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West Virginia Lottery

Baseline-Segmentation Study Highlights
October 7, 2015

RESEARCH • STRATEGIC CONSULTING

Objectives



The primary objectives of this research are:

- Measure the purchase behavior of adult West Virginians associated with the Lottery games:
 - Instant Games
 - Daily 3 / Daily 4
 - Powerball®
 - Mega Millions®
 - Hot Lotto
 - Cash 25
 - Keno
 - Video Lottery / Video Slots
- Assess game purchase patterns of lottery players
- Define market segments with respect to demographics, attitudinal and lifestyle variables;
- Identify player demographics;
- Test new concepts for ticket purchase.

Research Methodology



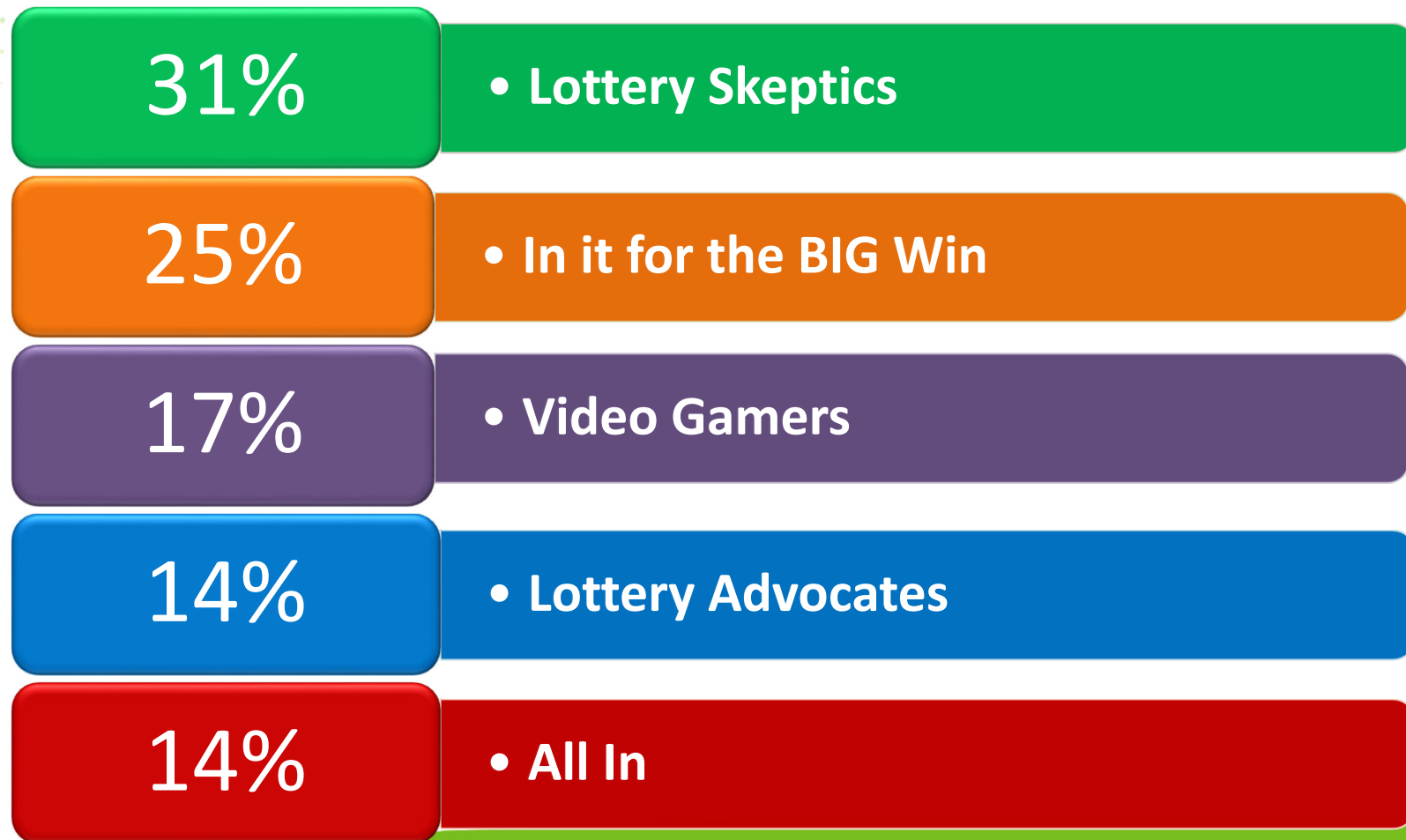
A total of 504 interviews were conducted among those who have played any West Virginia Lottery games.

Quotas were established to make the respondent base representative of the state census by gender and age.

All data collection followed Council of American Survey Research Organizations (CASRO) quality control and confidentiality guidelines. The REPASS firm is a member of CASRO.

The average length of player interviews was 20 minutes.

Lottery Segments



Segment Profile



Lottery Skeptics



Lottery

- Most frequent games ever played are Instant Scratch Off and Powerball.
- Actively play few games from West Virginia Lottery. The games which they frequently play are Video Lottery / Video Slots and Instant Scratch Off.
- Played Powerball, Instant Scratch Off, Daily 3 / 4, and Keno more in the past but interest has waned.
- Don't enjoy playing lottery games; games are not fun for them; games are boring to them.
- They do not know lottery winners and do not see themselves winning.
- More inclined to play games of skill.
- Think of lottery games as a waste of money.

Segment Profile



Lottery Skeptics



Consumer

- Are not likely to be new product adopters.
- Not likely to purchase lottery games via the Internet.
- Less likely than other segments to use debit card or credit card for web-based purchases.

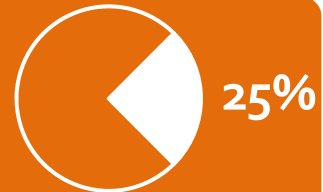
Demographics

- Compared to other segments, this one skews younger, lower income, small town / rural, lower educational attainment (typically no college or advanced degree), more likely widowed, divorced, separated or never married.

Segment Profile



In it for the BIG Win



Lottery

- Most frequent games ever played are Powerball, Mega Millions, and Instant Scratch Off.
- Not frequent lottery game players, but when they play, Powerball, Daily 3 / 4, and Hot Lotto are games of choice.
- Not as aware of lottery winners as other segments, but can envision themselves winning a jackpot.
- Do not consider lottery games fun, but do not consider them boring.
- Do not think lottery games are a waste of money

Segment Profile



In it for the BIG Win



Consumer

- Are more careful about planning purchases than other segments; less likely to buy on impulse; are not concerned with control of spending.
- Prefer for new products to be proven prior to purchase.

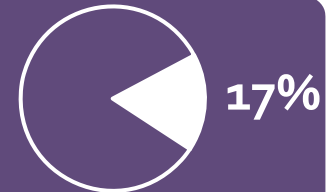
Demographics

- Middle of age range compared to other segments.
- More likely suburban, higher educated, higher income, and married than other segments.

Segment Profile



Video Gamers



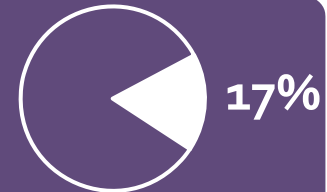
Lottery

- Most frequent games ever played are Video Lottery / Video Slots, Instant Scratch Off, and Powerball.
- Most frequent games currently played are Instant Scratch Off and Video Lottery / Video Slots. A larger portion of this group has continued to play Instant Scratch Off (frequent and occasional) than the proportion who no longer play (lapsed and former).
- This group does not play the video games as frequently as the *All In* segment, but they play video games more exclusively than the *All In* group does.

Segment Profile



Video Gamers



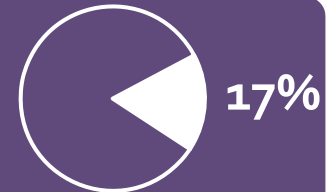
Consumer

- Willing to try new things and move out of their comfort zone.
- Segment least concerned with time management and budget plan. But, most likely to say they need to control their spending and don't have time to do the things they want to do.
- Most likely to say that their purchases are made on a quick decision.
- Do not need for products to be proven before they will purchase.
- Compared to others, they are moderate web-based purchasers but are more likely than other segments to make purchases with a debit card or PayPal.
- Typically larger size households
- Skew younger age

Segment Profile



Video Gamers



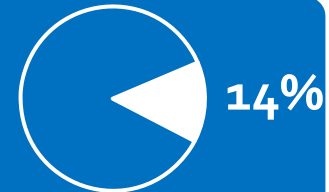
Demographics

- Have the youngest mean age of all segments.
- Skew to living in small size city or town.
- Education skews to high school graduate.
- Mean household income skews high.
- Represent largest household size.
- Largest proportion of married respondents.
- Among largest proportion of employed respondents.

Segment Profile



Lottery Advocates



Lottery

- Aside from Instant Scratch Off play, this group primarily plays draw games. Most frequent games ever played are Powerball, Cash 25, Instant Scratch Off, and Mega Millions. They have a very low incidence of ever playing Video Lottery / Video Slots or table games.
- Their highest incidence of current games played are Powerball, Instant Scratch Off, Mega Millions, and Hot Lotto. They do not play Video Lottery / Video Slots, and infrequently play Keno.
- This group has the most positive attitude toward lottery play and administration (fun, fair, good way to raise money).

Segment Profile



Lottery Advocates



Consumer

- Although this group likes to deal with the familiar, they claim they like to try new things.
- They are not concerned with careful planning of purchases and are not concerned with their spending.
- They are willing to try new products before they are proven.

Segment Profile



Lottery Advocates



Demographics

- They are not as frequent web-based shoppers as other segments.
- They are similar to others in their choice of debit card, credit card or PayPal as payment choices for online purchases.
- This is one of two segments that has a male majority.
- The segment has the oldest mean age.
- They are typically high school graduates or have some college.
- They skew low in household income compared to other segments.
- They have one of the highest proportions of retirees.

Segment Profile



All In



Lottery

- As a group, they have a greater incidence than any other segment of playing all games (except Cash 25) regulated by the West Virginia Lottery. For many games, the incidence level of play is statistically higher than other segments.
- This segment has the highest incidence among all segments of frequent game play for Powerball, Instant Scratch Off, Mega Millions, Daily 3 / Daily 4, Video Lottery / Video Slots, and Cash 25.
- They have a positive attitude about their potential for winning a lottery prize, and they associate with other people who have won lottery prizes. They believe winning the lottery would make a positive change in their life.
- They enjoy playing lottery games and consider it fun. They also have a preference for playing skill games.

Segment Profile



All In



Consumer

- Members of this group are most likely to claim that they like to try new things and they are not concerned about the image other people have of them.
- Time management is important to them and they do not struggle to get things done.
- They claim that others often seek them out for advice.
- As a group, they are frequent online purchasers.

Segment Profile



All In



Demographics

- This is the most male-dominant (62%) segment.
- It skews to the younger age.
- This is the most likely group to live in an urban area.
- They are most likely to have some college or a Bachelor's degree.
- They are statistically among the households with the highest income.
- They are one of two segments with the highest incidence of never married members.
- Statistically, they are one of two segments with the highest incidence of employment.



Internet Access and Online Purchase Experience

Internet Access



Base: Lottery players n=504	Lottery Skeptics A	In it for the BIG Win B	Video Gamers C	Lottery Advocates D	All In E
Computer at home	82%	87%	92% A	90% A	96% AB
Mobile device or tablet	70%	76%	83% A	76%	93% ABCD
Library or other public computer	43%	42%	58% ABD	39%	51%
Computer at work	37%	35%	51% ABD	37%	57% ABD
No internet access	6% CE	5% CE	--	6% CE	--

Frequency of Online Purchases



Base: Have internet access n=485	Lottery Skeptics A	In it for the BIG Win B	Video Gamers C	Lottery Advocates D	All In E
Once a month or more often	38% D	42% D	39%	27%	42%
6 – 10 times a year	31%	24%	33%	30%	30%
1 – 5 times a year	21%	18%	18%	30% BCE	16%
Don't purchase products online	10%	16%	10%	13%	13%

Online Payment Method



Base: Purchase products online n=425 Net: "Always" and "Sometimes"	Lottery Skeptics A	In it for the BIG Win B	Video Gamers C	Lottery Advocates D	All In E
Debit card	42%	55% A	61% A	50%	52%
Credit card	38%	56% A	45%	47%	58% A
PayPal or other electronic payment method	25%	24%	37% AB	33%	32%
Gift card	15%	22%	16%	26%	28% AC
Prepaid Visa / MasterCard	9%	7%	7%	16%	20% ABC
Checking account number	7%	4%	17% AB	12% B	10%
Some other payment method	4%	1%	1%	3%	7% B



Online Purchase Concepts

Online Ticket Purchase Concept

With credit card



If the system were changed so that a credit card could be used to put money into the player's lottery account, how likely would you be to purchase lottery games online at the West Virginia website?

Online Ticket Purchase Concepts



Base: Lottery players n=504	Lottery Skeptics A	In it for the BIG Win B	Video Gamers C	Lottery Advocates D	All In E
Without Credit Card					
Very likely to purchase lottery games online	10%	14%	25% AB	21% A	38% ABCD
Somewhat likely to purchase lottery games online	21%	28%	27%	24%	22%
Not too likely to purchase lottery games online	23%	16%	16%	24%	20%
Not at all likely to purchase lottery games online	45% CDE	41% E	32% E	31%	20%
With Credit Card					
Very likely to purchase lottery games online	12%	10%	18%	13%	33% ABCD
Somewhat likely to purchase lottery games online	17%	21%	23%	31% A	22%
Not too likely to purchase lottery games online	19%	19%	20%	19%	22%
Not at all likely to purchase lottery games online	51% CDE	48% E	39% E	36%	23%



Demographics

Gender



Base: Lottery players n=504	Lottery Skeptics A	In it for the BIG Win B	Video Gamers C	Lottery Advocates D	All In E
Male	39%	47%	48%	54% A	62% ABC
Female	61% DE	53% E	52% E	47%	38%

Age



Base: Lottery players n=504	Lottery Skeptics A	In it for the BIG Win B	Video Gamers C	Lottery Advocates D	All In E
18 - 24	15% BDE	6%	11% E	4%	3%
25 - 34	15%	13%	26% ABD	10%	26% ABD
35 - 44	16%	22% D	18%	13%	25% D
45 - 54	15%	22%	21%	28% A	17%
55 - 64	19%	21%	14%	24%	22%
65 - 74	9%	11%	8%	17% E	7%
75 - 84	7% CE	5% E	1%	3%	--
85 and over	2% CE	1%	--	1%	--
Mean age	47.7 C	49.6 CE	43.3	52.6 ACE	45.1

Household Income



Base: Lottery players n=504	Lottery Skeptics A	In it for the BIG Win B	Video Gamers C	Lottery Advocates D	All In E
Under \$10,000	9% CE	6%	2%	9%	3%
\$10,000 - \$14,999	10% BCD	3%	4%	3%	9%
\$15,000 - \$24,999	15% BCDE	8%	5%	4%	7%
\$25,000 - \$34,999	14%	13%	17%	24% ABE	12%
\$35,000 - \$49,999	18% B	10%	23% B	18%	15%
\$50,000 - \$74,999	16%	26% A	17%	25%	23%
\$75,000 - \$99,999	6%	12% A	16% AD	6%	23% ABD
\$100,000 - \$149,999	5%	11% A	8%	6%	6%
\$150,000 or more	2%	2%	2%	1%	3%
Refused	6% E	9% E	7% E	4% E	--
Mean household income	\$42,800	\$59,600 AD	\$58,000 AD	\$48,600	\$58,500 AD



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