Gambling Segmentation Studies

A General Approach to Segmentation for Various Gambling Agencies

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What is Segmentation?

- A segmentation groups a market or population into meaningful subgroups

  - Segment members share characteristics and market influences that cause them to have similar product and/or service needs

  - Each segment is unique from the other segments

Study Background & Objectives

A Principal Objective:

Segment a given population in a given market based on their attitudes, behaviour, and participation in various forms of gaming offered throughout the entire market in order to identify opportunity markets and aid in future market planning.

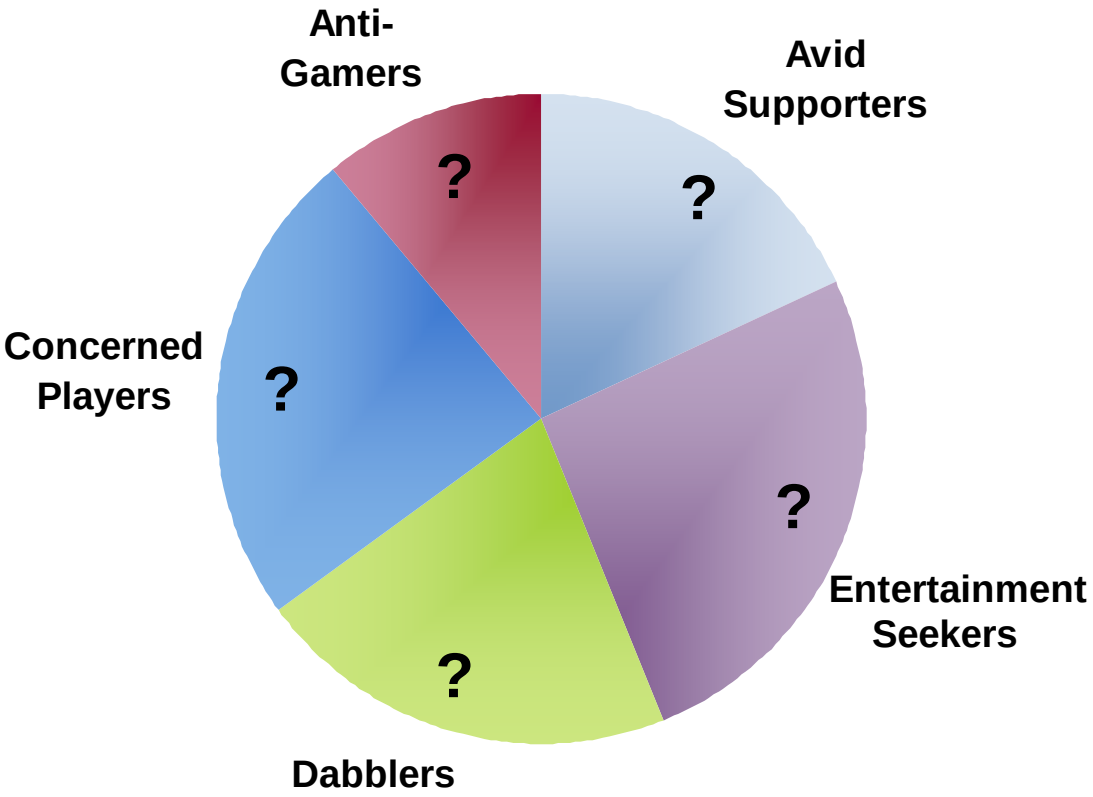
Some Typical Specific Study Objectives:

- Understand what, where, and why they play specific games
- Explore what what forms of other available gaming residents participate in and where they play
- Understand what other entertainment activities residents participate in
- Learn residents' appeal for a variety of gaming attributes
- Determine what barriers to play exist among non-players
- Uncover attitudes towards gaming and gaming policy
- Explore resident's 'lifestyle' attitudes (i.e. risk orientation, etc.)
- Learn what motivates people to gamble
- Identify awareness and acceptance of where the proceeds go (for govt. gaming agencies)

What Might Your Market Look Like?

Some key questions:

- What type of segments do your players & non-players belong to?
- How big are those segments?
- How much value is each segment worth?
- What are their motivations for gambling?
- Why do they play your games or visit your sites?
- What other types of gaming are they involved in and why?
- What do you need to offer to keep current players, and bring in new players?



Important to Understand Market Influences

ditional
ttery
rticipation

Casino,
Bingo, and VLT
Behaviour

Other/Social/
Internet Gaming

Policy & Attitudes
Towards Gaming

Ideal Gaming
Attributes/
Motivations

Lifestyle
Statements

The Segmentation Process

Some Underlying Themes to Consider

1. Gaming motivations
2. Lifestyle attributes
3. Policy dimension
4. Corporate image
5. Spending on all forms of gaming/gambling
6. Technology adoption

Attribute Statements

Strongly Disagree — Strongly Agree

1 2 3 4 5 6 7

O O O O O O O

Factor Analysis

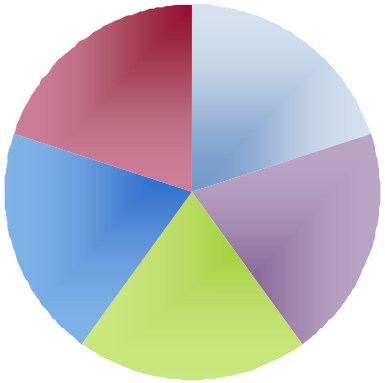
Variable Input Reduction

Convergent Cluster or Ensemble Analysis

Discriminant Analysis

1.	↑	↓	–	↑
2.	↓	–	↑	–
3.	–	↑	↓	↓

Segment Solution

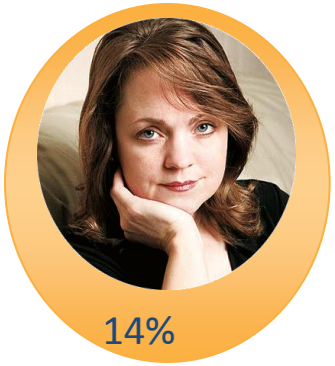


Examples of Segment Profiles

Total Market All Gaming Segments

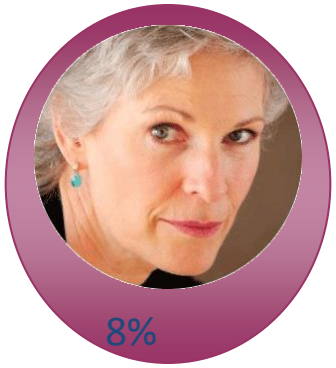
Lottery Loyalists

Unengaged Cynics



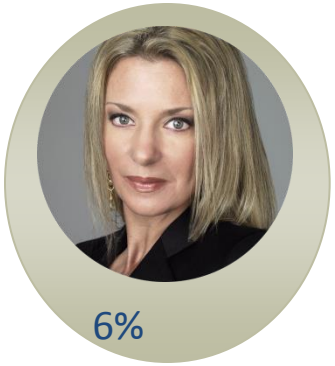
All-in-Enthusiasts

Practical Part-Timers



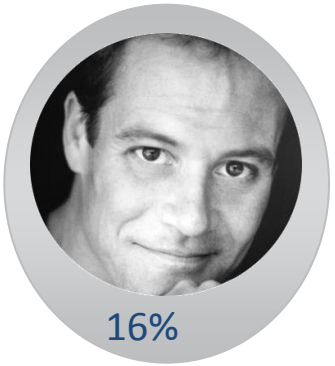
Critics

Tolerant Bystanders



Social Exuberants

Motivated Dabblers



Lottery Loyalists

Committed, positive, dreamers, enthusiastic

General Gaming Behavior

- Play traditional lottery only and account for 27% of past month lottery spend and 4% of total revenue.
- 74% played at least one traditional lottery game in the past 4 weeks.
- Play a wide variety of different lottery games
- Half had played a charitable lottery game (50%) or a scratch ticket (49%) in the past year

Demographics

- Even gender split (48%M/52%F)
- 48% between 35-54
- Education, income, and employment mirror the general population

Attitudes & Gaming Motivations

- Positive and enthusiastic about the lottery
- Favorable attitudes towards gaming agency with 65% agreeing that "lottery revenues support worthwhile causes" and that "lottery games are marketed in a socially responsible way".
- Agree that lottery games are "fun to play" (62%) – and agree that its still fun to play even if they don't win (63%)
- Play for the chance to "win a little bit of money" (75%), to "support worthy causes" (74%), and "dream about winning big" (66%)
- Feel comfortable with technology (76%) and believe in fate (58%)

23%

Unengaged Cynics

Disengaged, cynical, negative attitudes towards gaming

Gaming Motivations & ideal Game Attributes

- Play traditional lottery games only
- Account for 9% of past month lottery spend and 1% of total revenue
- Focus on lotto style games
- 56% had played any lottery game in the past month
- 34% played a scratch off game in the past year
- Disengaged with the lottery and have low gaming motivations
- Least likely to have participated in "other" or social gaming

14%

Demographics

- Skews female (55%), mean age of 47 (2nd oldest) with 45% between 45-64.
- Income and education mirror the general population.

Policy and Attitudes Towards Gaming

- Do not have a positive attitude towards lottery and gaming in the market
- Only 36% agree that lottery & gaming is well managed in the market
- 73% believe that legalized gaming takes advantage of compulsive gamblers
- Half believe that legalized gaming is a "hidden tax" (50%) and that it is an "evil influence on society" (47%)

Lifestyle Statements

- Non-dreamers
- Not important to feel like part of a group (23%)
- Slightly less comfortable with new technologies

Practical Part-Timers

Pragmatic, cautious, risk averse dabblers

General Gaming Behaviour

- Account for 8% of past month lottery spending and 4% of total revenue
- 83% have played a traditional lottery game in the past year and 51% played in the past month
- Relatively low participation rates compared to the other segments

Demographics

- Skews female (57%)
- 23% 65+ (oldest segment with a mean age of 49)
- Slightly more educated (51% University or higher) & income is on par with the gen pop.
- 36% couple without kids (higher than other segments)
- 22% retired, 15% homemakers, and only 36% employed full time

- Frequent Casinos and Bingo halls a few times a year, and the race track a couple of times a year
- 4% played VLT's monthly or more often, while 14% play once a year or more often
- Least likely to have participated in any form of "other" or social gaming
- 50% have played skill games and 22% play scrabble on the Internet
- Consumer Behaviour – spend more on attending cultural events, visiting museums or galleries, and amusement parks relative to the other segments

Lifestyle Statements

- Least comfortable with new technologies – 85% internet access (lowest among the segments)
- 60% think VLTs and playing poker on the Internet for real money are harmful
- Risk averse

8%

All-In-Enthusiasts

Engaged, enthusiastic, positive & play everything

Traditional Lottery

- Account for 23% past month lottery spending
- Most positive attitude towards lottery & gaming in market
- Play for "entertainment/fun" (87%)
- 79% played a lottery game in the past month
- Highest participation rates for traditional lottery games

Demographics

- Skews slightly male (54%) and 5% are American
- 45% "smokers"
- Half are between 18-34 with a mean age of 38 (youngest)
- 63% make $80K + /year (highest income)
- 28% are "single"
- Most likely to be employed full time (60%)

Gaming Behaviour

- Account for 49% of spending on any activity at a Casino in the past year & 53% of total revenue
- Play slots (84%) and VLTs (85%) when at the Casino. Also participate in dining at the restaurant (73%), visiting the casino bar (64%) and watching live entertainment (60%)
- 37% play VLTs monthly or more often (highest past year mean spend: $430)
- High participation in other/social gaming
- Consumer behaviour – spend higher on 50/50 tickets at sporting events and visiting bars or nightclubs compared to other segments

Lifestyle Statements

- Believe in fate (67%)
- Like to dream about winning the lottery (57%)
- Most likely to buy a new brand just to see what its like (33%) and least likely to shop around for the best buy
- Individualistic & have liberal gaming views

10%

Motivated Dabblers

Social, stimulation, controlled outcomes, worthy causes

General Gaming Behaviour & Attitudes

- Account for 13% past month lottery spending and 5% of total revenues
- Relatively neutral attitudes towards lottery & gaming in the market
- Over half (55%) have played at least one lottery game in the past month and 17% have played a scratch ticket.
- Play to support worthy causes (80%) and for fun (61%)
- Slightly concerned about compulsive gamblers, but ultimately individualistic.

16%

- Visited Casinos, Bingo halls, racetracks and VLT establishments in the past year (2nd highest Bingo visits and highest racetrack visits).
- 7% visit Casinos once a month or more often
- 12% visit a Bingo Hall visits once a month or more often
- 29% play VLTs once a year or more often
- Like games where knowledge can influence the outcome, games that require skill and challenge, and where you have some control over their chances of winning
- Like to rent movies, go to the movies, rent and play video games

Demographics

- Even gender split
- Higher proportion of renters (31%) VS. home ownership
- 41% 18-34 with a mean age of 40
- Slightly less educated and lower income levels
- Highest proportion of students (10%)

Social Exuberants

Social, fun-loving, excited, participants, involved

General Gaming Behaviour & Attitudes

- Account for 20% of past month lottery spend
- Account for 46% of past year Casino spend
- 68% past month lottery participation
- More likely to have ever played Sports Select or purchase a charitable lottery ticket compared to other segments

Demographics

- Male skew (65%)
- Mean age of 40
- Half have University education or higher
- Half make $80+ net income /year and have the second highest mean income level

- Variety of activities at the casino – with a focus on table games (Blackjack & Poker).
- Watch live entertainment, dine at the Casino restaurant and visit the Casino bar.
- Mean spend of $155 on last Casino visit (spend more at the Casino bar than others)
- Most likely to visit Casino with a groups of friends – social experience
- 20% visit destination Casinos yearly or more often
- Multi-player games and fantasy sports pools on the internet
- 11% Poker on the Internet for real money

Ideal Game Attributes

- Knowledge can influence outcomes, control over winning or losing, and games that require skill

14%

Tolerant Bystanders

Low engagement, involvement, but tolerate all aspects of gaming

General Gaming Behaviour

- Non-gamers (in every aspect)
- Contribute 0% to overall net revenues

5%

Demographics

- Female skew (59%)
- Mean age of 42
- Almost half have University education or higher
- 12% outside of country
- Lowest mean income levels (18% net under $25K/year) and only a third (36%) are employed full time

Attitude Towards Gaming

- Have a below average opinion about the way gaming is operated, ran, and managed in market.
- While not involved in this category, they are not concerned about others who are and are tolerant of other people gaming
- Are not spending money or participating in other forms of gaming, although one fifth reported buying charitable lottery tickets 1-2 times or more often in the past year.
- For this segment, if they were to game, their ideal gaming experience would be one that was mentally stimulating, knowledge could influence the outcome, and where skill is required.
- Gaming motivations (as expected) are very low

Lifestyle Statements

- Do not participate in a lot of social activities or events - spend the most on attending live sporting events
- Concerned about problem gaming, however ultimately believe it is up to the individual to control their habits
- Least likely to think specific gaming activities are harmful
- Live in the moment mentality

Critics

Low engagement, involvement, concerned and critics of gaming

General Gaming Behaviour

- Non-gamers (in every aspect)
- Contribute 0% to overall net revenues

Demographics

- Slight female skew (54%)
- Mean age of 45 (third oldest)
- More likely to have high school or less education compared to the other segments (30%)
- Slightly lower income levels compared to the general population

Lifestyle Statements

- Do not spend a lot of money on social activities, but when they do its spend mainly on going to the pub or bar, dining out, attending live entertainment, or going to the movies
- Shop around for the best buy, believe in fate, regretful and often look to the past, feel that people only deserve what they work for, and feel like everything is changing too fast

Attitude Towards Gaming

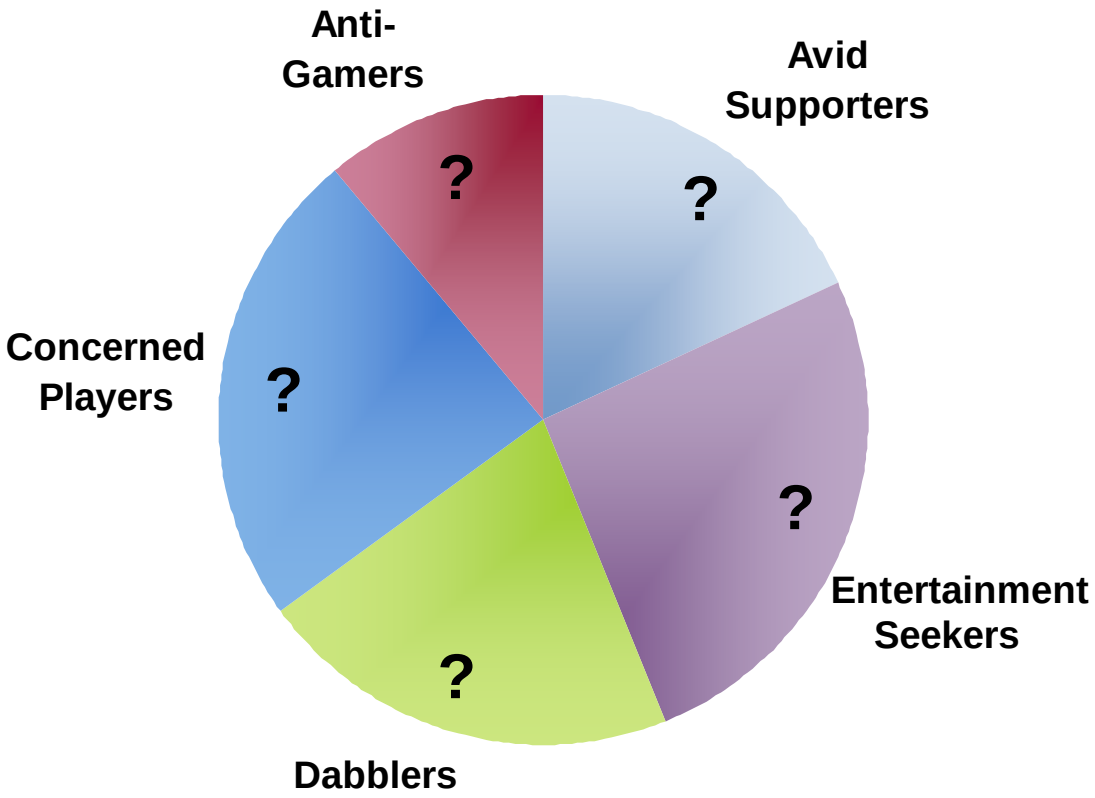
- Negative attitude towards lottery and gaming in general
- Very low participation in other forms of gaming, however 18% reported purchasing charitable lottery tickets 1-2 times or more often in the past year and the same amount (17%) reported playing games like Bejeweled or Mahjong on the Internet
- Lowest on all gaming motivations, concerned about legalized gaming taking advantage of compulsive gamers, disagree that gaming is an appropriate way to raise revenue in market, think that more controls should be placed on gaming, think the lottery is a hidden tax and feel that gaming is an evil influence on society
- Think that all types of gaming are very harmful (especially VLTs and Casino games)

9%

Hypothetical Attitudinal Segment Profiles

Some key questions:

- What type of segments do your players & non-players belong to?
- How big are those segments?
- How much value is each segment worth?
- What are their motivations for gambling?
- Why do they play your games?
- What other types of gaming are they involved in and why?
- What do you need to offer to keep current players, and bring in new players?



Example of General Population Lottery Segments

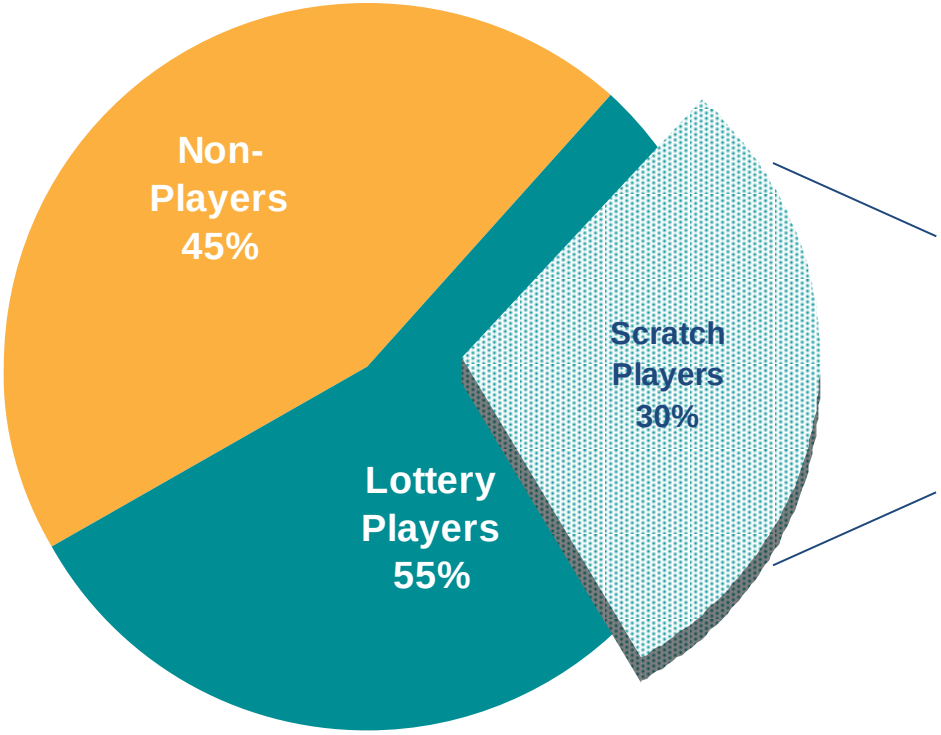
	Fun Loving Libertarians	Conflicted Allies	Disengaged Jackpot Chasers	Cautious Dabblers	Concerned Critics
Segment Size:	**20%**	**12%**	**23%**	**28%**	**17%**
Net Share of Past Year Lottery Spend:	**34%**	**50%**	**6%**	**8%**	**0%**
Demographics:	Gender mix Cross-section of education Skew older in age	59% female 37% aged 18 to 34 Slightly lower education Middle income	Gender mix Educated Higher income	Gender mix Lower income Least educated Cross-section of education	Gender mix Most educated Oldest segment
Motivations for Play:	Make little bit of money Entertainment/fun Dream of big win	Make little bit of money Entertainment/fun Dream of big win Feel lucky Motivated to play	Low on all gaming motivations	Make little bit of money Entertainment/fun Dream of big win	Very unmotivated
Games Played:	Multi-State Instant Tickets Lotto All games	Multi-State Cash Game Lotto Other Lotto All games	Not frequent players Multi-State Instant Tickets	Not frequent players Instant tickets Multi-State	Rarely play

Example of Internet Gamer Segments

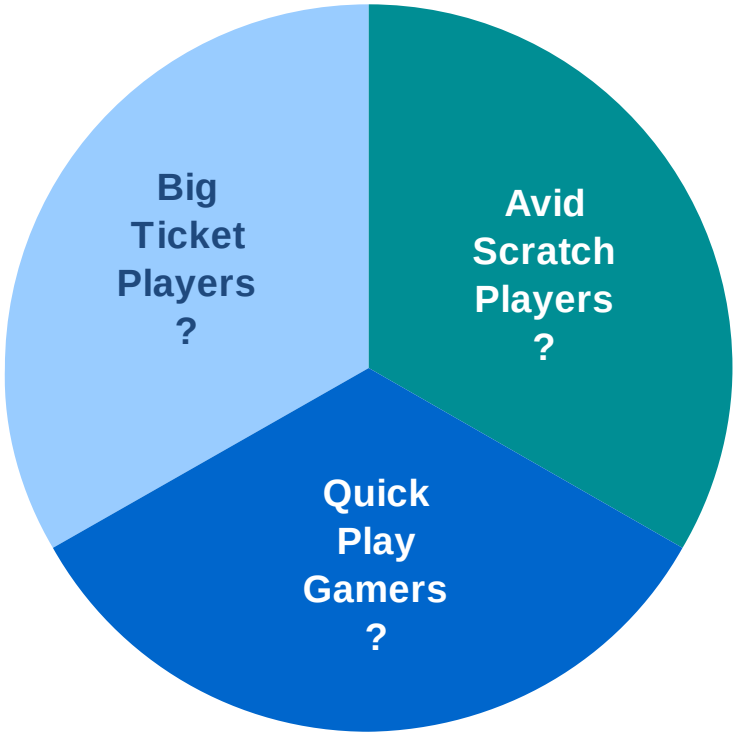
Name:	**Aspiring Rookies**	**Seasoned Competitors**	**Occasional Indulgers**	**Cubicle Athletes**	**Conservative Do-gooders**
Segment Size:	**22%**	**31%**	**19%**	**17%**	**10%**
Net Share of Internet Spend:	**28%**	**43%**	**14%**	**12%**	**3%**
Demographics:	**2/3 male** **Youngest segment** **Mean age 38** **Well educated** **Single or married with kids**	**2/3 male** **Mean age 40** **Well educated** **Married with no kids**	**2/3 male** **Mean age 44** **Well educated** **Likely to be married with no kids** **More are retired**	**3/4 male** **2nd youngest segments** **Mean age 39** **Well educated** **Likely to be single with no kids**	**41% female** **Mean age 43** **Well educated** **More are retired**
Motivations for Play:	**Dream about the big win** **To make money** **More comfortable playing Internet than in person**	**Experienced players** **They are good at it** **Win for the win, not the money**	**Entertainment** **Convenience** **Knowledge influencing outcomes**	**Entertainment** **Convenience** **Money** **Knowledge influencing outcomes**	**Low on all motivation attributes**
Games Played:	**Poker, sports betting, horse races, slots and table games**	**Poker players (Internet and traditionally)**	**Highest wagers on sports or table games, low in traditional game play**	**Poker, heavy sports betters (horse races, sports action, sports pools), raffles**	**Internet raffles** **Low in traditional game play**
Other Key Characteristics:	**Recent online gamblers** **Security/legitimacy concerns** **Not loyal** **Risk takers**	**Very experienced** **Everything poker** **More loyal** **Competition, not just $$**	**Experienced** **High risk tolerance** **"Go big or Go Home"**	**3 in 10 Internet for fun for more than 2 years before converting to $$ – more so than other segments**	**Conservative, pessimistic attitudes** **Low risk orientation**

Strategic Level: Scratch Players Among General Population

Typical Lottery Players & Non-Players Breakdown



Potential Scratch Players Segments (Fictitious Segments)

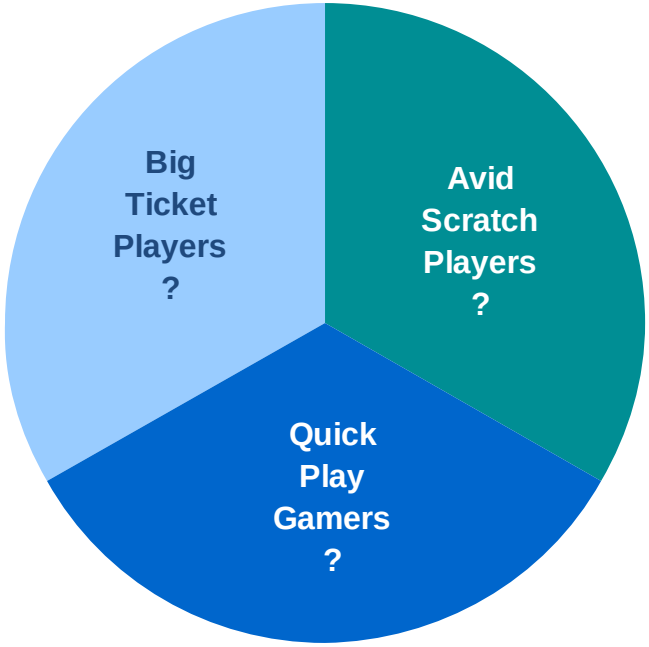


- How large is each segment?
- What opportunities are there with each segment?

Potential Profiles of Scratch Segments (Fictitious Segments and Profiles)

Big Ticket Players

- Highest participation on higher price point games
- Account for 30% of Scratch spending
- Tend to be a bit more superstitious
- Like games with many play areas and many chances to win
- Tend to play casino games other than slots more than other segments



Avid Scratch Players

- Majority claim Scratch as their favorite game
- Account for 50% of Scratch spending
- Enjoy the act of scratching; fun and entertainment, and the thrill even if don't win
- Like extended play games like Bingo and Crossword to let anticipation build
- Look for the mental challenge
- Most likely to cross-buy with other products

Quick Play Gamers

- Most consider Scratch as their favorite game, but may also claim Keno and other quick action games as their favorite
- Account for 20% of Scratch spending
- Like quick action, find out immediately if they won, and also larger prizes & non-cash
- Want games that play like Keno, or P3 & P4; symbol and number match
- Scratch tickets as quickly as possible to find if they won; often start scratching before reading instructions
- Highest participation on slots and VLTs

The Minnesota Context

Scratch Ticket Player Segmentation January, 2008

- Online panel
- Sample of 1,307
- Approximately 100 attitudinal statements
- Included qualitative component

Dedicated Generalists

- Play many lottery games
- Enjoy gambling in general
- Most open to higher priced games
- Prefer tickets with multiple play areas
- Enjoy playing for high jackpots
- Average gender, age, income

$10

MINNESOTA STATE LOTTERY

BLACK CHERRY DOUBLER

WIN UP TO $200,000!

WIN UP TO 26 TIMES!

Reveal 3 matching symbols, win the PRIZE shown. Reveal a SINGLE CHERRY " " symbol, win that prize instantly. Reveal a DOUBLE CHERRY " " symbol, win DOUBLE the PRIZE shown.

Methodical Specialists

- More likely to play only scratch games
- Prefer games that take longer to play and offer a mental challenge
- Like to scratch slowly
- Not motivated by large prizes
- Average gender, income
- Youngest segment

$3

MINNESOTA STATE LOTTERY

BONUS WORD CROSSWORD

WIN UP TO $30,000

YOUR LETTERS

$ ✸ $ ✸ $ ✸ $ ✸ $

✸ $ ✸ $ ✸ $ ✸ $ ✸

BONUS LETTERS

$ $

S	A	F	E	T	Y			A	S	H
O		O		U		S				E
U		R		N	E	T				R
N	O	M	A	D		O	Z	O	N	E
D				R		C		A		D
			J	A	C	K	E	T		I
C		S				I		M	A	T
R	E	L	E	V	A	N	C	E		Y
O		I		I		G		A		
W		P	E	E	R		F	L	U	
				W						

SEE BACK FOR PLAY INSTRUCTIONS.

PRIZE LEGEND

3 WORDS	$3
4 WORDS	$5
5 WORDS	$10
6 WORDS	$25
7 WORDS	$100
8 WORDS	$500
9 WORDS	$5,000
10 WORDS	$30,000

BONUS WORD

S A F E T Y

PRIZE BOX

Match all 6 letters in the BONUS word, win prize in prize box. See back for details.

Hurried Opportunists

- More likely to play games such as Powerball
- Like games that can be played quickly
- Play $1 games
- Decide to buy at the last minute
- Scratch right away
- Average gender, age, income

MINNESOTA STATE LOTTERY

$1

CASH ON THE SPOT

Reveal a "💵" symbol and win the corresponding prize amount.

WIN UP TO $500!

Disengaged Dabblers

- More likely to play Powerball
- Don’t enjoy scratching ticket
- Don’t find scratch games relaxing
- Play $1 games
- Not motivated by big prizes
- Average gender, income
- Slightly older

Follow-up Study
July, 2012

- Similar method to 2008
- Internet panel
- N=1000

Dedicated generalists → Dedicated generalists

- Skew younger (42% are 18-34)
- More likely to play weekly or more (37% to 47%

Methodical specialists → Experiential scratchers

- 61% female
- More willing to buy higher priced tickets
- More willing to consider games other than bingo/crossword

Hurried opportunists → Value-seeking samplers

- Slightly older than general population
- Price-sensitive
- Play for small thrills
- Like simple games, but with bonus features
- Like themes they recognize or colorful tickets

Disengaged dabblers → Comfortable dabblers

- Older than average (46% 55+)
- Purchase impulsively as part of jackpot game purchase
- Like to play quickly
- Traditional, risk-averse