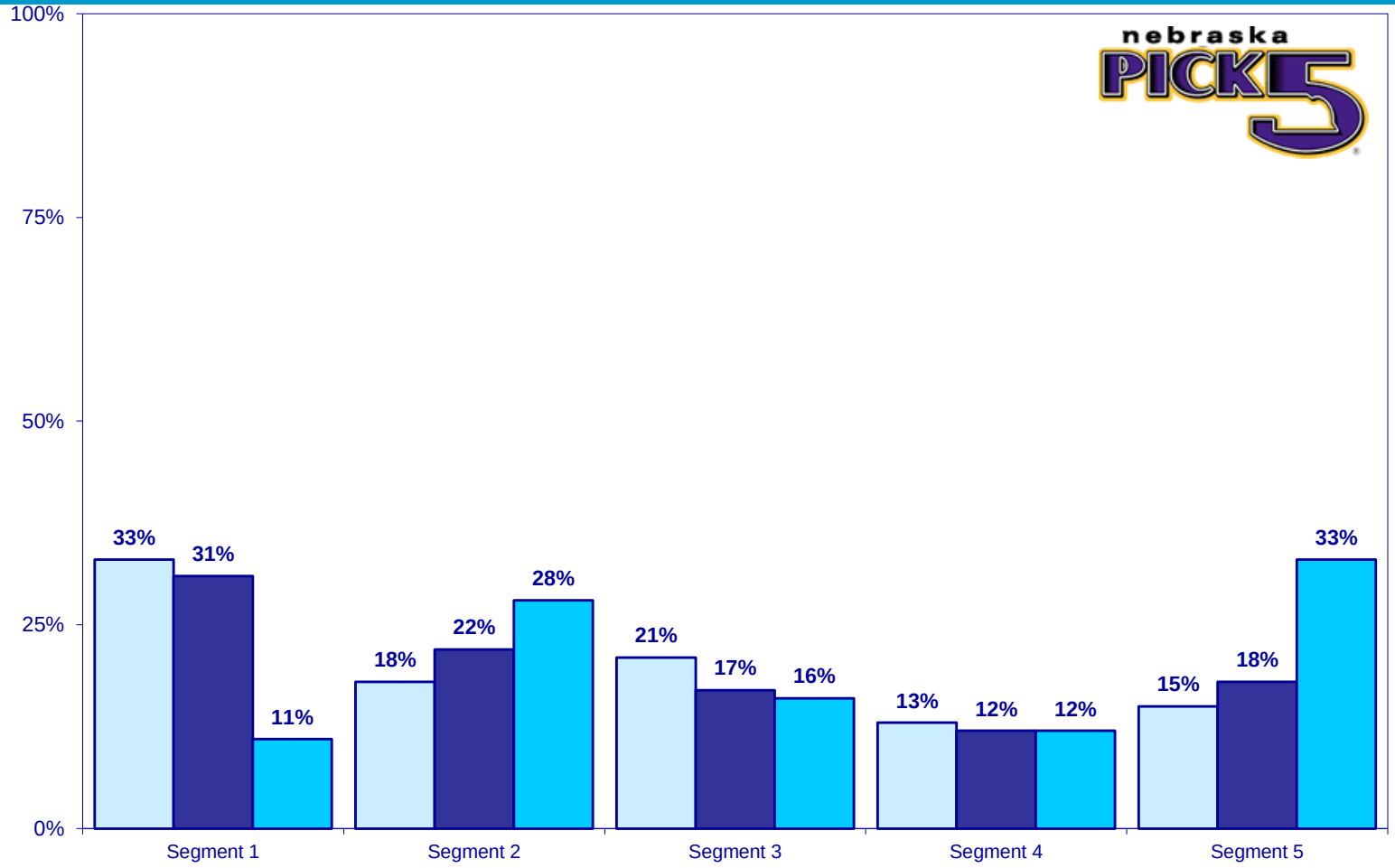
Relative Sizes and Importance: Powerball



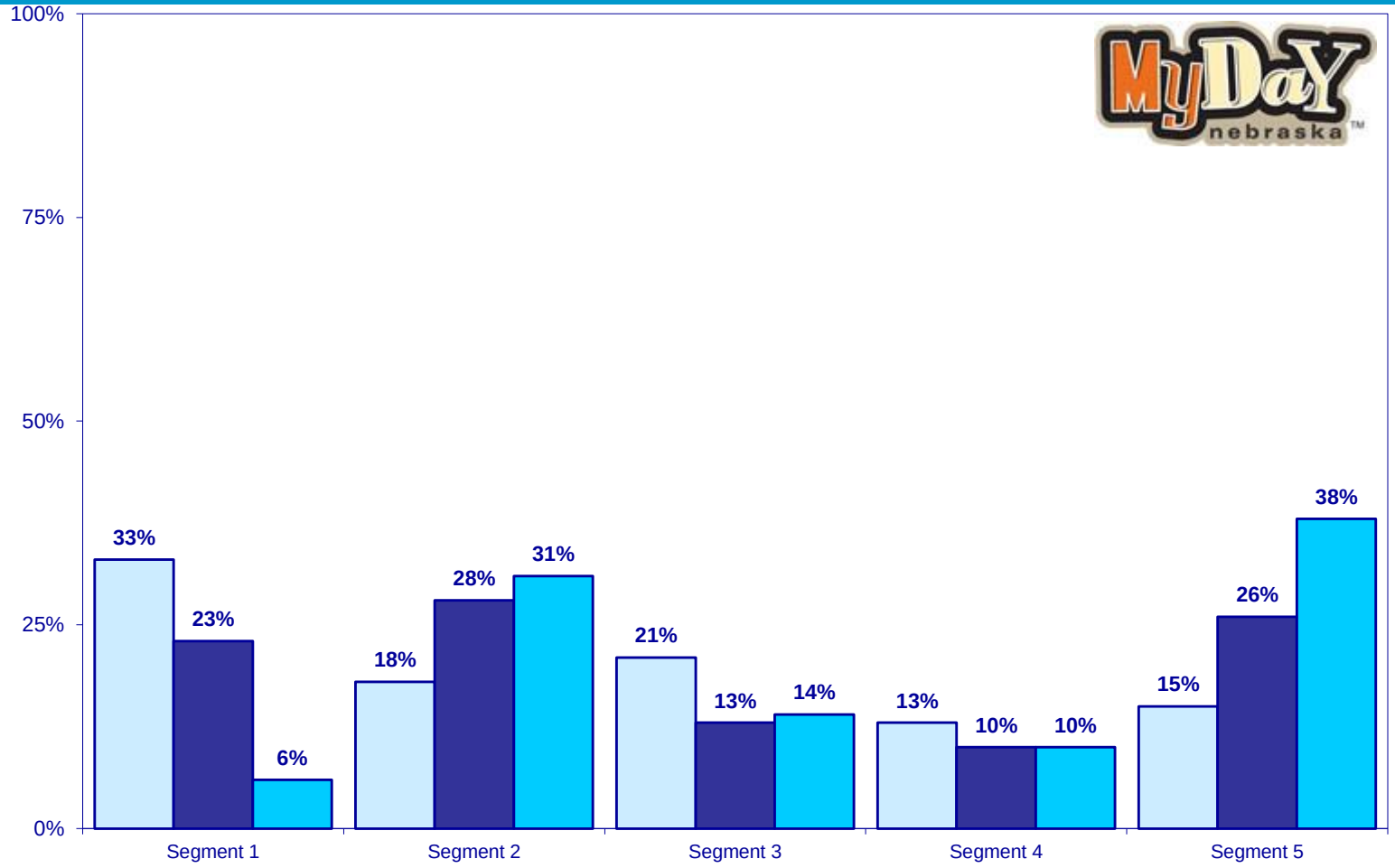
Relative Sizes and Importance: Mega Millions



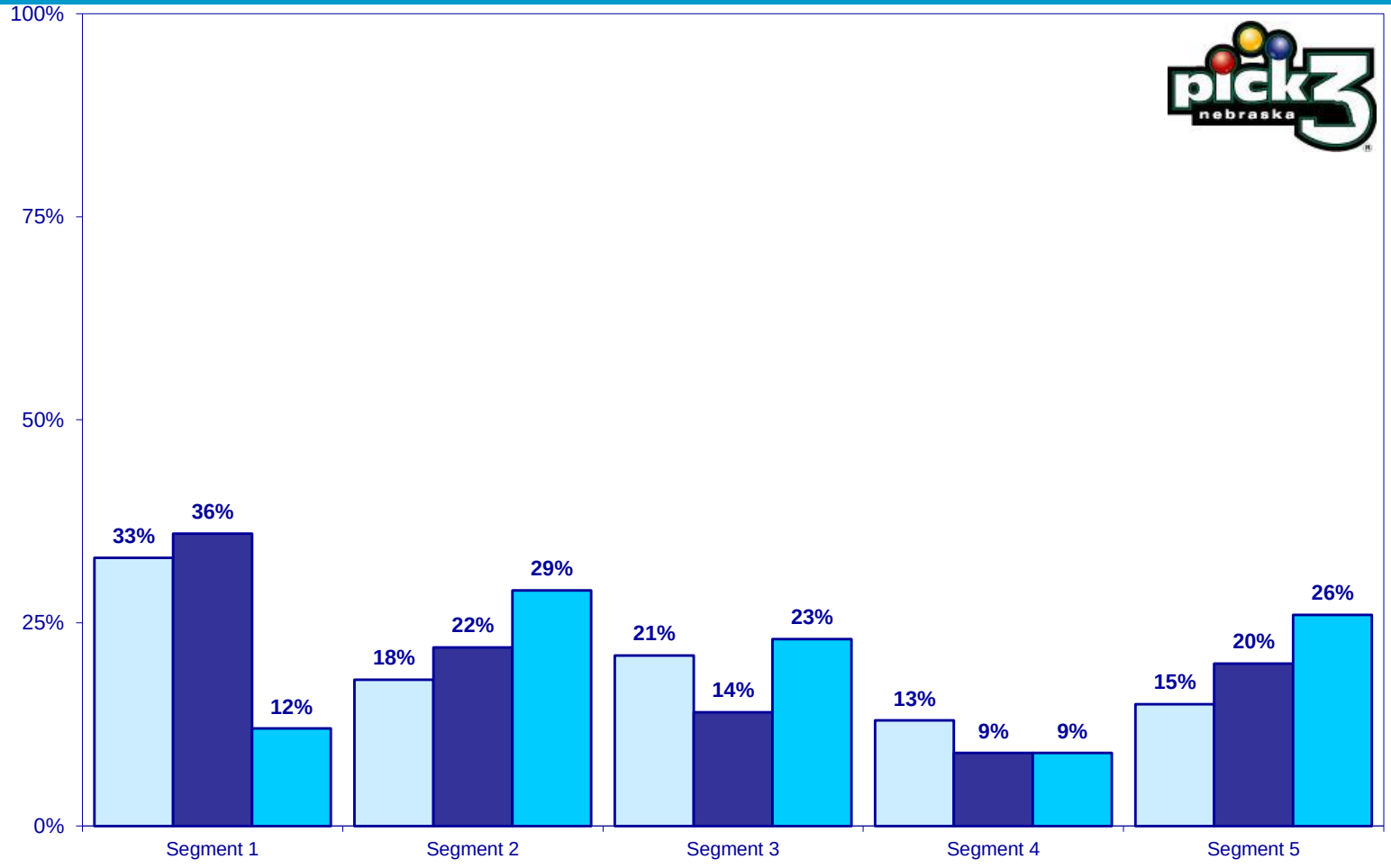
Relative Sizes and Importance: Nebraska Pick 5



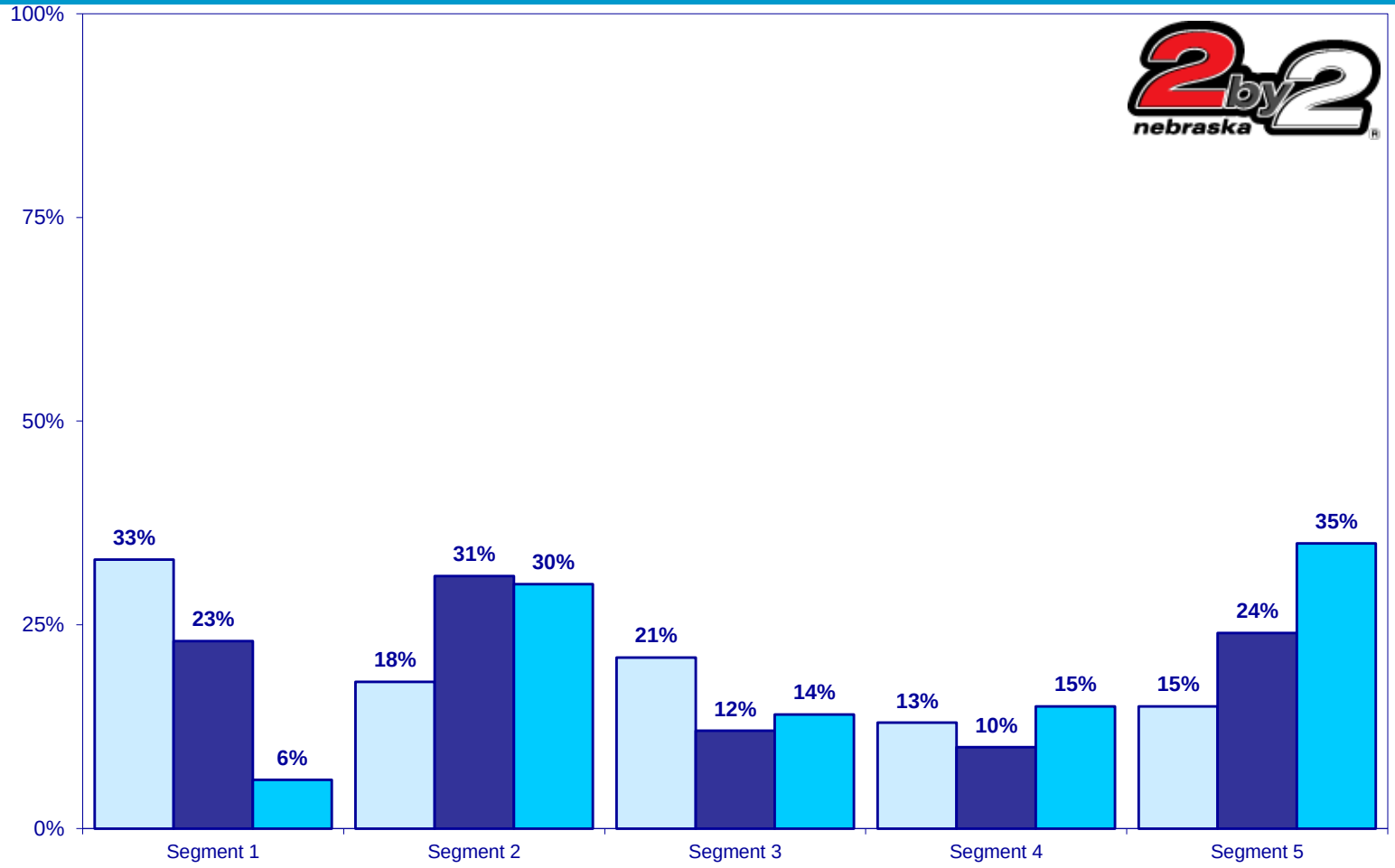
Relative Sizes and Importance: MyDaY



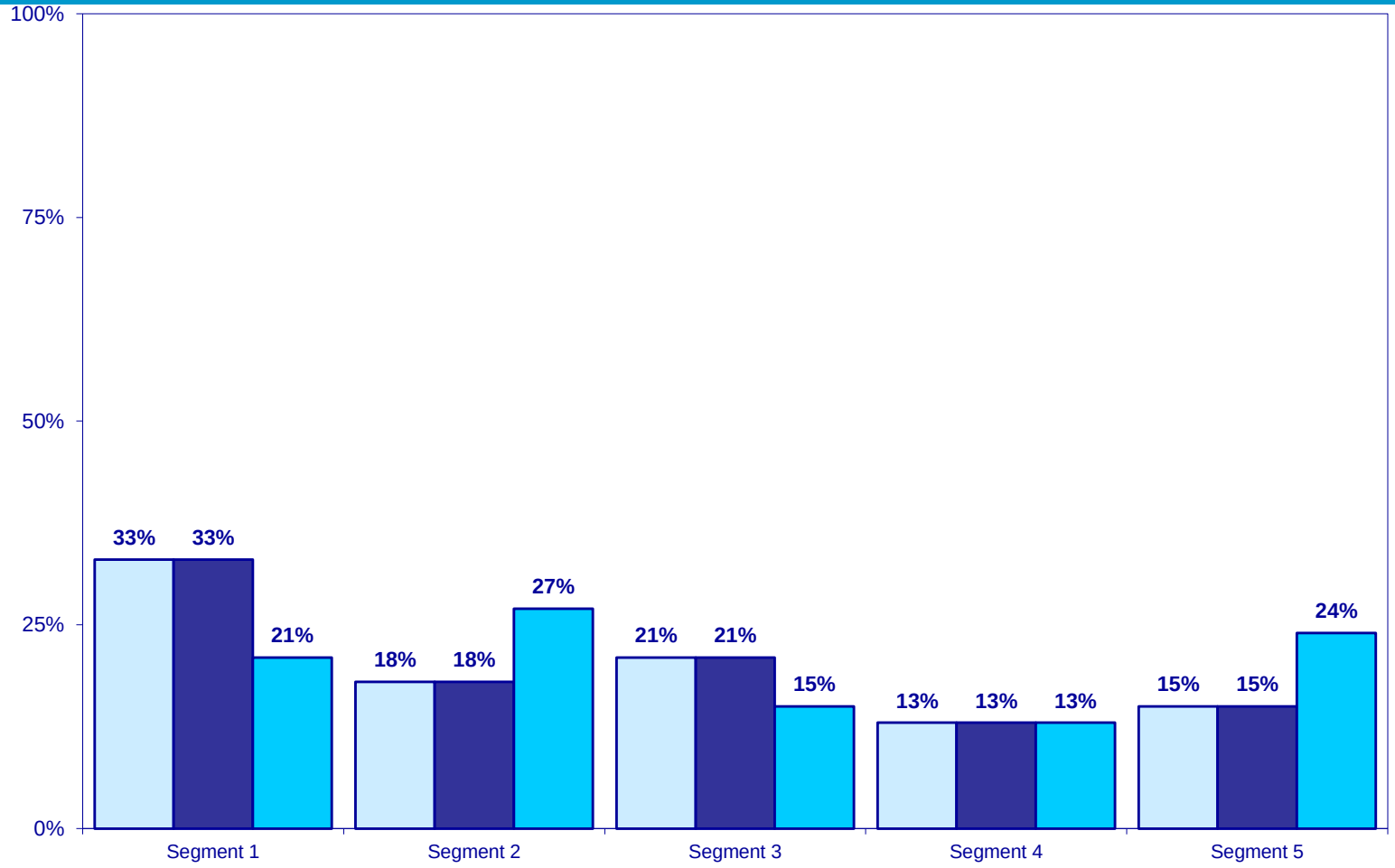
Relative Sizes and Importance: Nebraska Pick 3



Relative Sizes and Importance: 2by2



Relative Sizes and Importance: Lottery Games



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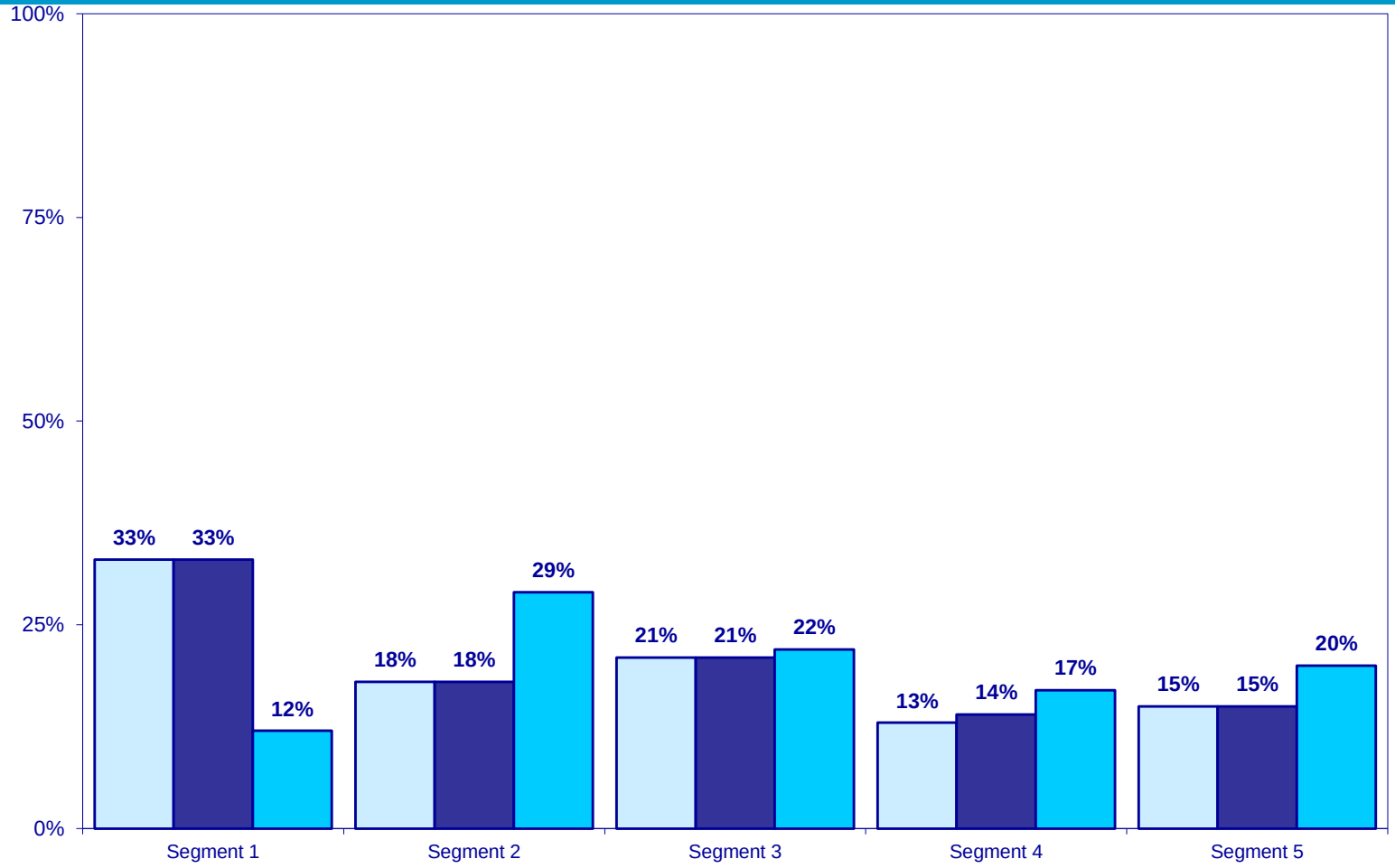
Relative Sizes and Importance: Lotto Games



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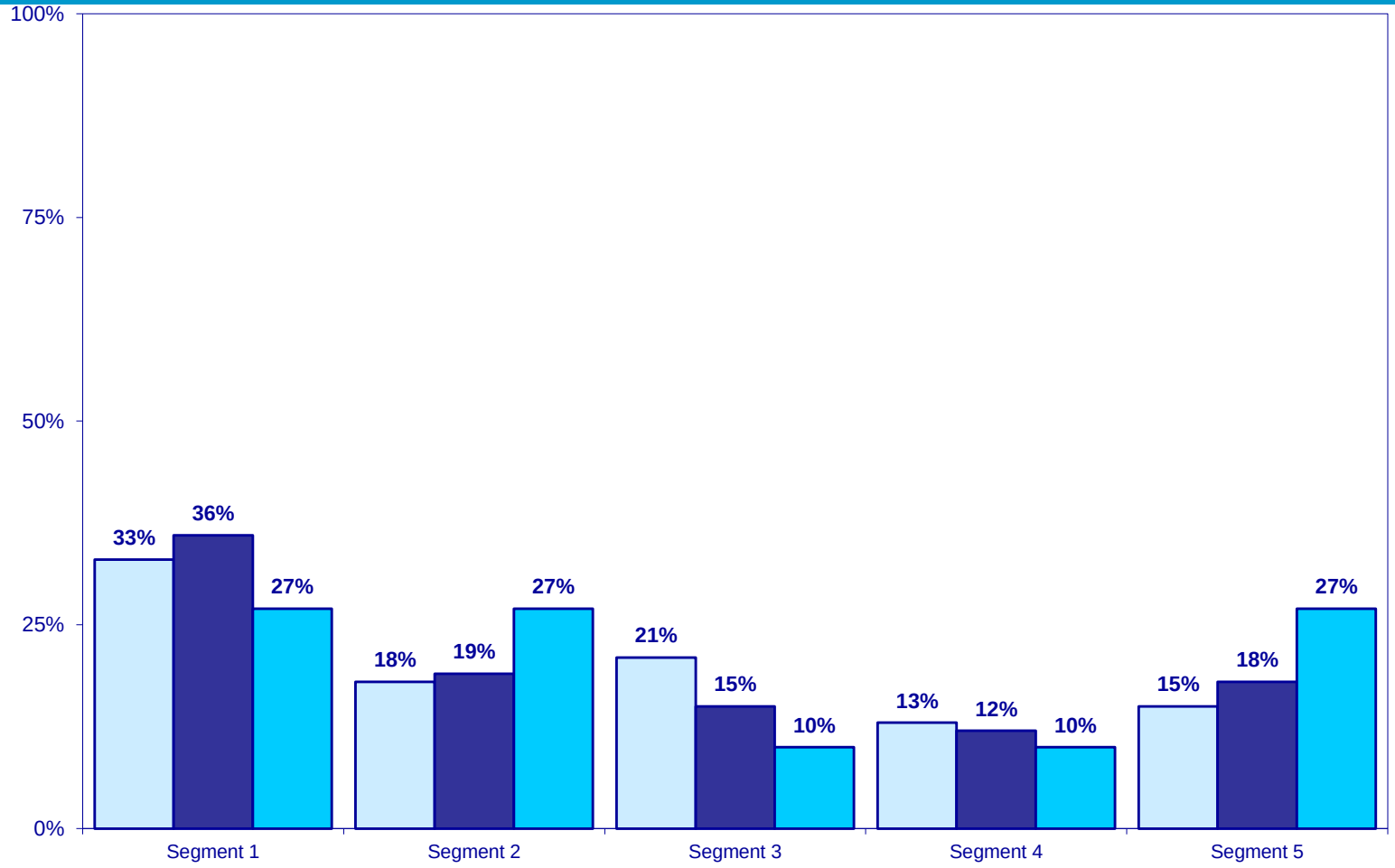
Relative Sizes and Importance: Scratch Games



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Segment Comparisons

Index Value by Segment

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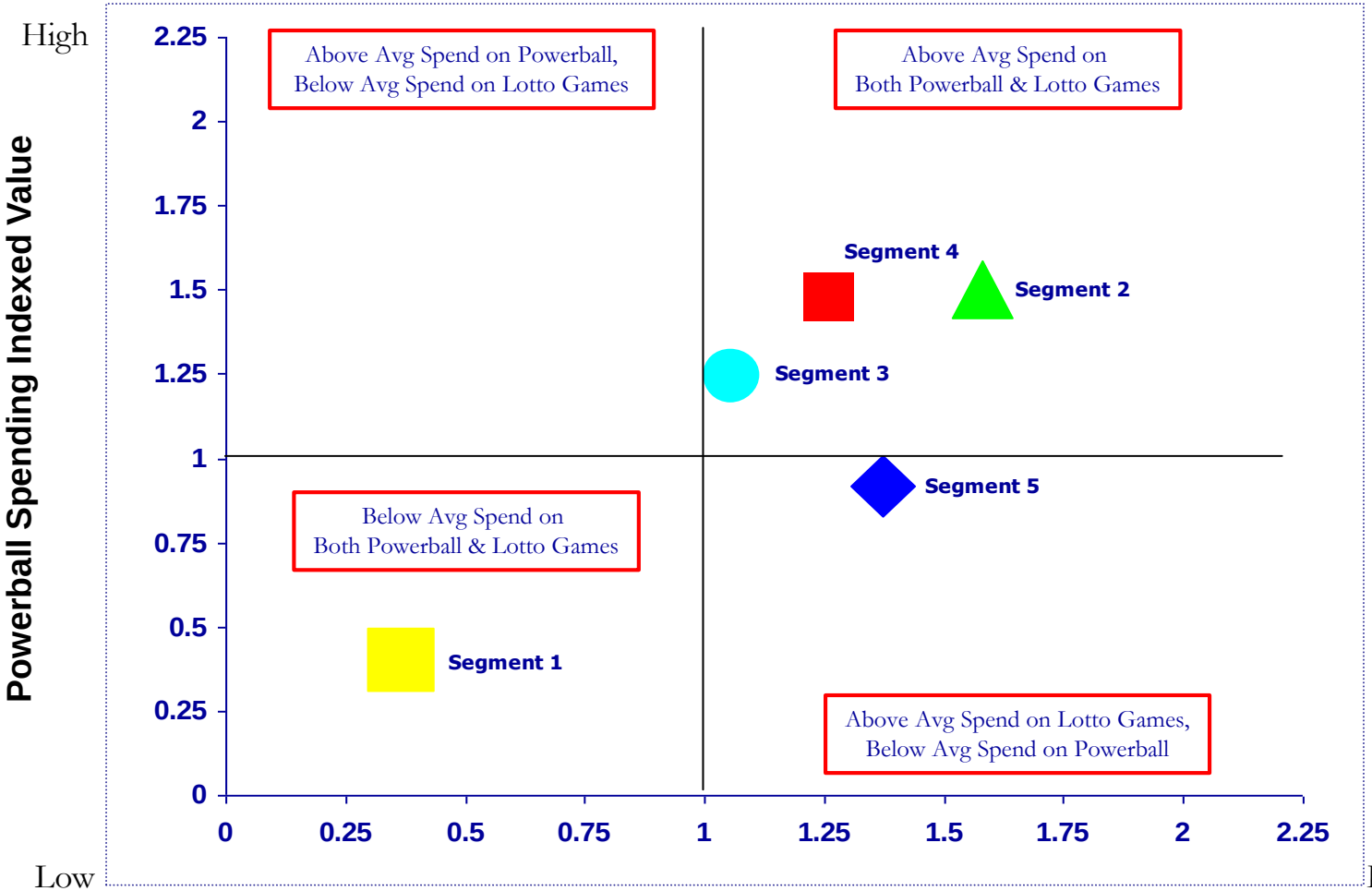
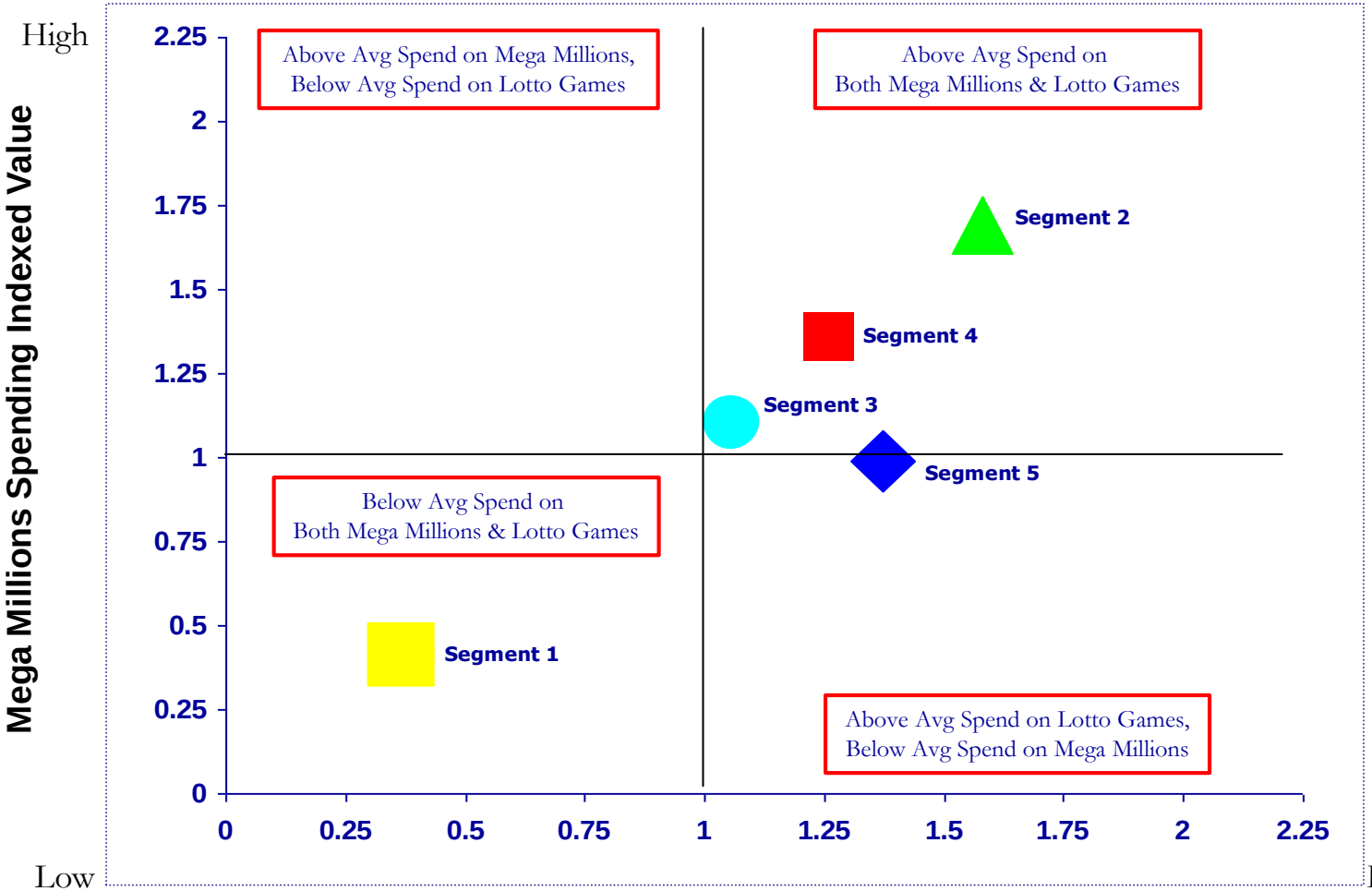
Indexed value of each Segment: Lotto Games vs. Powerball



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

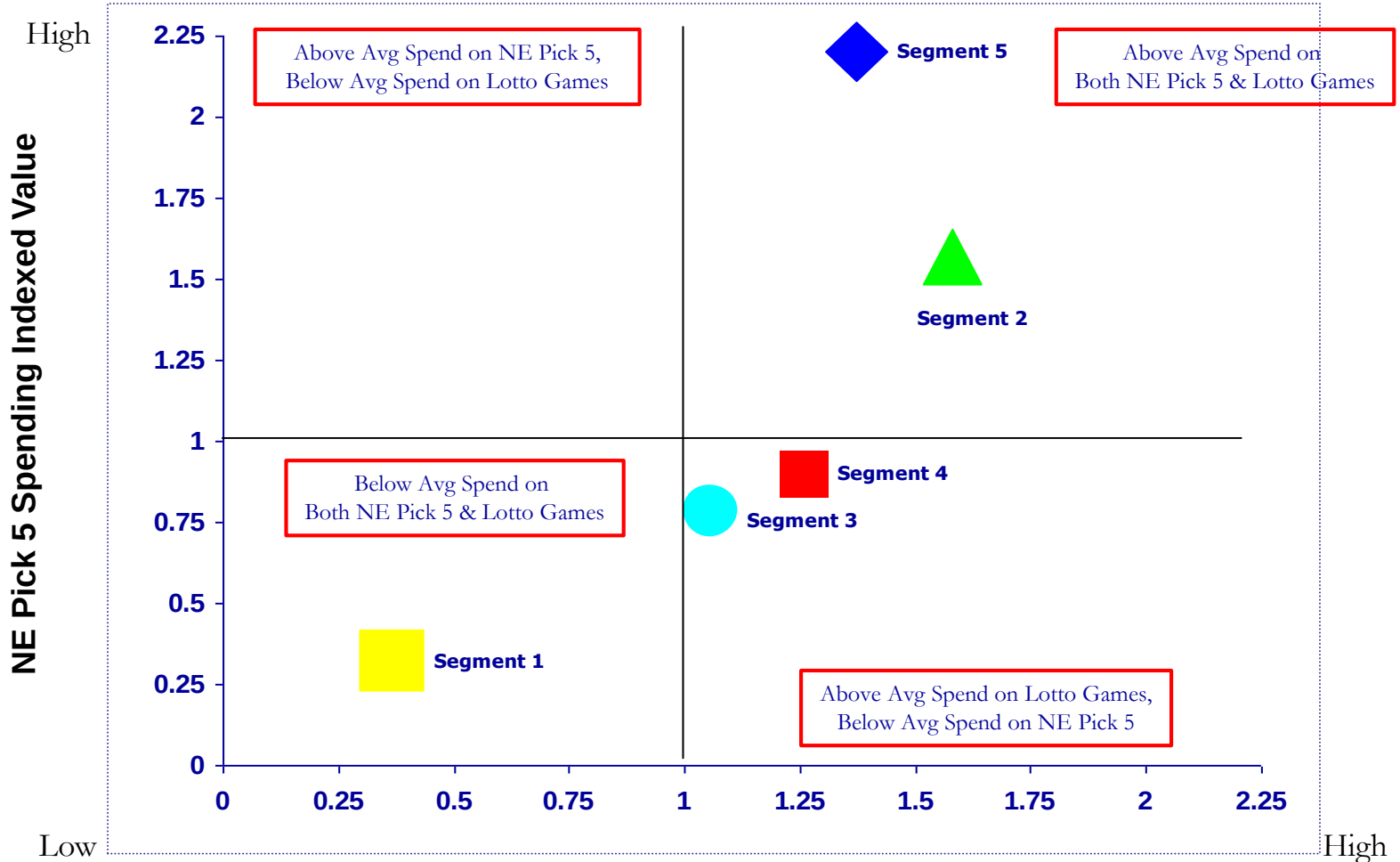
Indexed value of each Segment: Lotto Games vs. Mega Millions



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

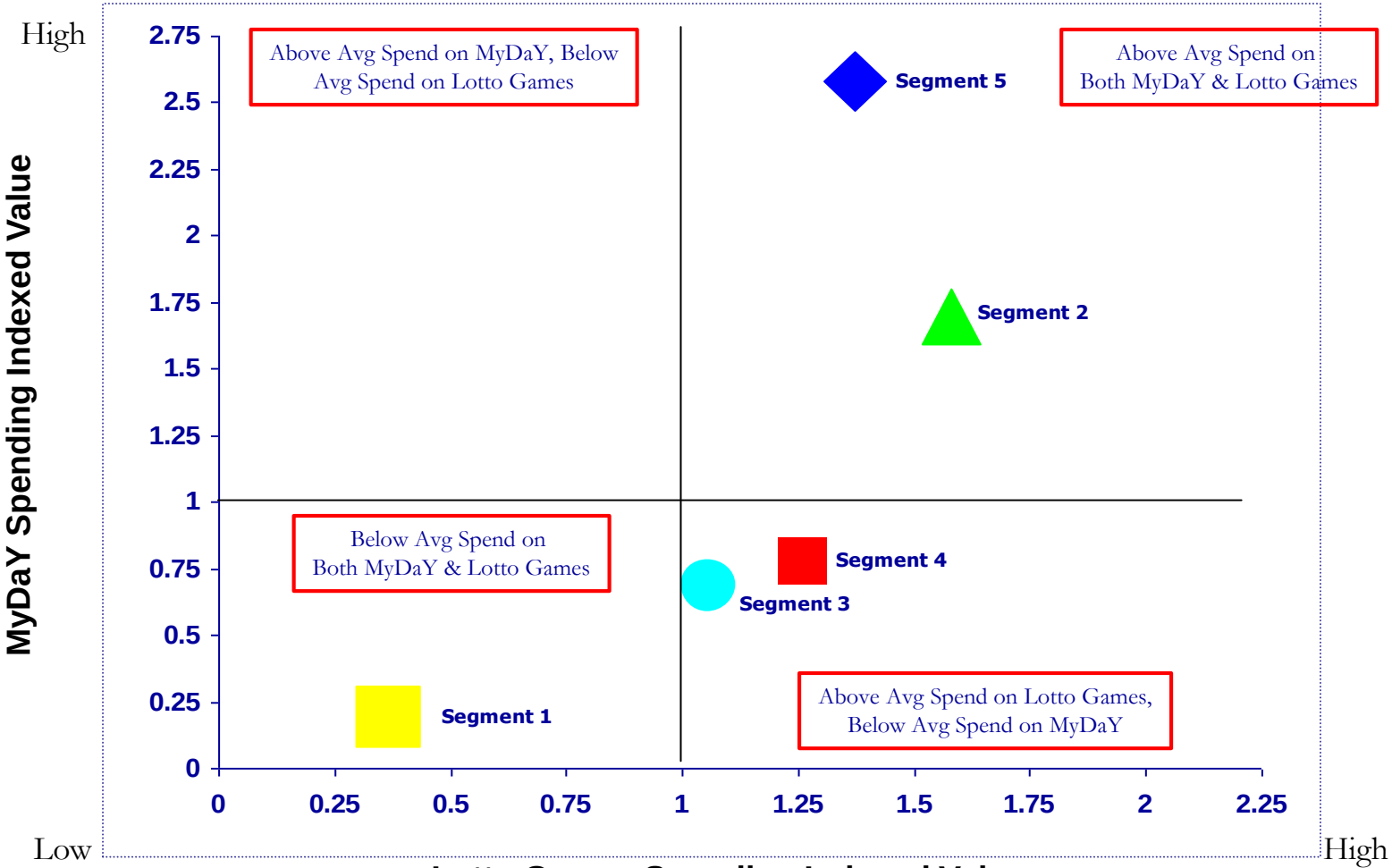
Indexed value of each Segment: Lotto Games vs. NE Pick 5



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

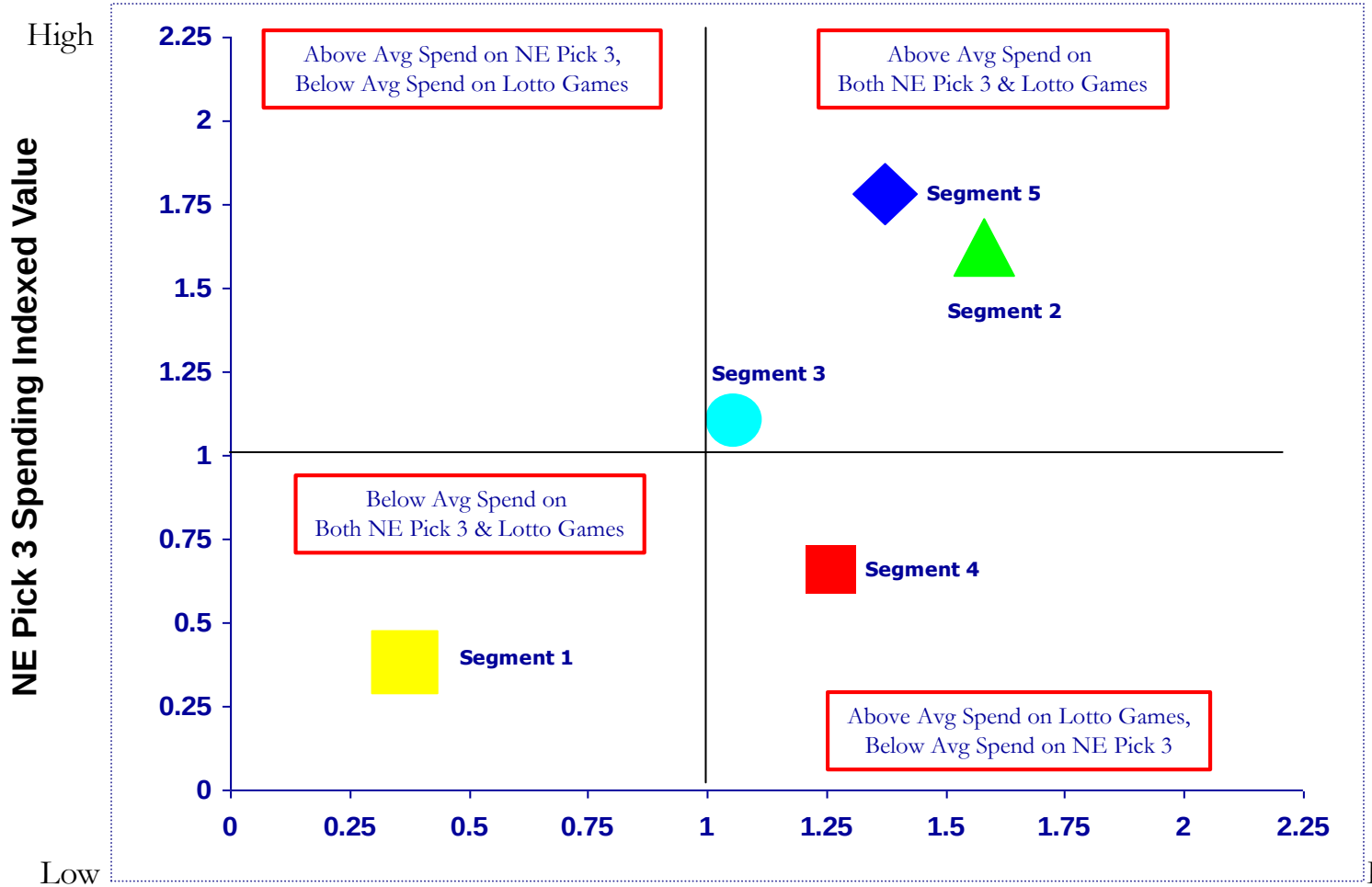
Indexed value of each Segment: Lotto Games vs. MyDaY



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

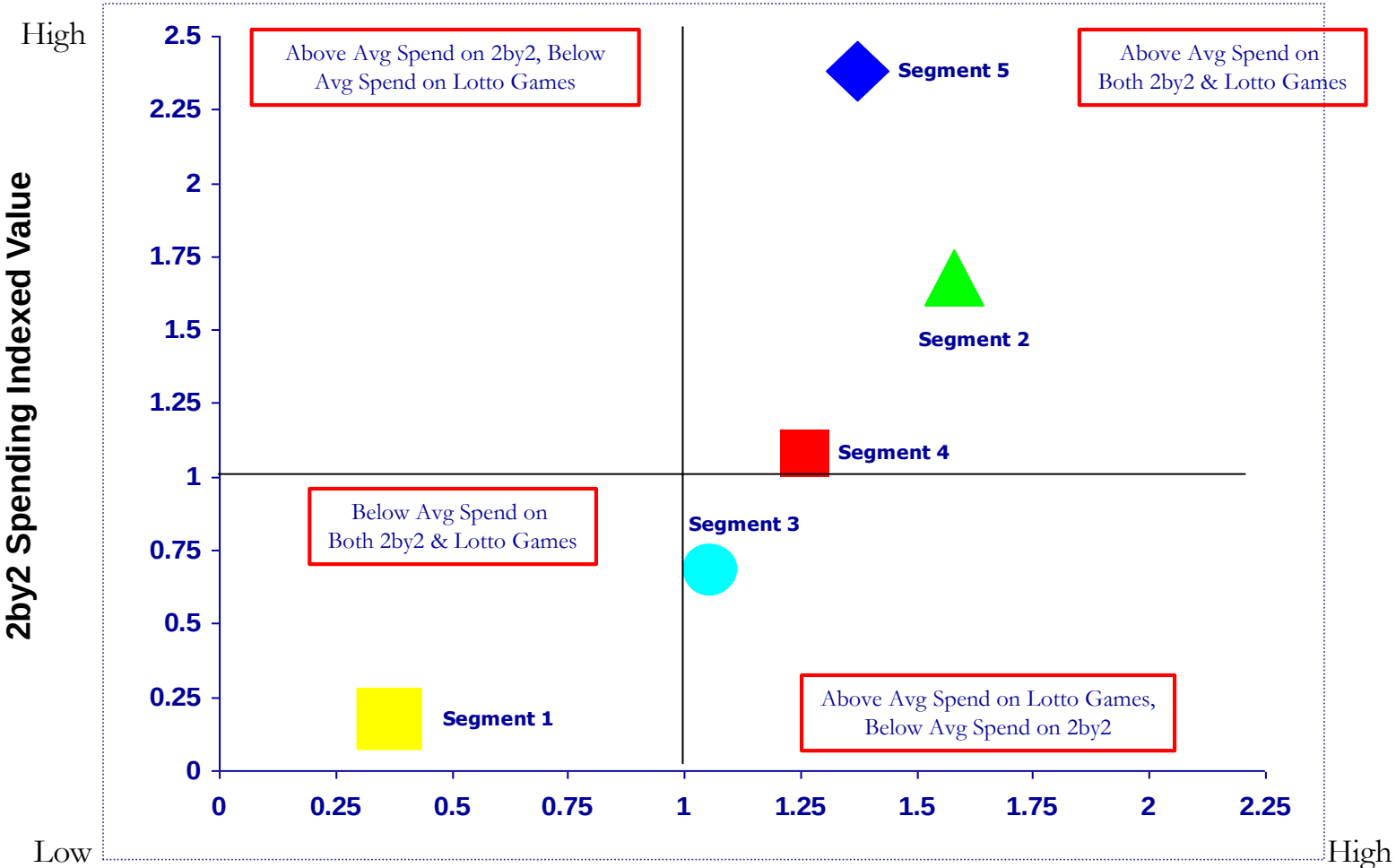
Indexed value of each Segment: Lotto Games vs. NE Pick 3



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

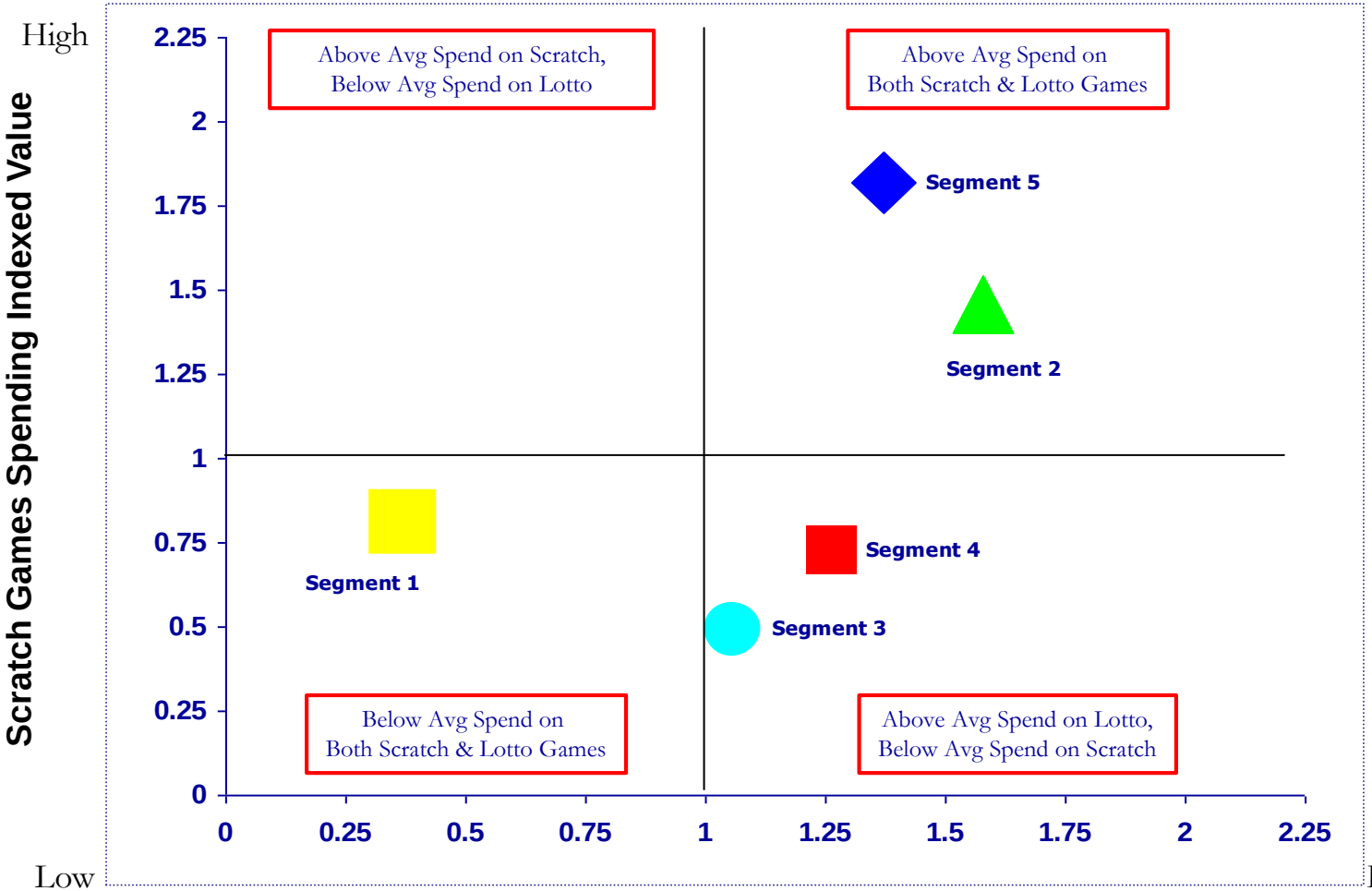
Indexed value of each Segment: Lotto Games vs. 2by2



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

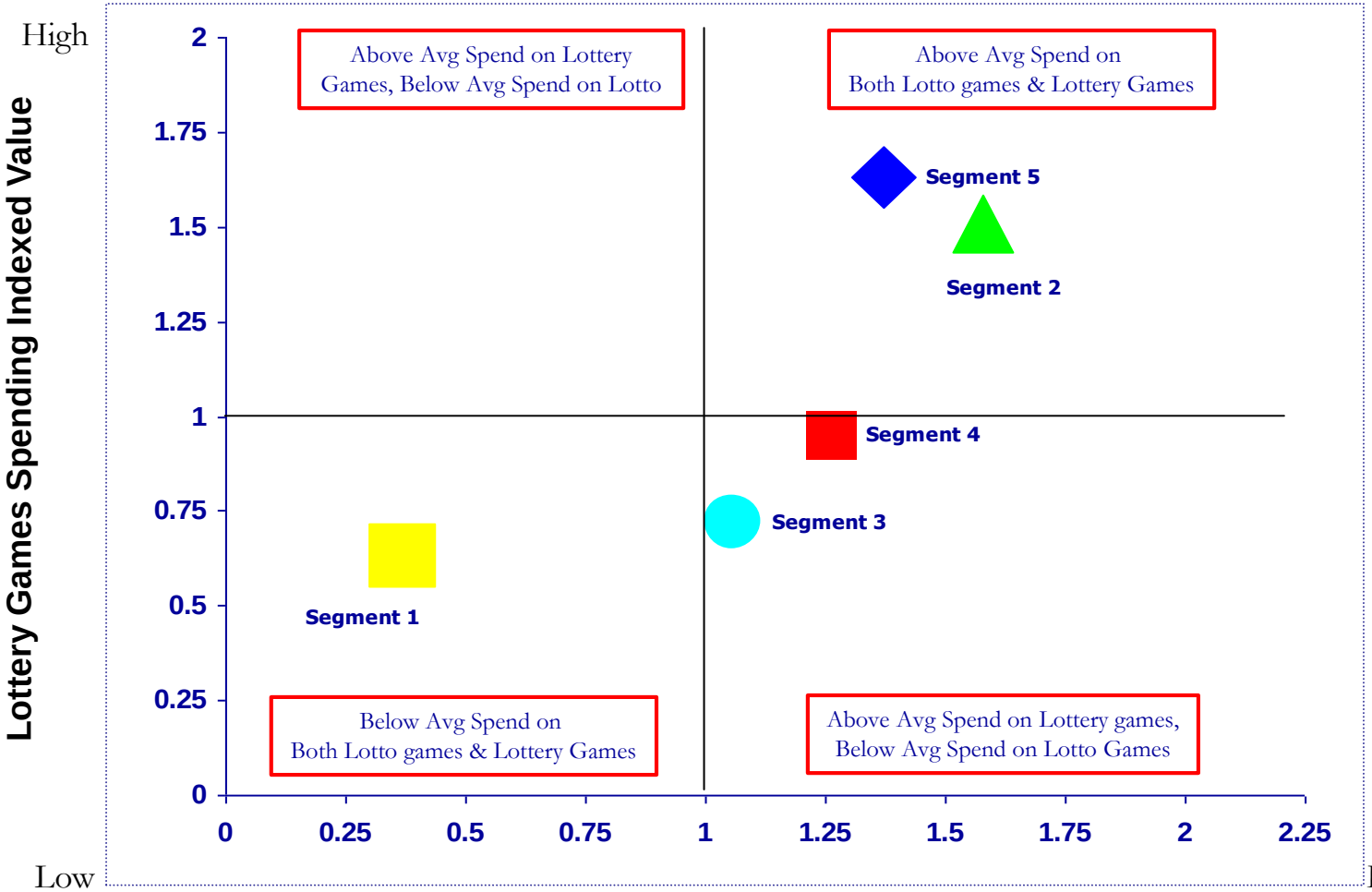
Indexed value of each Segment: Lotto Games vs. Scratch Games



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

Indexed value - Lottery Games (Overall)



Base: All Respondents (n=1702)

Index value = Mean Annualized Spend (incl. those who spend 0)

Segment Comparisons

Favorite Lottery Game

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Favorite Lottery Game (Combined)

	SEGMENT 1 (33%)	SEGMENT 2 (18%)	SEGMENT 3 (21%)	SEGMENT 4 (13%)	SEGMENT 5 (15%)
Scratch games	33%	24%	14%	17%	31%
Powerball	36%	33%	42%	40%	24%
Mega Millions	17%	22%	34%	30%	16%
Nebraska Pick 5	11%	16%	7%	11%	24%
MyDaY	1%	1%	1%	1%	2%
Nebraska Pick 3	2%	2%	1%		1%
2by2		2%	1%	1%	3%

Favorite Lottery Game (1st Mention)

	SEGMENT 1 (33%)	SEGMENT 2 (18%)	SEGMENT 3 (21%)	SEGMENT 4 (13%)	SEGMENT 5 (15%)
Scratch games	52%	32%	14%	17%	46%
Powerball	34%	38%	58%	53%	19%
Mega Millions	9%	13%	18%	19%	7%
Nebraska Pick 5	4%	14%	6%	9%	24%
MyDaY		1%	1%	1%	1%
Nebraska Pick 3		1%	2%		1%
2by2		2%	1%	1%	2%

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Base: All Respondents (n=1702)

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Favorite Lottery Game (2nd Mention)

	SEGMENT 1 (33%)	SEGMENT 2 (18%)	SEGMENT 3 (21%)	SEGMENT 4 (13%)	SEGMENT 5 (15%)
Scratch games	15%	16%	14%	17%	15%
Powerball	38%	28%	26%	27%	29%
Mega Millions	24%	31%	49%	40%	24%
Nebraska Pick 5	18%	18%	9%	13%	23%
MyDaY	1%	1%	1%	1%	4%
Nebraska Pick 3	3%	3%			1%
2by2	1%	3%		2%	3%

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Base: All Respondents (n=1702)

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Segment Comparisons

Demographics

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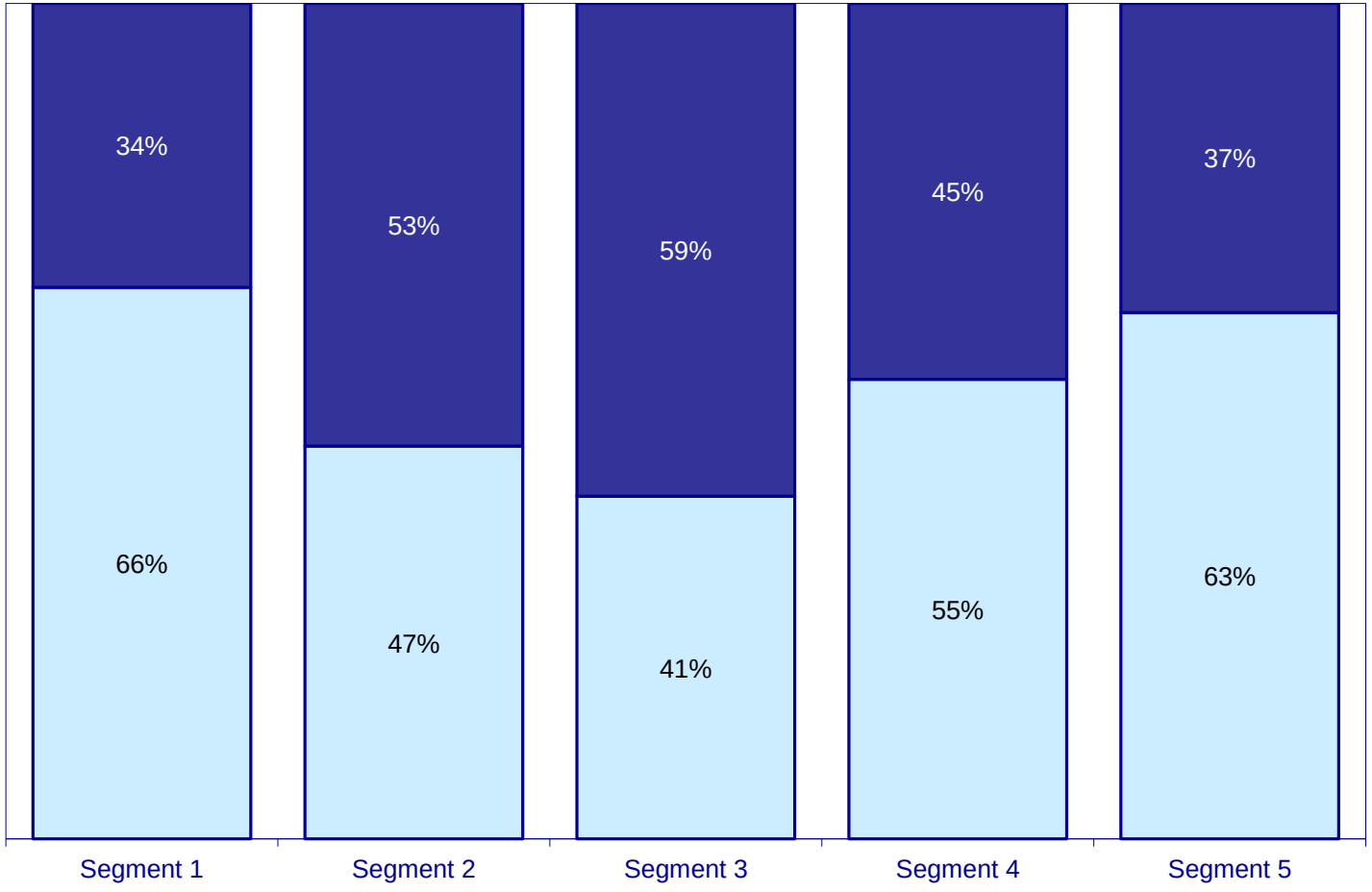
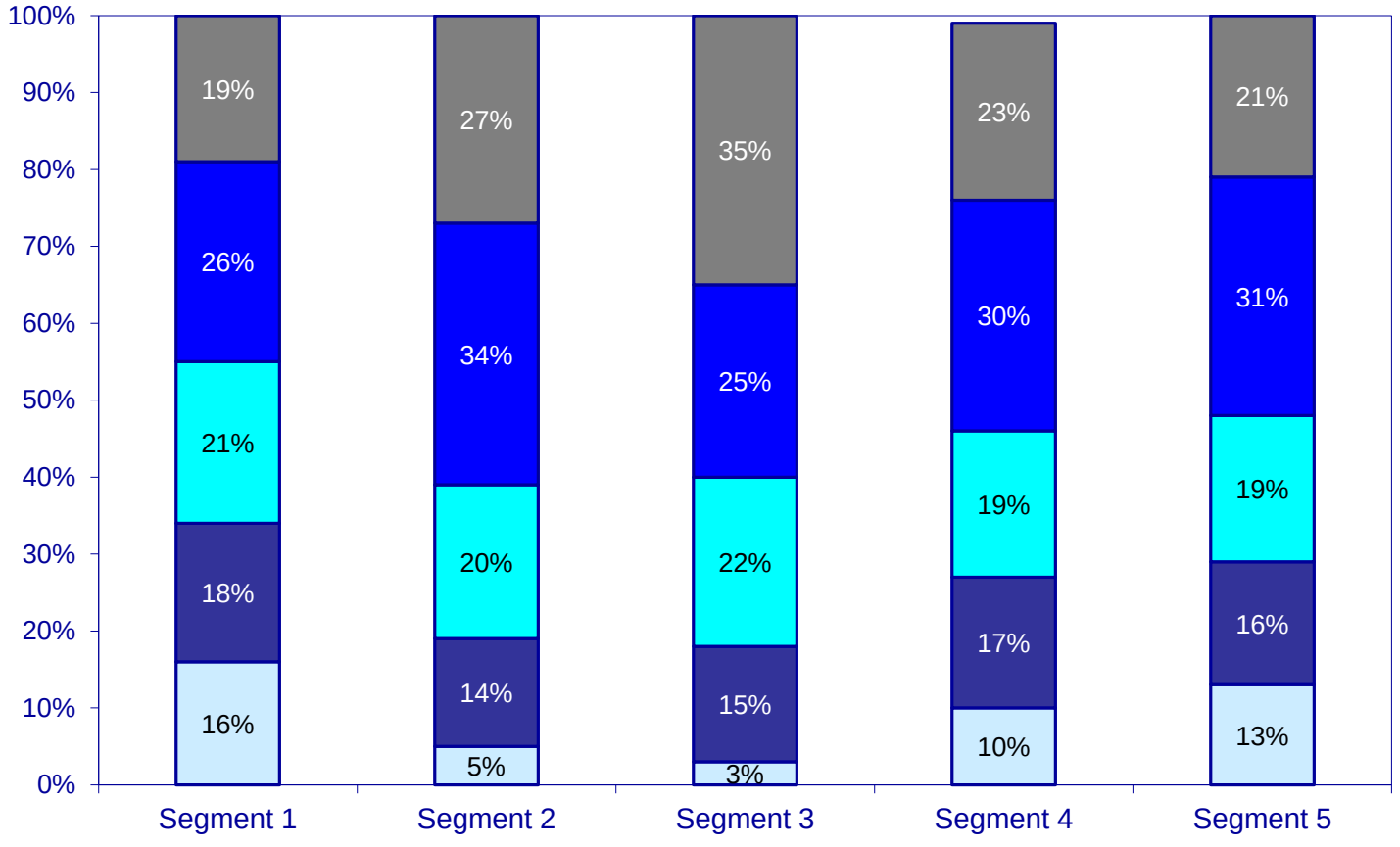
Gender

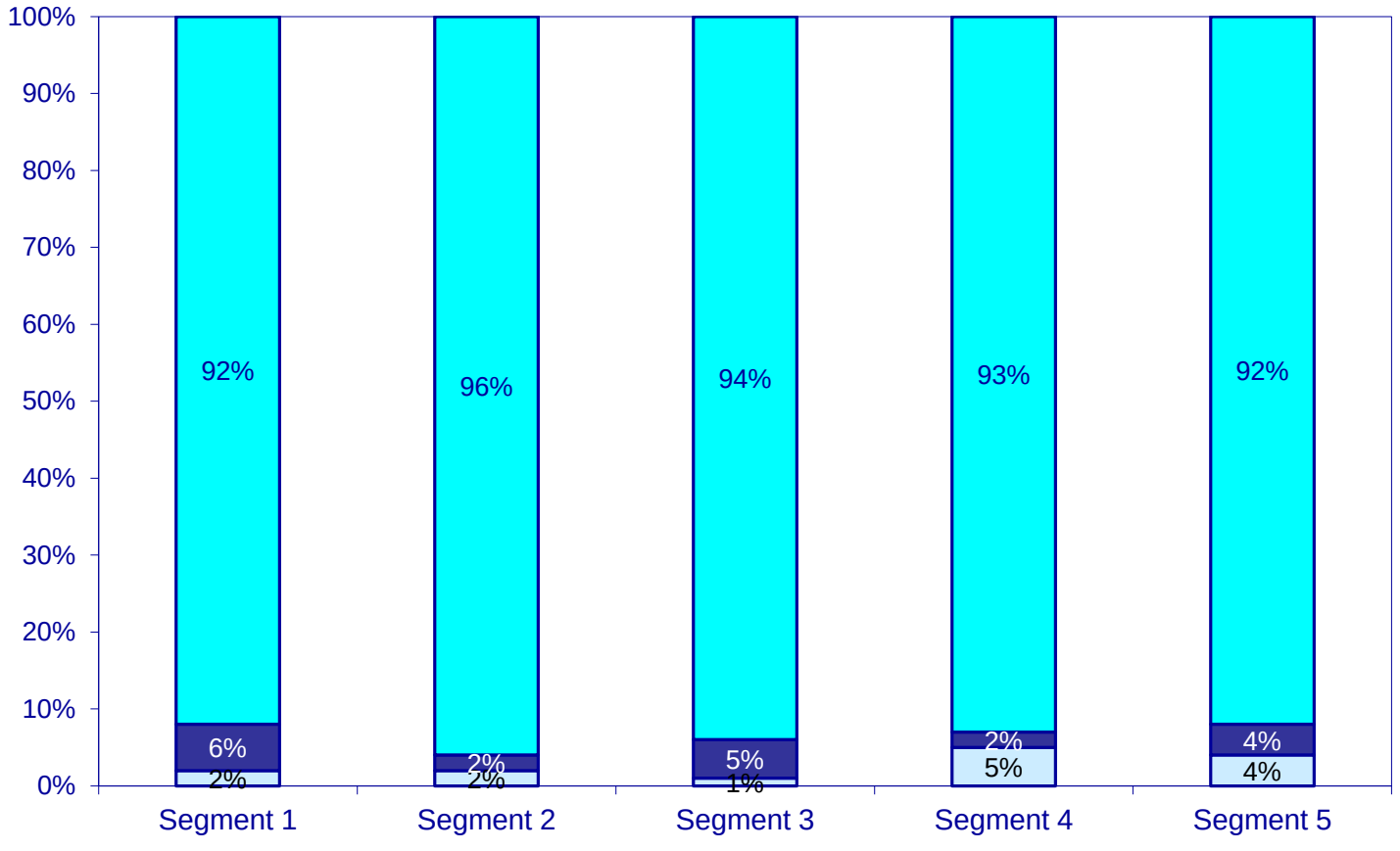

34%
66%
53%
47%
59%
41%
45%
55%
37%
63%
Segment 1
Segment 2
Segment 3
Segment 4
Segment 5
Female
Male

Age



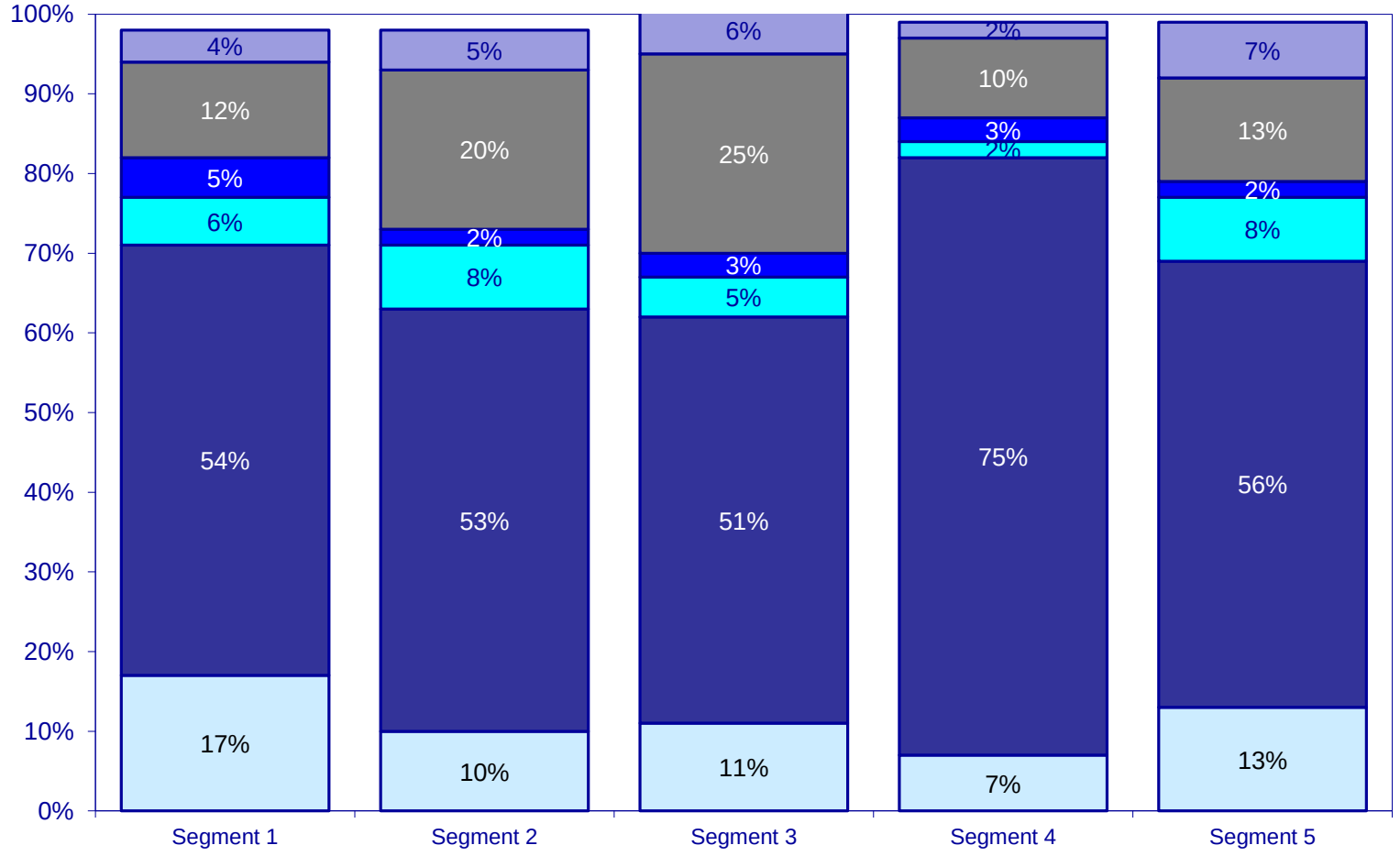
Base: All Respondents (n=1702)

Student Status



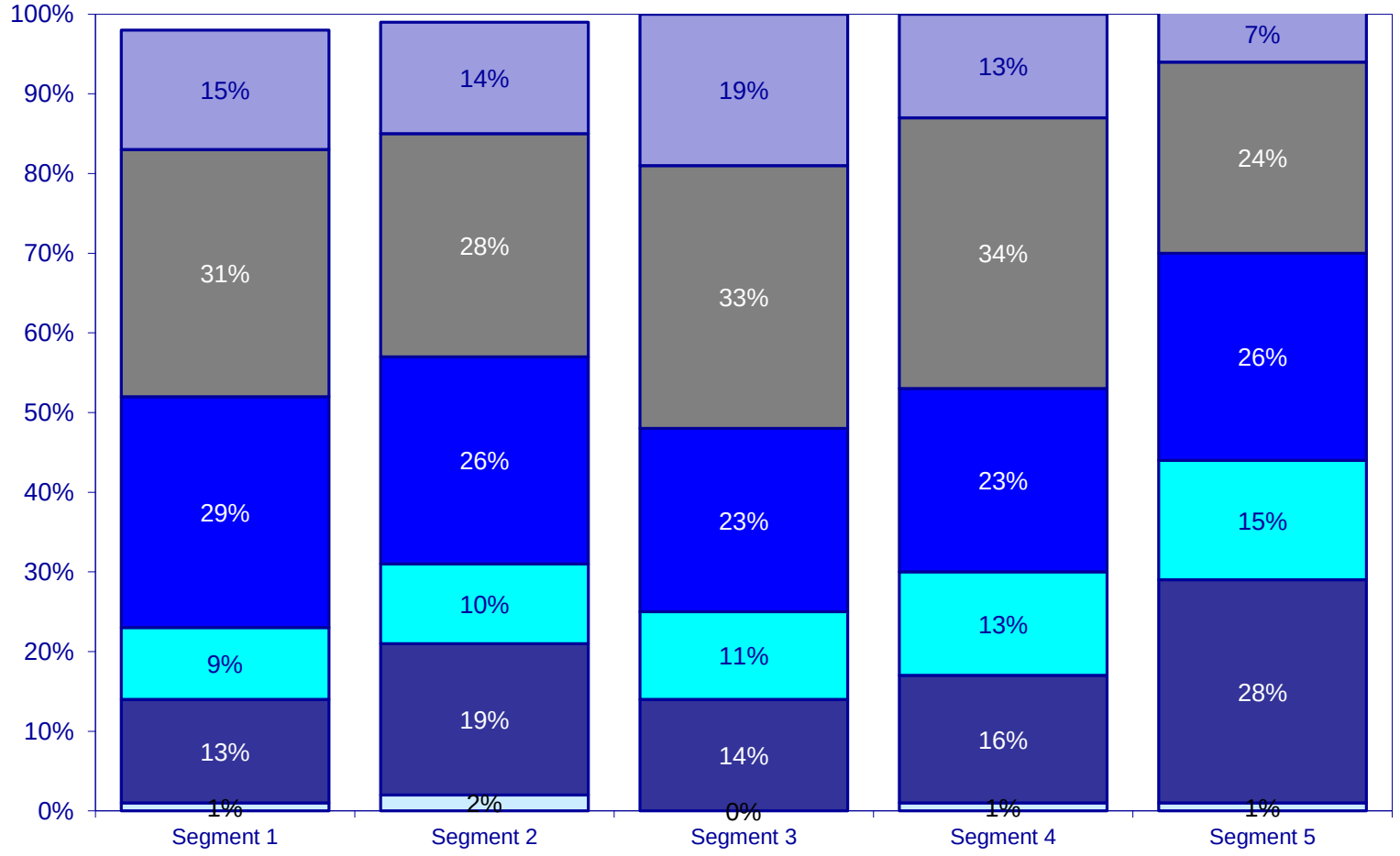
Base: All Respondents (n=1702)

Employment Status



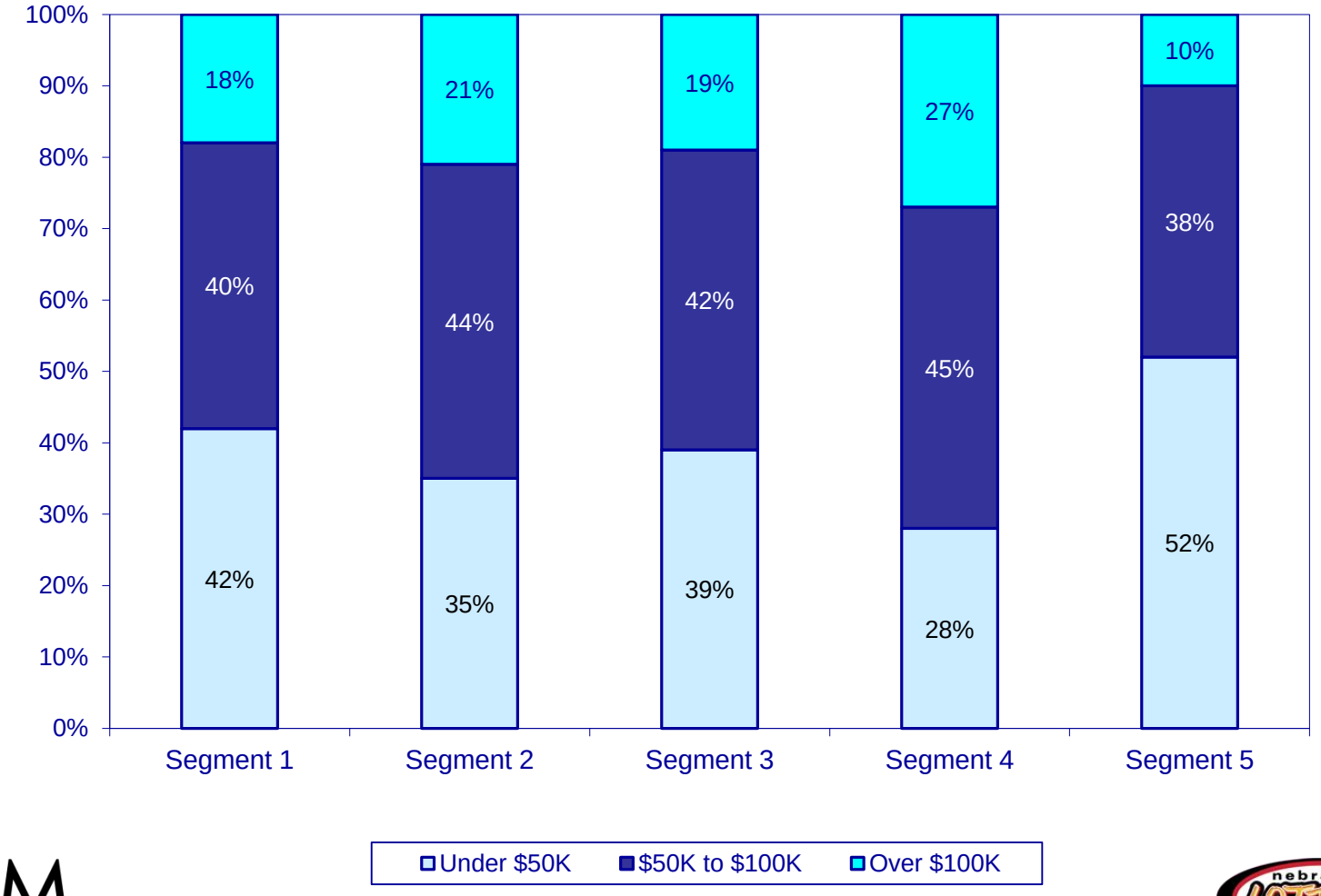
Base: All Respondents (n=1702)

Education



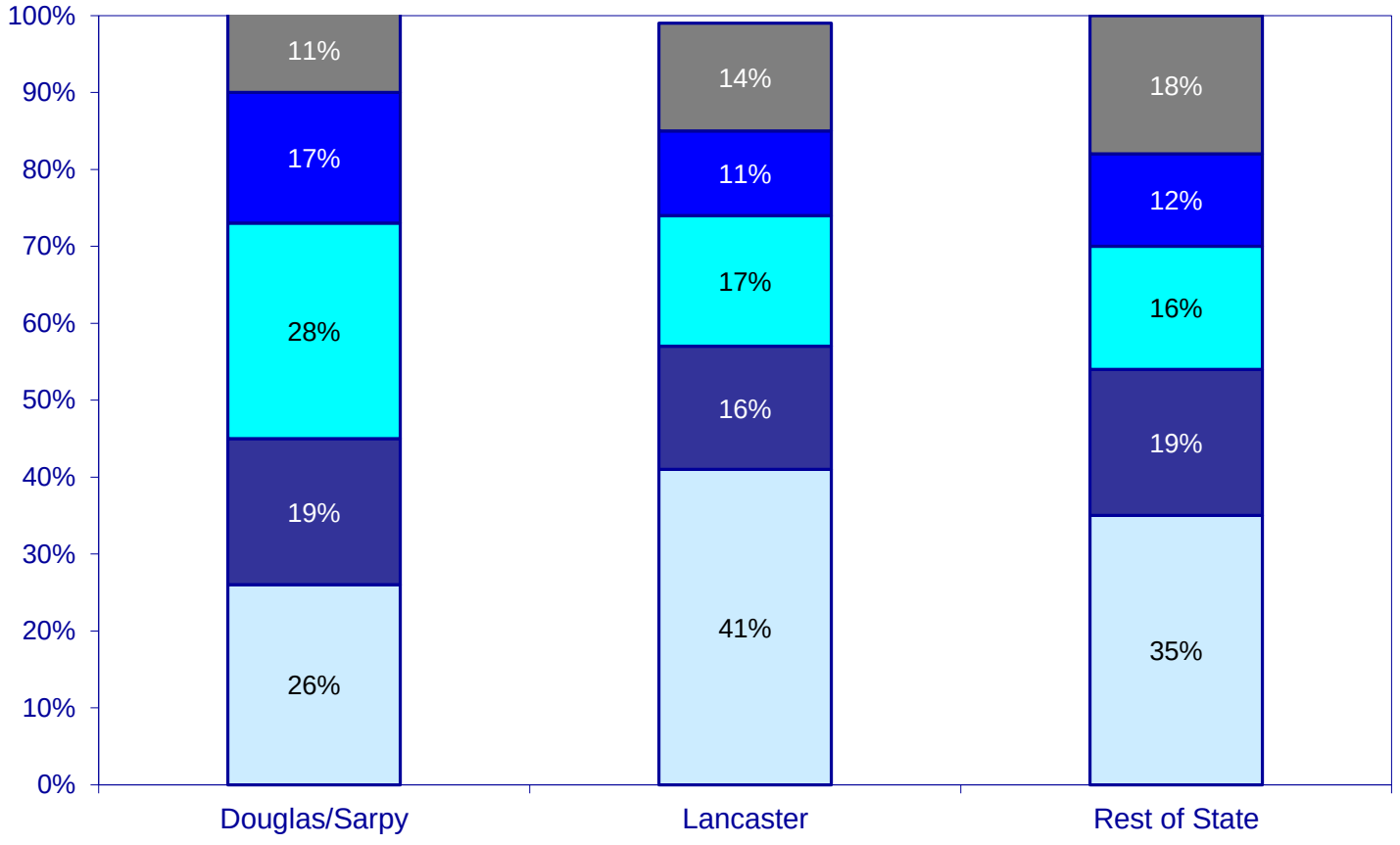
Base: All Respondents (n=1702)

Household Income



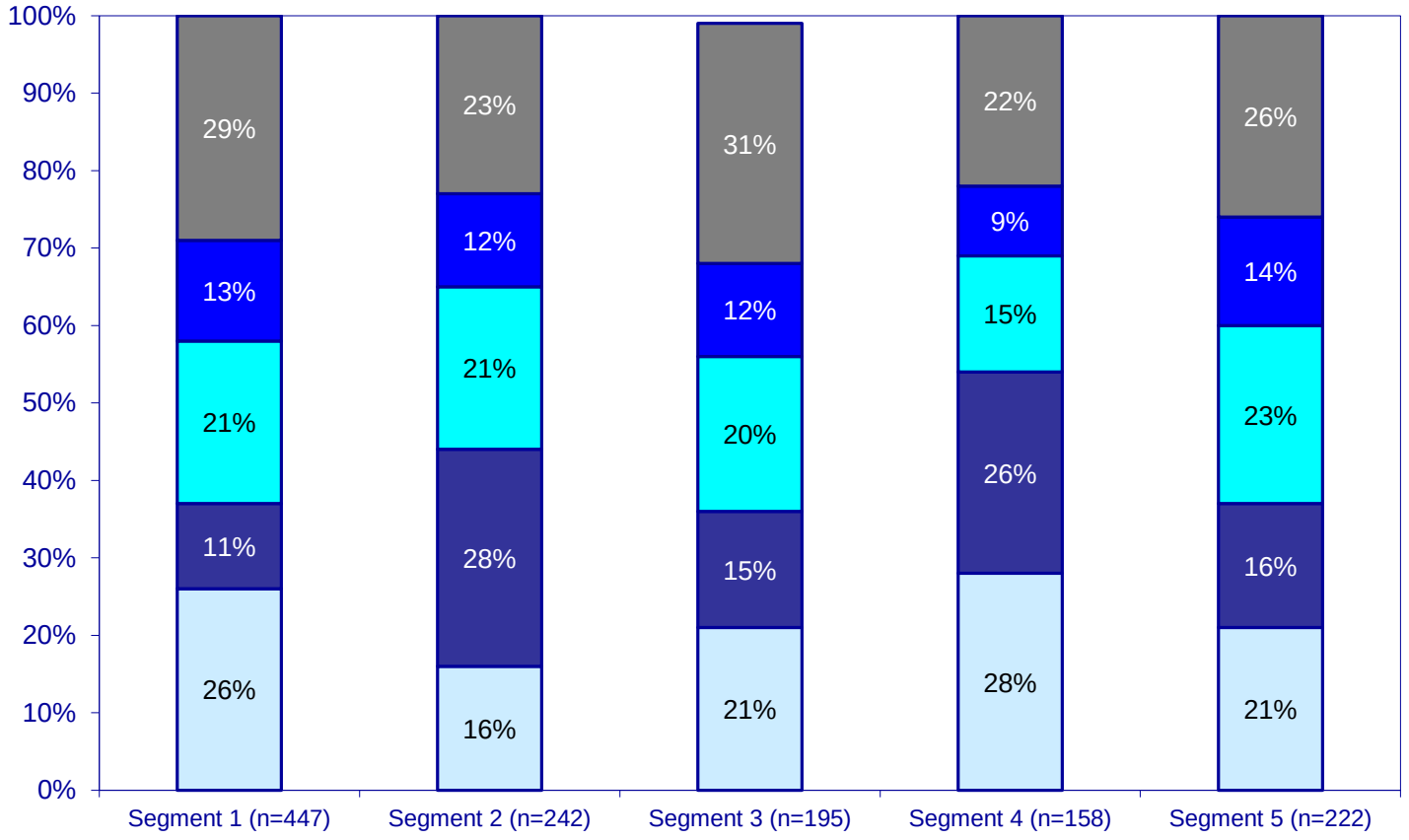
Base: All Respondents (n=1702)

Regional Breakdown



Base: All Respondents (n=1702)

Scratch Segments by Lotto Segment



Base: PY Scratch Players (n=1263)

Break Time

Approximately 5 minutes

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Recap of the Lotto Segments

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7 Most Important (Overall) Purchase Decision Factors

PURCHASE DECISION FACTORS	SEGMENT 1	SEGMENT 2	SEGMENT 3	SEGMENT 4	SEGMENT 5
Size of the jackpot	26.53%	24.81%	37.86%	32.55%	15.30%
Chances of winning a significant prize	15.80%	17.39%	15.64%	16.16%	17.49%
Cost to play that game	15.80%	8.59%	12.21%	8.07%	13.97%
Chances of winning the top prize / jackpot	9.80%	10.85%	11.50%	8.86%	12.59%
Chances of winning any prize	11.15%	8.43%	7.16%	5.91%	13.48%
Game that has served me well in the past	3.47%	2.04%	2.59%	2.79%	6.75%
Game is easy to play	3.59%	1.33%	3.17%	1.73%	3.84%
7 (out of 22) most important purchase decision factors account for 82.89% of choice share.	86.14%	73.44%	90.13%	76.07%	83.42%

Other Important Purchase Decision Factor(s) for Specific Segments

- Segment 2
  - Limited-time statewide free entry offer (8.09%)
  - Limited-time in-store offer (8.02%)
  - Limited-time statewide discount offer (6.68%)

- Segment 4
  - Game that I play as part of a lottery pool (9.94%)

7 Most Important (Overall) Lotto Game Attributes

LOTTO GAME ATTRIBUTES	SEGMENT 1	SEGMENT 2	SEGMENT 3	SEGMENT 4	SEGMENT 5
Chance to win a jackpot $10 million to over $500 million	19.60%	31.55%	40.04%	35.49%	4.44%
Costs $1 per play	27.97%	13.84%	16.35%	18.45%	23.89%
Only played in Nebraska	10.13%	6.55%	0.61%	5.09%	31.60%
You can choose annual or one cash payment	9.13%	9.89%	14.03%	10.28%	4.86%
Chance to win a jackpot $1 million to over $10 million	6.20%	9.74%	7.98%	8.45%	2.66%
Jackpot prize is paid all at once	4.48%	4.72%	5.46%	4.29%	4.13%
Chance to win a jackpot $50K to over $150K	2.96%	5.54%	2.09%	2.47%	2.95%
7 (out of 22) most important Lotto Game attributes account for 81.65%% of choice share.	80.47%	81.82%	86.56%	84.54%	74.52%

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Base: All Respondents (n=1702)

(% denotes choice share out of 100%)

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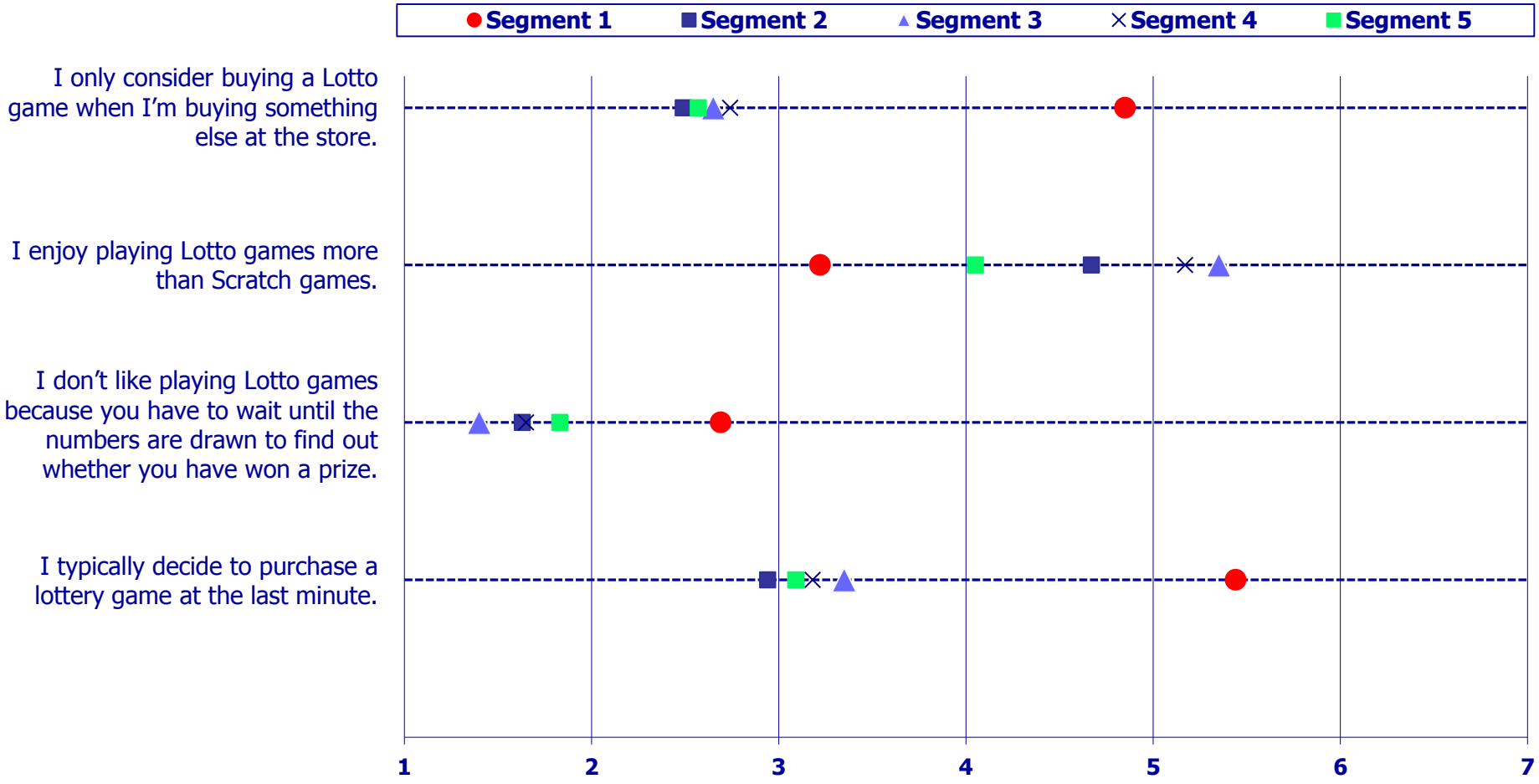
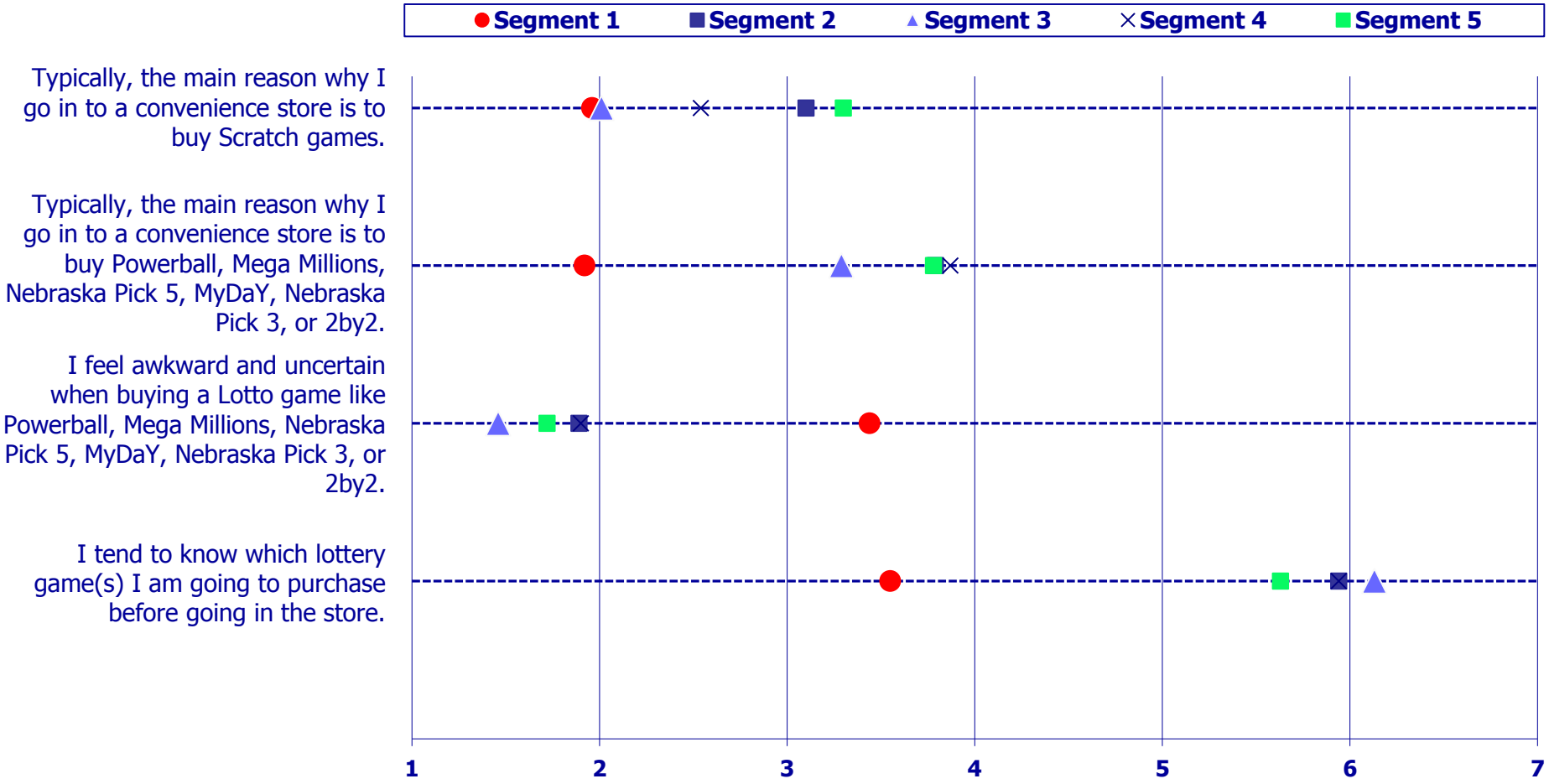
Additional Important Lotto Game Attribute(s) for Specific Segments

- Segment 5
  - Can win a free Quick Pick Play (3.35%)
  - Drawn 6 or more times a week (3.28%)

Attitudes Towards Lottery Games



Attitudes Towards Lottery Games

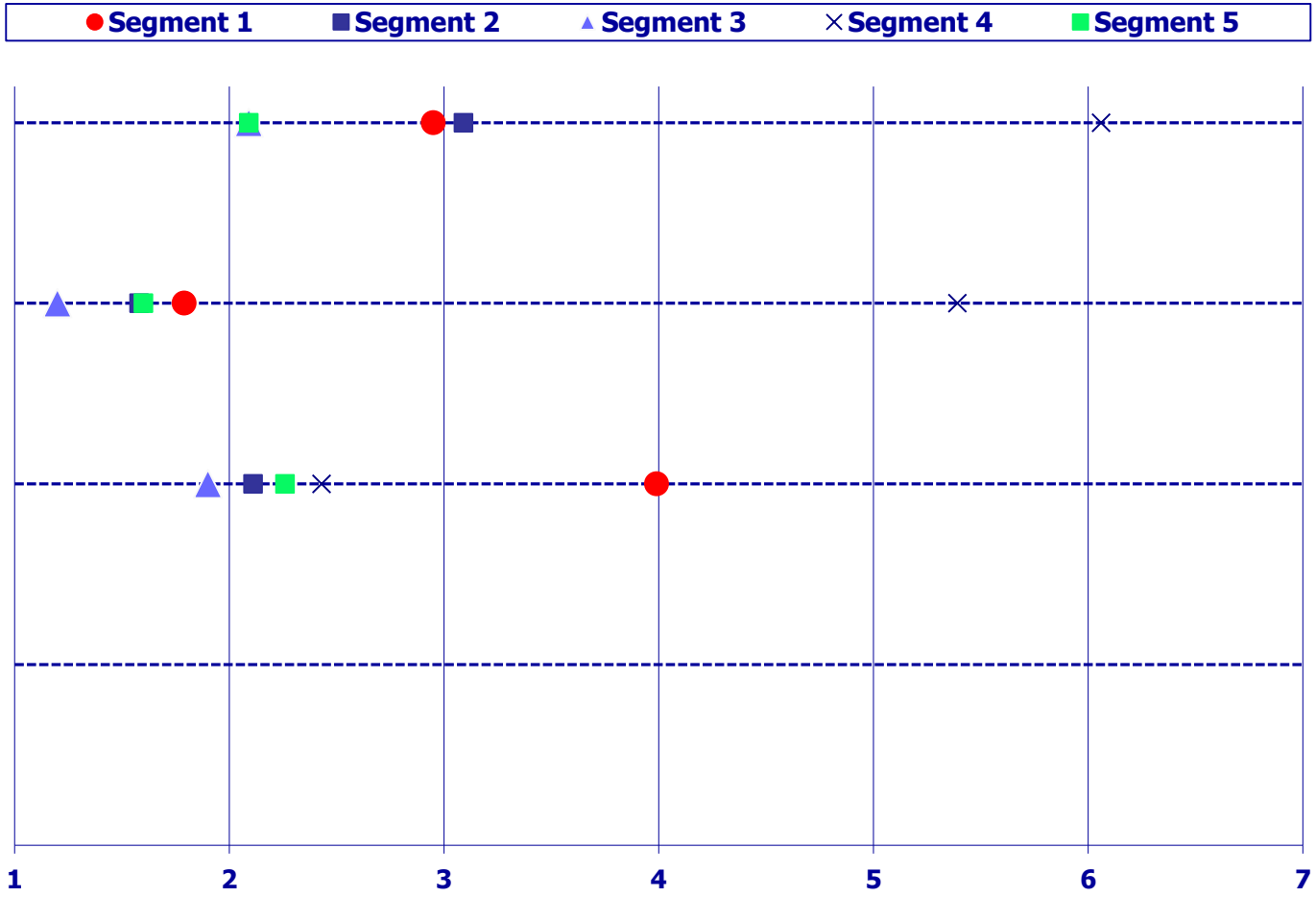


Attitudes Towards Lottery Games

Being part of a lottery pool with my friends, family or colleagues makes playing Lotto games more fun.

I play Lotto games more often because I'm part of a lottery pool with my friends, family or colleagues.

I don't know how often every Lotto game is drawn each week, which makes it difficult to determine which game(s) to purchase (if any at all) on a given day.



Recap: Annualized Spending

AVG ANNUALIZED SPEND
- All Lottery Games = $773.55
- Lotto Games = $418.11 (54%)
- Scratch Games = $355.44 (46%)

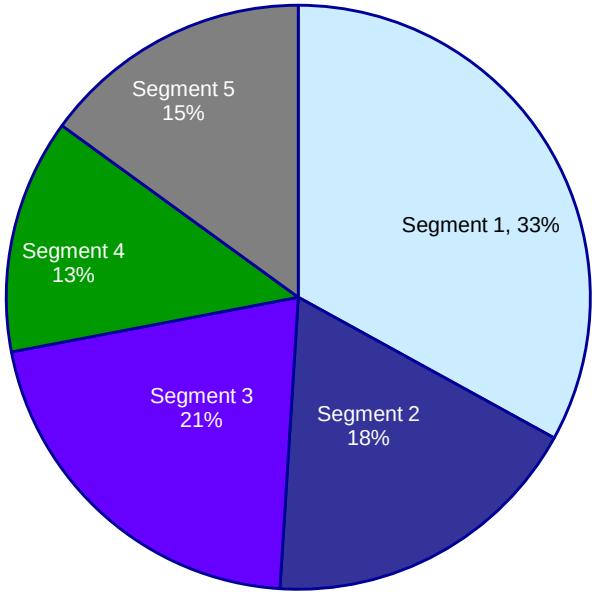
SHARE OF LOTTO WALLET
- Powerball = 53%
- Mega Millions = 23%
- Nebraska Pick 5 = 15%
- MyDaY = 2%
- Nebraska Pick 3 = 2%
- 2by2 = 4%

AVG ANNUALIZED SPEND
- All Lottery Games = $1,335.62
- Lotto Games = $455.33 (34%)
- Scratch Games = $880.33 (66%)

SHARE OF LOTTO WALLET
- Powerball = 30%
- Mega Millions = 16%
- Nebraska Pick 5 = 33%
- MyDaY = 7%
- Nebraska Pick 3 = 6%
- 2by2 = 8%

AVG ANNUALIZED SPEND
- All Lottery Games = $515.71
- Lotto Games = $122.71 (24%)
- Scratch Games = $393.00 (76%)

SHARE OF LOTTO WALLET
- Powerball = 49%
- Mega Millions = 24%
- Nebraska Pick 5 = 18%
- MyDaY = 2%
- Nebraska Pick 3 = 5%
- 2by2 = 2%



AVG ANNUALIZED SPEND
- All Lottery Games = $589.99
- Lotto Games = $354.13 (60%)
- Scratch Games = $235.86 (40%)

SHARE OF LOTTO WALLET
- Powerball = 53%
- Mega Millions = 22%
- Nebraska Pick 5 = 15%
- MyDaY = 2%
- Nebraska Pick 3 = 5%
- 2by2 = 3%

AVG ANNUALIZED SPEND
- All Lottery Games = $1,234.33
- Lotto Games = $524.58 (42%)
- Scratch Games = $709.75 (58%)

SHARE OF LOTTO WALLET
- Powerball = 43%
- Mega Millions = 23%
- Nebraska Pick 5 = 20%
- MyDaY = 4%
- Nebraska Pick 3 = 5%
- 2by2 = 5%

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Base: All Respondents (n=1702)

Recap: Relative Size and Importance

OVERALL
- SPEND PROPORTIONATELY MORE
- Lottery games = 13% of spenders account for 13% of spending
- Lotto games = 14% of spenders account for 17% of spending
- Scratch games = 12% of spenders account for 10% of spending

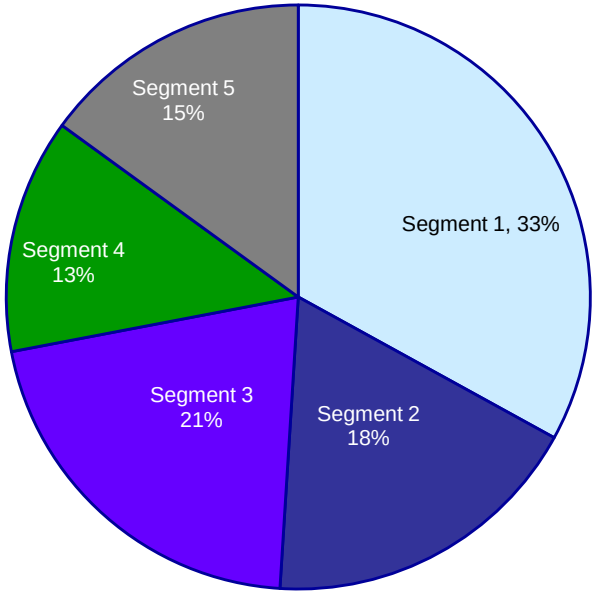
- Powerball= 14% of spenders account for 20% of spending
- Mega Millions= 12% of spenders account for 18% of spending
- NE Pick 5 = 12% of spenders account for 12% of spending
- MyDaY = 10% of spenders account for 10% of spending
- NE Pick 3 = 9% of spenders account for 9% of spending
- 2by2 = 10% of spenders account for 15% of spending

OVERALL
- SPEND DISPROPORTIONATELY MORE ON LOTTO GAMES
- Lottery games = 15% of spenders account for 24% of spending
- Lotto games = 15% of spenders account for 20% of spending
- Scratch games = 18% of spenders account for 27% of spending

- Powerball= 15% of spenders account for 14% of spending
- Mega Millions= 18% of spenders account for 15% of spending
- NE Pick 5 = 18% of spenders account for 33% of spending
- MyDaY = 26% of spenders account for 38% of spending
- NE Pick 3 = 20% of spenders account for 26% of spending
- 2by2 = 24% of spenders account for 35% of spending

OVERALL
- SPEND DISPROPORTIONATELY LESS ON LOTTO GAMES
- Lottery games = 33% of spenders account for 21% of spending
- Lotto games = 33% of spenders account for 12% of spending
- Scratch games = 36% of spenders account for 27% of spending

- Powerball= 32% of spenders account for 13% of spending
- Mega Millions= 31% of spenders account for 13% of spending
- NE Pick 5 = 31% of spenders account for 11% of spending
- MyDaY = 23% of spenders account for 6% of spending
- NE Pick 3 = 36% of spenders account for 12% of spending
- 2by2 = 23% of spenders account for 6% of spending



OVERALL
- SPEND PROPORTIONATELY ON LOTTO GAMES
- Lottery games = 21% of spenders account for 15% of spending
- Lotto games = 21% of spenders account for 22% of spending
- Scratch games = 15% of spenders account for 10% of spending

- Powerball= 21% of spenders account for 26% of spending
- Mega Millions= 17% of spenders account for 23% of spending
- NE Pick 5 = 17% of spenders account for 16% of spending
- MyDaY = 13% of spenders account for 14% of spending
- NE Pick 3 = 14% of spenders account for 23% of spending
- 2by2 = 12% of spenders account for 14% of spending

OVERALL
- SPEND DISPROPORTIONATELY MORE ON LOTTO GAMES
- Lottery games = 18% of spenders account for 27% of spending
- Lotto games = 18% of spenders account for 29% of spending
- Scratch games = 19% of spenders account for 27% of spending

- Powerball= 18% of spenders account for 27% of spending
- Mega Millions= 22% of spenders account for 31% of spending
- NE Pick 5 = 22% of spenders account for 28% of spending
- MyDaY = 28% of spenders account for 31% of spending
- NE Pick 3 = 22% of spenders account for 29% of spending
- 2by2 = 31% of spenders account for 30% of spending

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Base: All Respondents (n=1702)

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Recap: Indexed Value of Each Segment Member

LOTTO GAMES
- Lotto Games = 1.37

- Powerball = 0.92
- Mega Millions = 0.99
- Nebraska Pick 5 = 2.20
- MyDaY = 2.58
- Nebraska Pick 3 = 1.78
- 2by2 = 2.38

OVERALL
- Lottery games = 1.63
- Scratch games = 1.82

LOTTO GAMES
- Lotto Games = 1.26

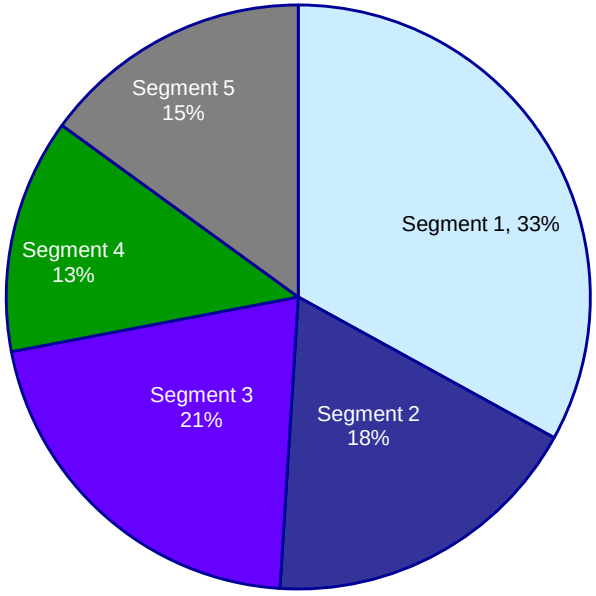
- Powerball = 1.48
- Mega Millions = 1.36
- Nebraska Pick 5 = 0.90
- MyDaY = 0.78
- Nebraska Pick 3 = 0.66
- 2by2 = 1.08

OVERALL
- Lottery games = 0.95
- Scratch games = 0.73

LOTTO GAMES
- Lotto Games = 0.37

- Powerball = 0.40
- Mega Millions = 0.41
- Nebraska Pick 5 = 0.32
- MyDaY = 0.19
- Nebraska Pick 3 = 0.38
- 2by2 = 0.17

OVERALL
- Lottery games = 0.63
- Scratch games = 0.81



LOTTO GAMES
- Lotto Games = 1.06

- Powerball = 1.24
- Mega Millions = 1.10
- Nebraska Pick 5 = 0.78
- MyDaY = 0.68
- Nebraska Pick 3 = 1.10
- 2by2 = 0.68

OVERALL
- Lottery games = 0.72
- Scratch games = 0.49

LOTTO GAMES
- Lotto Games = 1.58

- Powerball = 1.50
- Mega Millions = 1.69
- Nebraska Pick 5 = 1.57
- MyDaY = 1.70
- Nebraska Pick 3 = 1.62
- 2by2 = 1.68

OVERALL
- Lottery games = 1.51
- Scratch games = 1.46

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Base: All Respondents (n=1702)

Preliminary Thoughts and Next Steps

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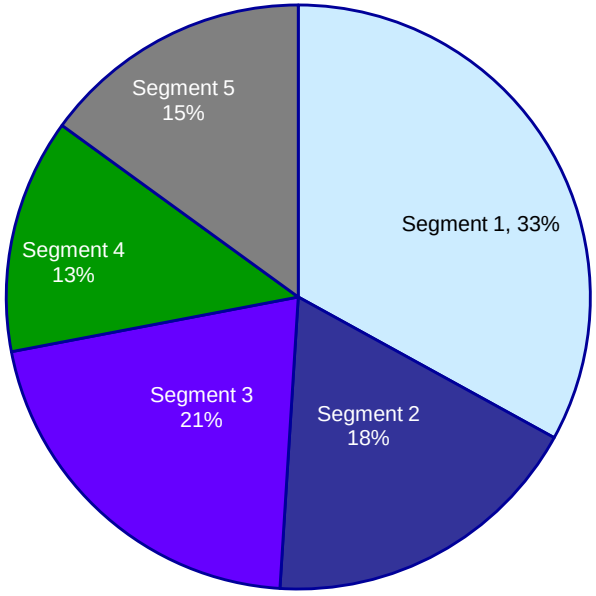
Preliminary Thoughts

- Characteristics of a Successful Segmentation
  - Segments should be: (Frank, Massey and Wind 1972)
    - **Identifiable** – distinctly different on easily measurable variables
    - **Substantial** – large enough to matter
    - **Accessible** – reachable through marketing, advertising, and distribution efforts
    - **Stable** – persist over time
    - **Responsive** – respond to efforts aimed at them
    - **Actionable** – differences are able to guide marketing decisions



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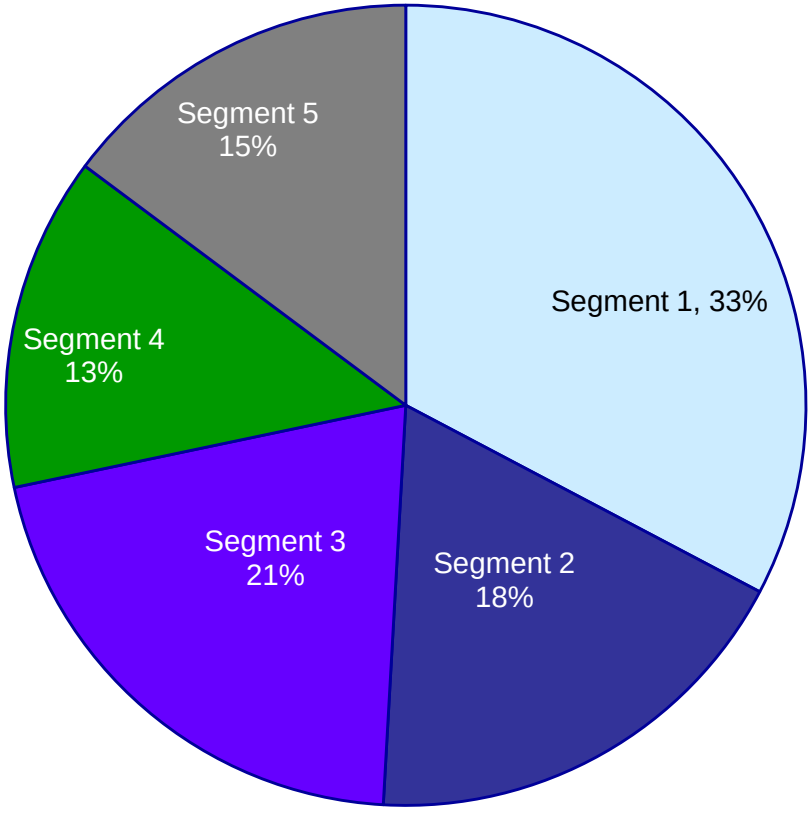
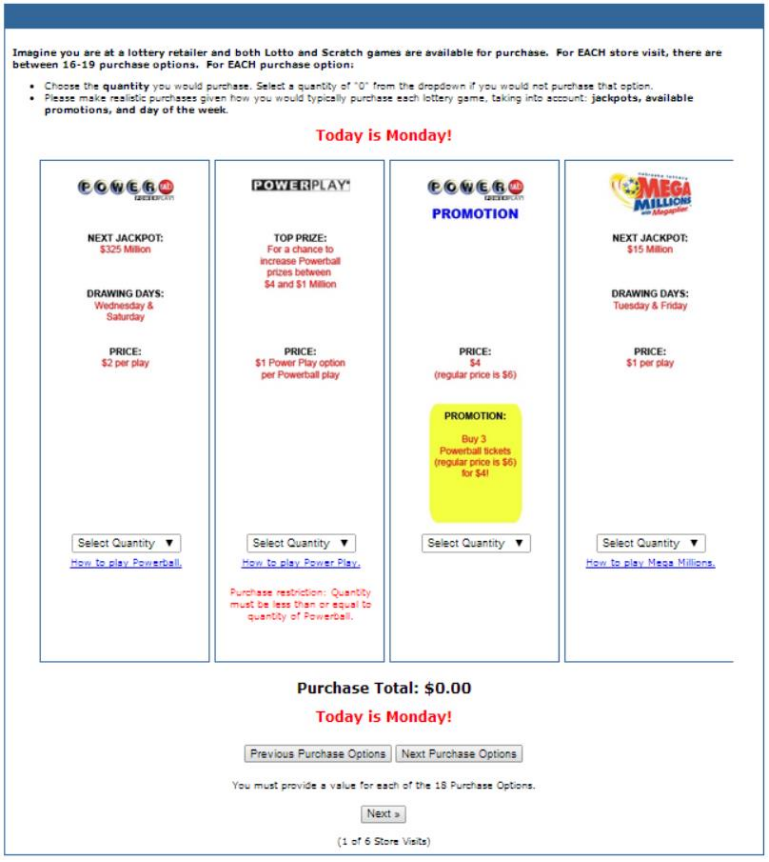
Next Steps…

1. Name the segments



Next Steps…

1. Name the segments
2. Analyze the Spending Allocation Exercise by Segment



Next Steps…

1. Name the segments
2. Analyze the Spending Allocation Exercise by Segment
3. Using the segment classification tool within a state-wide general population survey:
   - Size the segments
   - Get accurate demographics
4. Possibly conduct follow-up research to uncover supplemental insight about specific segments of interest.