



Minnesota Lottery
**18-34 Year Old
Segmentation Study**

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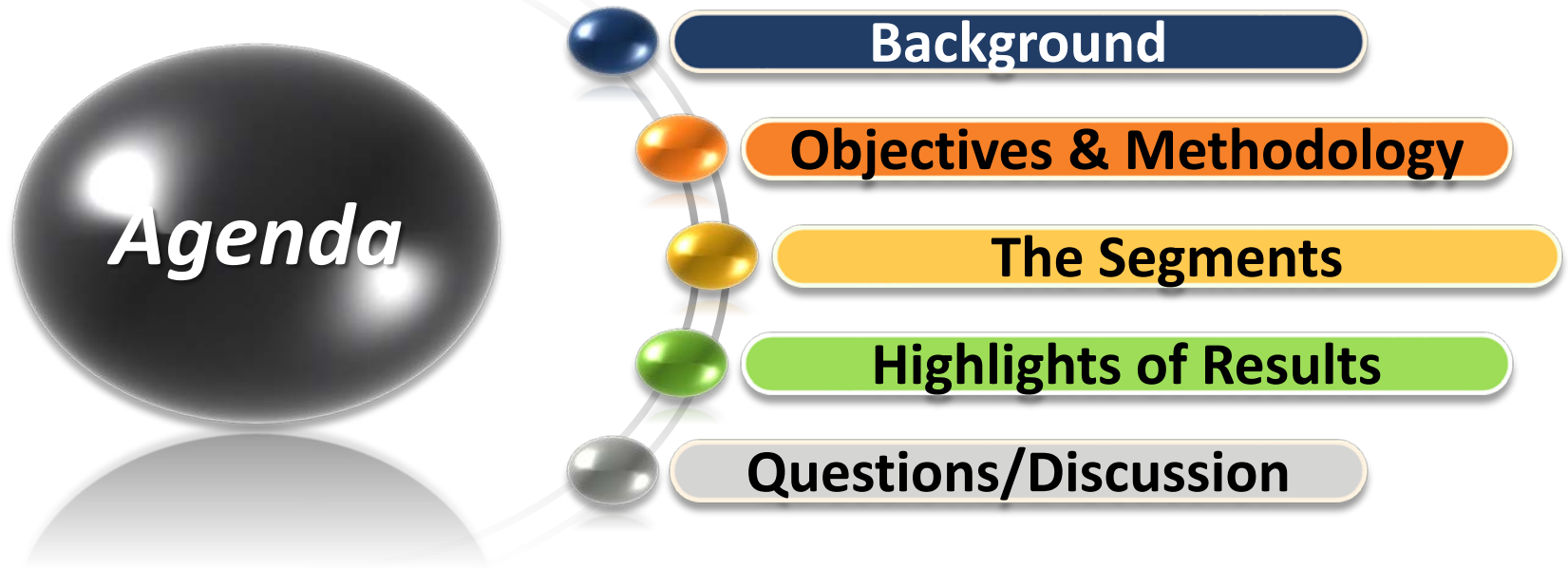
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TODD MAKI – MINNESOTA LOTTERY

ROSE WONG - IPSOS

GAME CHANGERS

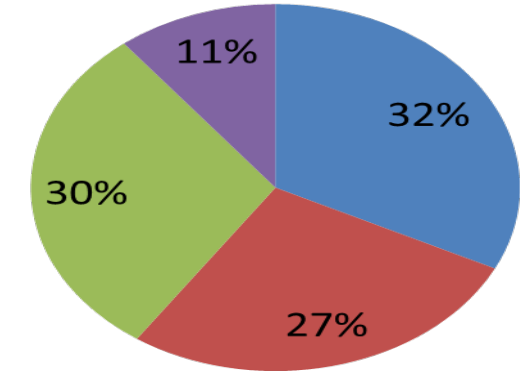




Why study millennials?

- U.S. Census Bureau reports that Millennials now outnumber Baby Boomers
- That's a huge market just in terms of size
- Multiply that by the lifetime buying power of this group
- They will change the gambling industry by the spending choices they make

**Minnesota Population
About 4.2 Million Adults**



■ Millennials ■ Gen X
■ Baby Boom ■ Seniors

Why study millennials?

- We are told that:
 - They always have their phones within arms reach
 - They spend most of their free time at concerts and craft beer festivals
 - They are the new “Ben Franklin” generation when it comes to spending money
 - They don’t carry cash / only buy with debit or credit cards
 - They live for today (YOLO)

What Millennials have in common:

They agree that --

- Sometimes it is important to stay in on the weekend to relax (88% agree)
- Spending time by myself helps me relax and unwind (82%)
- It is important to me to be financially stable (89%)
- It is important to have a secure job (85%)
- A healthy work/life balance is important to me (84%)
- I have long-term personal goals (76%)

What Millennials have in common:

They disagree that --

- I enjoy spending time in large crowds more than in small groups (18% agree)
- Celebrity endorsements influence what products I buy (13%)
- I would rather have lots of casual friends than a few close friends (14%)
- I'm morally opposed to gambling (22%)
- I'm a gambler (15%)

What do they disagree on?

Pretty much everything else

- “I’m a homebody” – 56% agree
- “I live for the moment” – 49% agree
- “Social drinking is part of my entertainment experience” – 49% agree
- “I would rather do my shopping online” – 49% agree
- “I’d rather pay for small purchases with cash” – 54% agree
- “I spend time thinking about my retirement savings “ – 47% agree
- “I enjoy keeping up to date with technology” – 58% agree
- “Social media is the primary way I communicate with friends” -49% agree
- “I prefer to live in the moment” – 57% agree

What don't we know about 18-34 Year Olds in Minnesota?

With the importance of reaching and communicating with this age cohort, there is a need to better understand the nuances that exist within this age cohort? What makes them tick?

Are their regional differences?

How they view technology and its role in their life?

What are they doing for entertainment?



What are their attitudes towards life?

How do they consume news and information?

Where and how do they shop?



18-34 YEAR OLD SEGMENTATION STUDY

Why do we want to know?

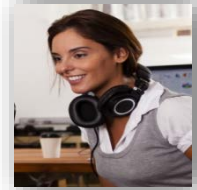
A game that appeals to this player...



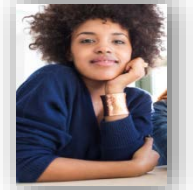
...may not at all appeal to this player...



An ad that drives trial for this player...



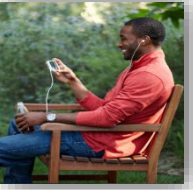
...may not appeal to this player...



Reaching this player may be easy...



...but isn't as easy for this player...

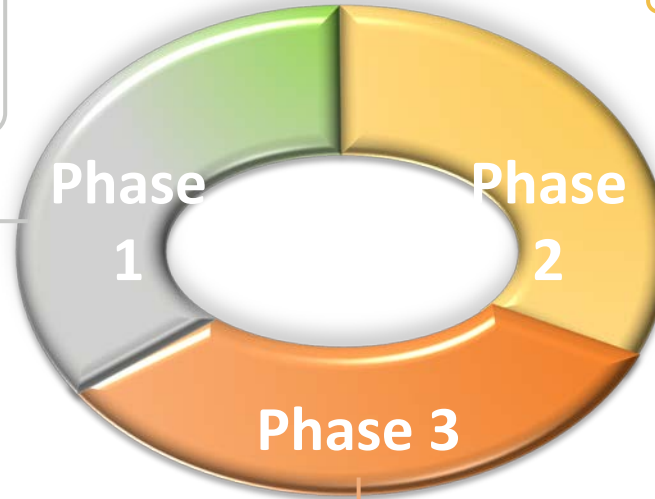
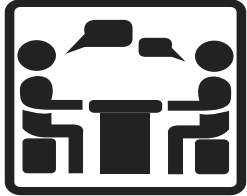


You can't be everything to everyone. You want to grow the pie among those where an opportunity presents itself

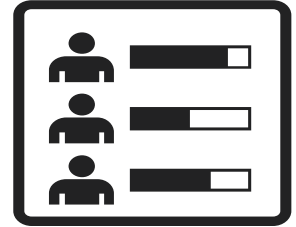
© 2016 Ipsos **But which people? And how?**

Overview of Research

1. **Qualitative Phase**
understand the attitudes and behaviors of 18-34 year olds
2. Determine inputs to use in the Quantitative Phase



1. **Quantitative Phase**
Online survey with 18-34 year old Minnesotans
2. Segmentation classification



1. **Qualitative Phase**
mini-groups with each of the segments identified in the Quantitative phase
2. Segment naming



18-34 YEAR OLD SEGMENTATION STUDY

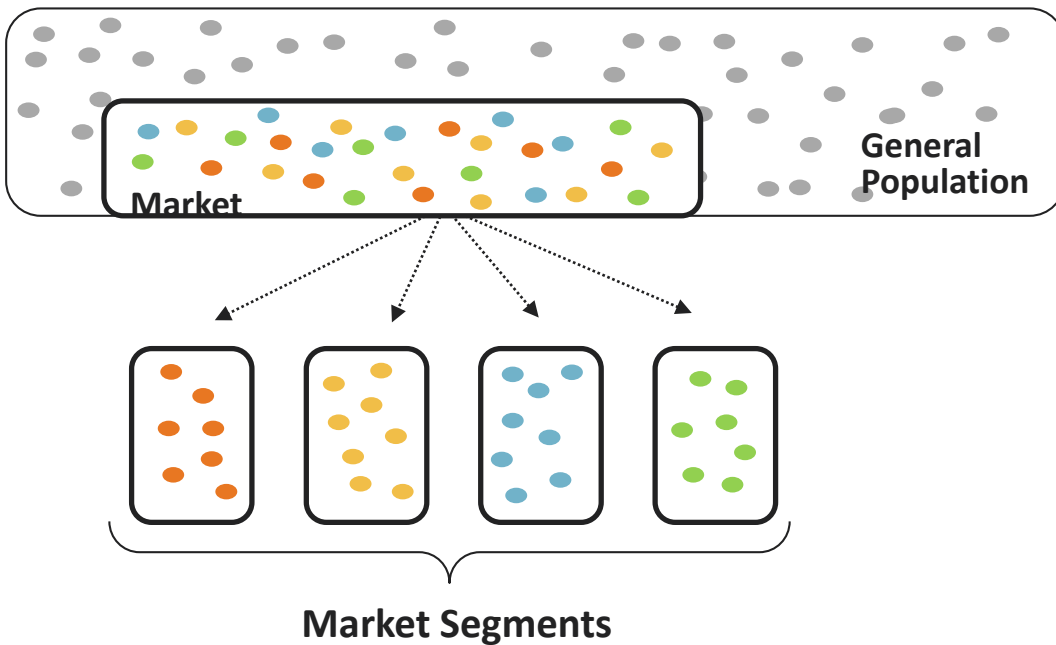
How Can An 18-34 Segmentation Help?

Those aged **18-34** is a subset of the general population.

- It consists of Minnesotans of the same age, however, it is otherwise **heterogeneous**.

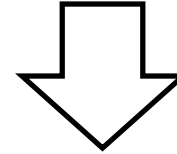
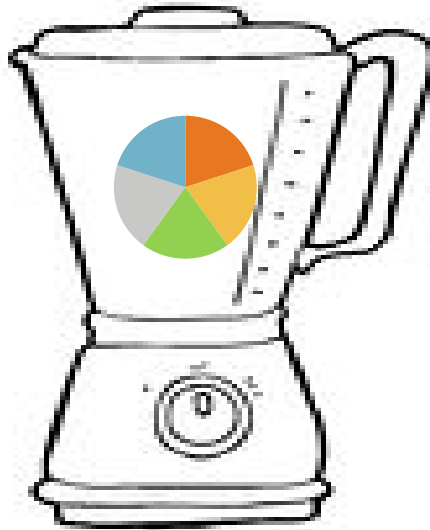
Segmentation looks for similarities between people in this market and clusters them together into different groups based on these similarities.

- The resulting segments are made up of people that are a lot alike internally.
- While individuals in each segment are similar, individuals between segments are not.**



Segmentation : How do we do it?

Technology



Tech-Dependent
Homebodies

Social Trend-
Surfers

Rational Planners

Traditional Risk-
Takers

Steps in a Segmentation

- 1** **Step #1:** A factor analysis is run with the inputs determined from the exploratory Focus Groups
- 2** **Step #2:** The factors are examined and the input set is revised based on redundant statements
- 3** **Step #3:** We try to keep all variables on the same scale. (When continuous variables such as spending are desired as an input, it is categorized into an ordinal variable with the desired number of scale points.)
- 4** **Step #4:** Once the inputs are set, we run multiple solutions using different methodologies and starting points.
- 5** **Step #5:** Certain stats are then measured and the solutions from the methodologies that perform best are determined
- 6** **Step #6:** We pick the solutions that best meet the client's needs.

Social Trend-Surfers

(29% of population)

- They are the most likely to:
 - Describe themselves as someone who lives for the moment (67%)
 - Prefer to go out on weekends (61%)
 - Admit to being influenced by celebrity endorsements (32%)
 - Purchase a product if they see a celebrity they like using it (44%)
 - Use social media as their primary way to communicate with friends (61%)
 - Use social media to follow brands (58%)
 - Trust social media with personal information (41%)
 - Like online ads targeted to them (49%)
 - Like to be the first to try a new restaurant (47%)
 - Prefer to visit tourist locations on vacation (55%)
 - Prefer to stay close to home when they travel (36%)

Social Trend-Surfers

(29% of population)

- They are the least likely to:
 - Avoid advertising (41%)
 - Believe gambling is wasteful (45%)
 - Find it easy to hibernate in winter (53%)
 - Feel optimistic about their future (66%)

Rational Planners

(27% of population)

- They are the most likely to:
 - Enjoy planning the next weekend (70%)
 - Read reviews before making a purchase (83%)
 - Prefer buying from a local company (71%)
 - Spend more money for locally produced food (61%)
 - Prefer paying by credit/debit card (78%)
 - Pay at the pump (86%)
 - See themselves as leaders (66%)
 - Want a job that contributes to society (79%)
 - Believe it's important to disconnect from technology (80%)
 - Feel optimistic about their future (84%)
 - Have a college degree (69%)

Rational Planners

(27% of population)

- They are the least likely to:
 - Eat at chain restaurants (29%)
 - Prefer a clerk to a machine (38%)
 - Buy new things to see what they're like (28%)
 - Be the first to buy new technology (15%)
 - Use social media as primary way to communicate with friends (30%)
 - Prefer to pay with cash (17%)
 - See gambling as a fun part of an evening's entertainment (32%)
 - See themselves as gamblers (5%)

Traditional Risk-Takers

(22% of population)

- They are the most likely to:
 - Enjoy a challenge against the odds (59%)
 - See gambling as a fun part of an evening's entertainment (65%)
 - Describe themselves as a risk-taker (63%)
 - Describe themselves as someone who lives for the moment (67%)
 - Prefer to pay for small purchases with cash (54%)
 - Follow a Minnesota sports team (65%)
 - Enjoy hunting and fishing (72%)
 - Prefer a store clerk to a machine (56%)
 - Want to disconnect from technology on vacation (75%)
 - Be from outside the Minneapolis/St. Paul area (62%)
 - Be male (71%)

Traditional Risk-Takers

(22% of population)

- They are the least likely to:
 - Be morally opposed to gambling (13%)
 - Avoid taking risks with their money (44%)
 - Use social media as their primary way to communicate with friends (39%)
 - Prefer to shop online (32%)
 - Prefer to pay by debit/credit card (34%)
 - Pay at the pump when they buy gas (26%)

Tech-dependent homebodies

(22% of population)

- They are the most likely to:
 - Describe themselves as a homebody (84%)
 - Find it easy to hibernate in the winter (83%)
 - Prefer to shop online (65%)
 - Use technology to keep up with friends (86%)
 - Prefer texting to calling (85%)
 - Check social media the first thing in the morning (69%)
 - Find thinking about finances stressful (78%)
 - Avoid taking risks with their money (74%)
 - Be female (71%)
- 52% Minneapolis/St. Paul area

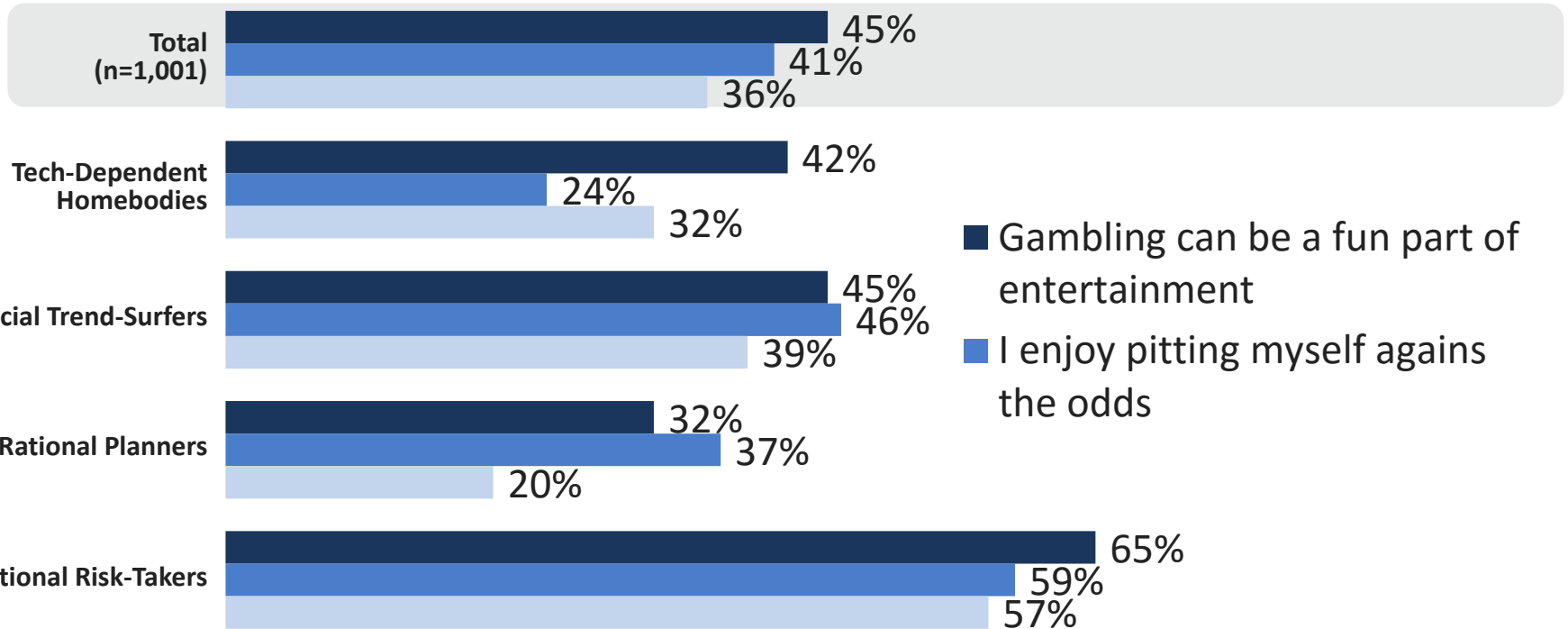
Tech-dependent hombodies

(22% of population)

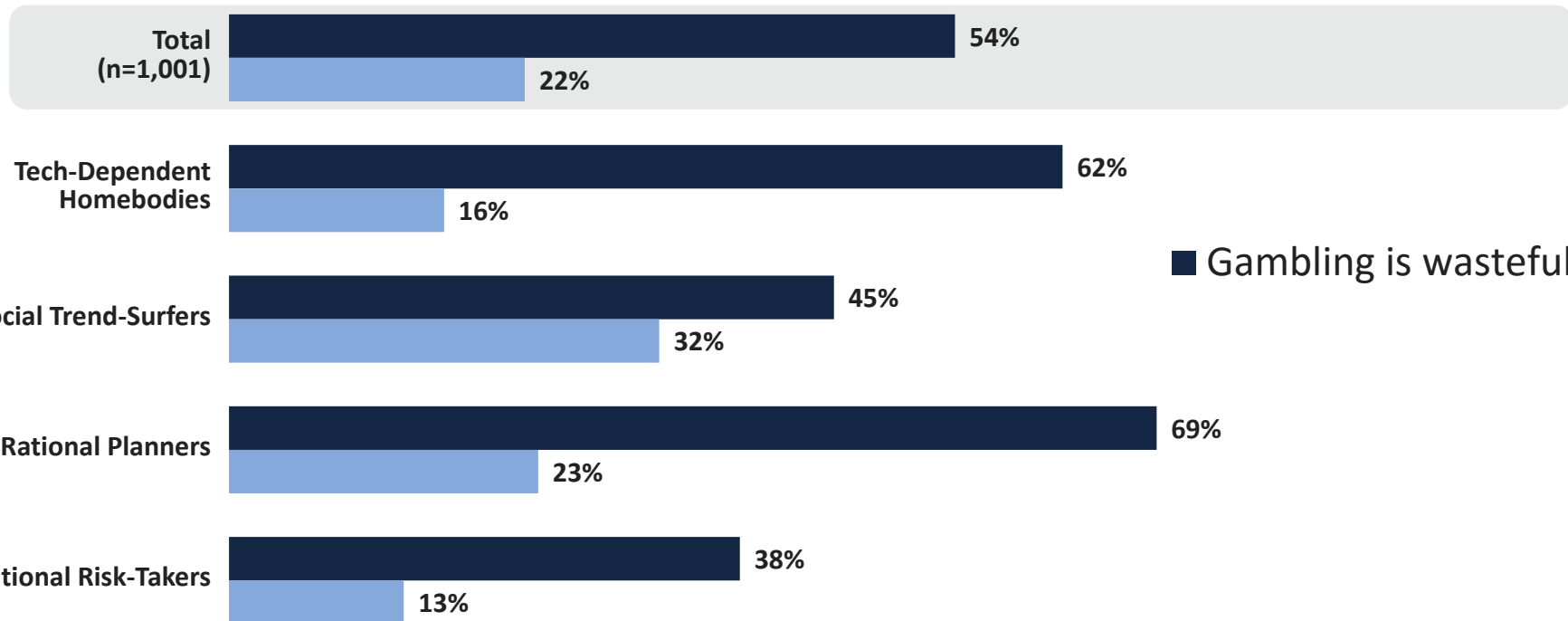
- They are the least likely to:
 - Like spending time outdoors (47%)
 - Prefer live sports to watching them on TV (38%)
 - Purchase organic food (19%)
 - Enjoy interacting with a store clerk (28%)
 - Think that technology leads to more stress (29%)
 - See themselves as someone who lives for the moment (33%)
 - See themselves as risk-takers (14%)

LOTTERY GAMES OVERVIEW

Attitudes about gambling



Attitudes about gambling



LOTTERY GAMES OVERVIEW

Lottery Participation

■ Played past month

■ Played past year, not past month

■ Played, but not in past year

Total
(n=1,001)

31%

35%

14%

80%

Tech-Dependent
Homebodies

20%

41%

16%

77%

Social Trend-Surfers

37%

33%

12%

82%

Rational Planners

17%

34%

18%

69%

Traditional Risk-Takers

51%

31%

7%

91%

LOTTERY GAMES OVERVIEW

Scratch ticket participation

■ Played past month

■ Played past year, not past month

■ Played, but not in past year

Total
(n=1,001)

22%

23%

19%

64%

Tech-Dependent
Homebodies

13%

27%

21%

61%

Social Trend-Surfers

23%

22%

16%

61%

Rational Planners

11%

17%

25%

53%

Traditional Risk-Takers

42%

27%

12%

81%

LOTTERY GAMES OVERVIEW

Powerball participation

■ Played past month

■ Played past year, not past month

■ Played, but not in past year

Total
(n=1,001)

16%

37%

13%

66%

Tech-Dependent
Homebodies

10%

42%

13%

65%

Social Trend-Surfers

19%

33%

14%

66%

Rational Planners

9%

35%

15%

59%

Traditional Risk-Takers

28%

38%

9%

75%