

North Dakota Lottery Focus Groups

Pooling Plus Excerpt

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candler
communications

Pooling Plus
Overall Appeal

The moderator then presented the Pooling Plus concept to the respondents. The basic premise of Pooling Plus is as follows:

On any current North Dakota Lottery game, a player can purchase an additional ten sets of numbers for that game for \$1 (for Wild Card 2, the player gets an additional 20 sets of numbers for \$1). If any of the player's Pooling Plus numbers wins a prize, the player wins 1/10th of that prize, up to and including the jackpot or top prize.

The moderator chose Powerball as the game with which to illustrate the Pooling Plus concept. To facilitate the discussion, the respondents were shown the following Powerball/Pooling Plus ticket sample:

4 Games to Play
BUY 1 OF EACH

Choose Power Play, win up to 5 times
your prize amount. (Except Jackpot)

Term: 900007 358952
17120000047232-8 20070908 00:19 CT

\$3.00 - 1 Draw
09/08/07


POWERPLAY

PowerPlay No

A 16 22 31 52 54 Powerball: 18 QP
B 25 29 30 31 47 Powerball: 07 QP

POOL PLAYS™ **1 Pool of 10 Plays**
10% Prize Share

A01: 11 24 33 47 52 Powerball: 42 QP
A02: 08 36 38 40 55 Powerball: 03 QP
A03: 01 26 45 46 49 Powerball: 12 QP
A04: 05 07 16 25 52 Powerball: 26 QP
A05: 08 28 40 41 42 Powerball: 08 QP
A06: 04 09 17 22 54 Powerball: 37 QP
A07: 15 25 28 29 34 Powerball: 19 QP
A08: 02 11 24 39 51 Powerball: 38 QP
A09: 01 03 07 28 53 Powerball: 36 QP
A10: 03 16 21 46 49 Powerball: 18 QP

Powerball win est. \$181 MILLION
Hot Lotto win est. \$1.10 MILLION
Wild Card 2 win est. \$305,000


TEST TICKET

While the above ticket sample shows two regular Powerball plays and one Pooling Plus play, the concept as presented would allow players to purchase one Pooling Play for every regular play purchased. A player purchasing five regular plays, for example, can purchase *up to* five Pooling Plus plays (note the phrase “up to” – the player could buy five regular plays and only two Pooling Plus plays, for example).

There was a great deal of enthusiasm for the Pooling Plus concept across all four groups. The primary reason given for liking the Pooling Plus concept was the perceived better chance of winning that the extra numbers provided.

“With all those numbers, your odds are better.”

“It seems like I’ve got a better of chance of hitting with all of those numbers.”

Another reason the respondents gave for liking the Pooling Plus concept was that it was a “North Dakota only” offering. The moderator explained to the respondents that other states might launch their own Pooling Plus add-on as well, but that they would be independent of North Dakota’s version.

This “North Dakota only” aspect appealed to the respondents for two reasons. One, they liked the idea of not “sharing” this add-on feature with another jurisdiction – there seemed to be a sense of pride in having a feature that other states did not. And two, the idea of it being available only in North Dakota added to the perception that a North Dakotan, and perhaps even themselves, had a better chance of winning.

“I’d like to see ten North Dakotans win the big one.”

While there were a couple of respondents in each group that stated they would enjoy checking the additional numbers that the Pooling Plus concept provided, the majority stated that they would likely have the store clerk scan the ticket to see whether they had won or not. Put another way, the additional “entertainment value” that the extra numbers theoretically provide was not a primary reason for liking the Pooling Plus concept for most of the respondents. Again, the primary reason for the concept’s appeal was the perceived better chance to win.

One issue with the Pooling Plus concept was how to pay prizes that are less than \$10 on the base game, and therefore less than \$1.00 on a Pooling Plus play. Prizes less than \$10 on the base game that are won with a Pooling Plus play would need to be split ten ways and it is the Lottery's intention that their retailers not pay out prizes in change. Two options were presented to the respondents to address this issue:

Option A

Under Option A, the Lottery could round those prizes 40¢ and more up to \$1.00 and round those prizes less than 40¢ down to zero. For example, matching 3 out of 5 numbers on Powerball wins \$7.00. If a player matches 3 out of 5 numbers with a Pooling Plus number, the prize would theoretically be 70¢. Under Option A, however, this 70¢ prize would be rounded up to \$1.00. Similarly, matching the Powerball only wins \$3. Matching the Powerball only with a Pooling Plus number would theoretically win 30¢. Under Option A, a player who matches the Powerball only with a Pooling Plus number would win zero, not 30¢.

Please Note – the concept of RollOver Pools™ was not presented.

Option B

Under Option B, the Lottery would keep all prize levels less than \$1.00 intact, but issue these prizes as credits towards a future Pooling Plus play. For example, if a player matches the Powerball only with a Pooling Plus number, that player would receive a 30¢ credit towards a future Pooling Plus play.

Most of the respondents indicated that they would prefer Option A, having all prizes 40¢ and greater rounded up to \$1.00 and all prizes less than 40¢ rounded down to zero. Option B had some support, especially among lighter players, but the majority of respondents across all groups favored Option A.

"I wouldn't even cash it (a 30¢ credit) in."

"Just give me the buck – I don't want to have to worry about the change." (This respondent noted that, if given a 30¢ credit, the retailer would still have to provide change because he [the player] would likely pay the 70¢ balance with a \$1 bill.)

Sales Potential *

** It is important to understand that focus groups are, by definition, a qualitative exercise which provide no valid quantitative information. The following discussion, therefore, was for exploratory purposes only and should not be interpreted as an actual indicator of sales.*

In an effort to gauge the respondents' willingness to purchase the Pooling Plus option, the moderator asked for a show of hands of those who could see themselves occasionally purchasing the option on whatever base game(s) they currently play. In each group, there was a near unanimous showing of hands.

To get a feel for whether these purchases would be incremental or would simply cannibalize sales of the base game, the moderator then asked the respondents to think about what they currently spend a week on North Dakota lottery products. (To ensure that the respondents estimated an "honest" figure, the moderator explained that they would not have to verbalize the amount.)

The moderator then asked the respondents to imagine that the Pooling Plus option was available and if so, whether the amount that they had estimated as their current weekly spending increased at all. Most of the respondents indicated that their spending would indeed increase, suggesting minimal cannibalization of base game sales.

In three of the four groups, the moderator attempted to quantify the respondents' increase in spending by asking them to estimate the percentage of the increase. Of the 26 respondents in these three groups, more than half stated that their spending would likely double.

The heavy players were more likely to double their spending than the light players. Eight to ten of the respondents stated that their spending might increase by half and two to three stated that their spending would increase by 20% to 25%.

<u>Spending Increase</u>	
55%	would spend 100% More
35%	would spend 50% More
10%	would spend 20-25% More

Again, it is important that no actual sales data be inferred from this discussion.

It is important to note as well that focus groups are a poor tool for discovering how players feel about a game *over time*. On Pooling Plus, for example, how will players feel if they don't have sufficient winning

experiences over multiple plays? Put another way, having more chances to win – an obvious benefit as perceived by the respondents – is also having more chances to lose, the impact of which is difficult to ascertain in a focus group environment.

Based on the positive reception that Pooling Plus received in these four groups of mixed players, however, this report recommends that the lottery continue to explore the Pooling Plus concept and consider conducting some sort of quantitative research study to better understand the game's long term potential in the marketplace.